



Mission: Build partnerships and promote strong collaborative action to ensure all residents within the County have stable, safe, and healthy places to live.

**Santa Cruz County
Housing for Health Partnership (H4HP) Policy Board
Regular Meeting Agenda
June 12, 2024; 3 pm**

2005 Wharf Road, Capitola – Capitola Library - Ow Family Community Room

Zoom Conference Link: <https://santacruzcounty-us.zoomgov.com/j/1609999153>

Call-In Number: +16692545252 Webinar ID#: 1609999153

Call to Order/Welcome

Non-Agenda Public Comment

Action Items (vote required) {3:15 – 3:50 pm}

1. Approval of Minutes: April 17, 2024 Regular Meeting
2. Approval of Local Emergency Solutions Grant (ESG) Policy Manual
3. Approval of CoC Grievance Policy

Information Items (no vote required) {3:50 – 4:20 pm}

4. Lived Expertise Action Workgroups – Updates
5. Central California Alliance for Health - Housing Investment Opportunities
6. Housing for Health Vendor Pool – Behavioral Health Bridge Housing Opportunity

Report/Discussion Items (no vote required) (4:20 pm - }

7. CoC Project Monitoring Update
8. CoC NOFO Scoring Improvement Memo
9. Preliminary 2024 Point-in-Time (PIT) Count Data – *Shared at Meeting*

Board Member Announcements

Adjournment

Next Meeting: Wednesday, August 21, 2024, 3 pm

The County of Santa Cruz does not discriminate based on disability, and no person shall, by reason of a disability, be denied the benefit of the services, programs, or activities. This meeting is in an accessible facility. If you are a person with a disability and require special assistance to participate in the meeting, please call (831) 763-8900 (TDD/TTY- 711) at least 72 hours in advance of the meeting to make arrangements. Persons with disabilities may request a copy of the agenda in an alternative format. As a courtesy to those affected, please attend the meeting smoke and scent free.

Action Item 1: Approval of Meeting Minutes

(Action required) – Robert Ratner

Recommendation

Approve the April 17, 2024, Housing for Health Partnership Policy Board Regular Meeting minutes.

Suggested Motion

I move to approve the April 17, 2024, Housing for Health Partnership Policy Board Regular Meeting minutes.



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**Housing for Health Partnership (H4HP) Policy Board
Regular Meeting Minutes
April 17, 2024; 3 pm**

Call to Order/Welcome

Present: Karen Kern, Kate Nester, Mali LaGoe, Suzi Merriam, Terence Concannon, Tom Stagg

Absent: Fred Keeley, Heather Rogers, Justin Cummings, Manu Koenig, Mariah Lyons, René Mendez, Shebreh Kalantari-Johnson

Additions and Deletions to the Agenda: None

Non-Agenda Public Comment

No public comment received.

Action Items (vote required)

1. Approval of Minutes: February 21, 2024, Regular Meeting

Discussion: None.

Public Comment: None.

Motion to Approve: Kate Nester

Motion Seconded: Karen Kern

Abstentions: None.

Board Action: Motion passed with all attending members. No quorum present.

Information Items (no vote required):

2. Housing Santa Cruz County – Affordable Housing Month Events

Discussion: Discussed that Housing Santa Cruz County (HSCC) is a nonprofit organization with a mission that aligns with the mission of the Housing for Health Partnership CoC. HSCC hosts a series of community educational and outreach events in May as part of Affordable Housing Month. Mentioned that those interested can find the full calendar of events on the HSCC website. This year, the Housing for Health Partnership is co-sponsoring several events, including the Faith-Based Organizations: Building Affordable Homes and Community on May 1st, and the Landlord Appreciation Event on May 14th.

3. Lived Expertise Action Boards -Updates

Discussion: Discussed that the Housing for Health Partnership CoC has hired 8 members for the lived expertise workgroups. Mentioned there are 5 general population seats and 5 for youth, with 2 more youth seats to be filled. The youth workgroup includes an LGBTQ seat, a Black seat, a seat representing the south county, a seat

Santa Cruz County Housing for Health Partnership Policy Board Regular Meeting Minutes – April 17, 2024



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for individuals with experience in foster care, and a seat representing the north county. Discussed that the general population seat is full, as over 70 people applied for the board and 30 people were interviewed. Discussed that an equity framework was used to select the members. Mentioned that the deadline to fill the seats is April 29th, and orientation will begin. There will be 2 orientation sessions: onboarding and The National Coalition for the Homeless will provide an overview on how people with lived expertise can be involved in community work, Continuum of Care (CoC), and other activities.

4. Picture This – Housing Matters Event Update

Discussion: *Discussed that Housing Matters hosted a fundraising event on April 7th at the Paradox Hotel in the City of Santa Cruz. Discussed that The CORE Investment Program funded Housing Matters to recruit people with lived expertise to share their stories, support homeless services, and build their skills. Mentioned that the event included community outreach, education, singing, storytelling, pottery, and performances from a diverse range of individuals with lived experience.*

5. National Alliance to End Homelessness Conference -Finland and Other Learnings

Discussion: *Mentioned that from March 4-6, 2024, several members of the Housing for Health Partnership attended the National Alliance to End Homelessness (NAEH) Conference in San Francisco. Sheryl Norteye, a staff member of Housing for Health, shared that she had a phenomenal experience discussing what Santa Cruz County is doing with lived expertise work with executives. Mentioned that she had the opportunity to learn about the housing first model from Finland, which has resulted in less than 1% of the homeless population being on the streets. Mentioned that Housing Matters sent a team of 6 people, and it was the first time Tom Stagg presented on a NAEH conference panel, which led to connecting with San Mateo County.*

6. City of Watsonville Special City Council Meeting on Homelessness Update

Discussed that the first City Council meeting to evaluate the state of homelessness in Watsonville was held on March 23rd at the Watsonville City Council. Discussed the impact of homelessness on city services and the budget, as well as how it has affected the Watsonville community. Helene Schneider, Senior Regional Advisor at the US Interagency Council on Homelessness, Robert Ratner, Director of the Housing for Health Division, and Paz Padilla, Director of Programs and Impact at Community Action Board, presented at the meeting and focused on establishing a city-specific strategic plan with the public.

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Report/Discussion Items (no vote required):

7. Housing for Health Partnership Coordinated Entry Update and Discussion

Monica Lippi, Housing for Health Manager, shared a PowerPoint and provided updates on the Coordinated Entry System. Mentioned that Housing for Health adopted a new Coordinated Entry system policy manual in April 2023. Discussed that Coordinated Entry is a systemic approach to connecting people experiencing homelessness with available assistance in the community. The system aims to provide fair and equitable access and is a Federal and State requirement. Mentioned that the available housing program resources in our system inventory include Rapid Rehousing programs, which are short-term (usually up to 2 years) and permanent supportive housing programs with built-in subsidy and support services, as well as transitional housing programs.

Mentioned that the first version of Coordinated Entry was called Smart Path, where assessors met with people experiencing homelessness and administered The Vulnerability Index-Service Priority Decision Assistance Tool (the VI-SPDAT) assessment. This assessment generated a score related to the person's vulnerability and added them to a housing queue. Mentioned that the housing queue became exceedingly long and resulted in a lack of transparency, inconsistent messaging, mistrust, and poor service quality. There were significant delays in referrals, leading to participants no longer being locatable, eligible, or document ready.

Discussed that the new Coordinated Entry system now includes connectors who enroll participants in HMIS programs, collect participant data, complete a Housing Needs Assessment, and determine if they are eligible and prioritized for H4H-supported housing and services. Mentioned that Connectors also work intensively with participants to create an individualized Housing Action Plan. Emphasized that only the highest priority households are added to a housing queue for the system's limited housing resources, providing more transparency for participants and service providers. Discussed that to ensure that the system does not put too many people on the queue that cannot be accommodated, an inventory-based threshold setting is used based on the estimated number of resources available in the next 6 months. Eligible participants must score at or above the dynamic level score to get added to the housing queue. The current dynamic threshold score is 16. Discussed that currently, Transitional Age Youth and Families with minor children are automatically added to the queue to be referred to housing programs because of resource availability.

Mentioned there is a monthly connector collaborative to case conference and learn from each other. Mentioned that Housing for Health directly funds a limited number of connectors, most connectors work as part of an outreach team, drop-in center, multi-service center, or other programs that have voluntarily agreed to take on the connector role. Mentioned that over 100 connectors have been trained. There are 27 active connectors and 28 still in the process of training. In March, 42 people were referred to a connector, and 211 are waiting to get referred to a connector.



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Discussed that Housing for Health is working on creating a document ready checklist to help with the housing problems solving, search, and eligibility process. Discussed that some organizations that are CalAIM community support providers are not becoming connectors due to CoC having higher service standards than CalAIM. Mentioned that expectations for being a connector include using HMIS, coming to a regular meeting, and frequent face-to-face contact with clients.

Concerns were raised about having a connector being the only way to get referred to a housing program. Discussed that community support services can help people experiencing homelessness by trying to get them into other affordable housing options such as Section 8, move back in with friends/family, increase their income, or find roommates.

8. *California State Auditor Report on Homelessness Investments and Local Jurisdictions (San Jose and San Diego)- Potential Impacts and Local Actions*

Discussed that over the past five years, California has invested \$24 billion in homelessness and housing programs administered by nine state agencies. Discussed that State auditors evaluated the City of San Jose and San Diego to determine if local agencies were monitoring the cost-effectiveness and tracking outcomes. Mentioned the audit revealed that there was insufficient tracking of how the money was being spent on homelessness programs. Discussed that the lack of oversight has led to media reports that suggest the state is wasting money. State legislators and staff argue that they provide funding to local governments, but it is not being used wisely. Mentioned a core challenge is that people's incomes do not match the cost of housing in California. Discussed that if the state were to create a statewide \$2,000/month rental housing subsidy for five years for approximately 174,000 households, it could significantly reduce the homeless population.

9. *County of Santa Cruz DRAFT Encampment Response Protocol – Discussion*

Discussed that there is a County initiative involving the County Administration, Health Services, Human Services, and the Sheriff-Coroner to develop a written policy and procedure for responding to health and safety concerns related to people experiencing homelessness living unsheltered in community camps. Karen Kern questioned the use of the term "relocation" in the drafted protocol because it implies that people are going to be relocated when they are just getting displaced.



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Board Member Announcements

No additional announcements.

Adjournment

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Action Item 2: Approval of Local Emergency Solutions Grant (ESG) Policy Manual

(Action required) – Robert Ratner

Recommendation

Approve the County of Santa Cruz & Santa Cruz Housing for Health Partnership (CoC) Emergency Solutions Grant (ESG) Policies and Procedures Updated March 2024

Discussion

In the summer of 2023, our County and CoC underwent a state audit of our ESG-CV (Coronavirus) funding programs during the pandemic. One of the findings from the audit was that our CoC did not have an adequate local ESG policy and procedure manual consistent with state regulations. To address this finding, Housing for Health Division staff developed a manual to align with state requirements. Staff from the California Housing and Community Development (HCD) Department approved the DRAFT proposed policies and procedures included with this Board packet and requested that staff disseminate the manual to providers.

Prior to the availability of ESG-CV funding, Santa Cruz County providers rarely received more than \$350,000 per year in ESG funding. The County received nearly \$10.4 million as an ESG-CV block grant during the pandemic. This funding was used to extend COVID-19 Project Roomkey hotel programming and to launch Rehousing Wave services in the County that continue to this day.

The draft manual technically only applies to programs receiving ESG funding. However, the manual provides useful guidance for programs receiving other federal and state funding to address homelessness. Pending approval of the manual by the CoC Policy Board, CoC staff will post the document online for providers and will conduct outreach to current and former ESG funding recipients to ensure they are aware of the expectations outlined in the document.

Suggested Motion

I move to approve the CoC ESG Policies and Procedures updated March 2024.

**County of Santa Cruz &
Santa Cruz Housing for
Health Partnership (CoC)
Emergency Solutions
Grant (ESG)
Policies and Procedures**

Updated March 2024

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DRAFT

PURPOSE AND OVERVIEW

Purpose

This manual incorporates nearly all of the Emergency Solutions Grant (ESG) policies and procedures from the [California Housing and Community Development \(CA HCD\) ESG Program Manual](#) last updated on June 2023. The use of the CA HCD Program Manual reflects that ESG funding for Santa Cruz County comes directly from CA HCD to local subrecipients. There are no Units of General Local Government (UGLGs) that directly receive ESG funding from the federal Department of Housing and Urban Development (HUD). Consequently, local subrecipients and sub-subrecipients of ESG funding must comply with the CA HCD program manual and its requirements. When CA HCD updates its program manual, this manual should be updated as well. There are minor differences between the two documents reflecting edits and additions made locally. CA HCD requirements are incorporated into this local manual.

The Emergency Solutions Grant (ESG), as authorized by subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371-11378) and regulated by [24 CFR Part 576](#), provides federal funds from the U.S. Department of Housing and Urban Development (HUD) to the California Department of Housing and Community Development (CA HCD) and to qualifying Units of General Local Government (UGLGs) to support local programs in assisting individuals and families to quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. Currently within Santa Cruz County, ESG funds are provided to the County of Santa Cruz (County) as a subrecipient of CA HCD or CA HCD directly contracts with local community-based organizations for ESG activities. When the County receives ESG funding from CA HCD and then executes ESG contracts with community-based organizations, those contractors are considered contractors or sub-subrecipients. ESG funds are available for five program components:

- Street Outreach (SO)
- Emergency Shelter (ES)
- Homelessness Prevention (HP)
- Rapid Re-Housing (RRH)
- Homeless Management Information System (HMIS)
- Administrative Activities.

This manual provides standards and guidance established by HCD for subrecipients and County sub-subrecipients receiving ESG funding from HCD. For simplicity, entities receiving ESG funding are referred to as subrecipients throughout the manual whether they are direct subrecipients or sub-subrecipients. The manual is to help ensure funds are administered in compliance with applicable statutory and regulatory requirements and State standards as well as HCD's and local strategic goals. The standards described in this manual include both general standards applicable to all ESG-funded

program components as well as component-specific standards. The standards in this local manual are written to avoid conflicts with [Federal ESG regulations](#), [State ESG regulations](#), the CA HCD ESG program manual, and other HCD requirements, policies, standards, and grant contract stipulations.

This manual incorporates standards, policies, and procedures that entities receiving ESG funding should be familiar with and adhere to when implementing their programs, including but not limited to requirements established by HUD and additional requirements established by State law, regulations, Notice of Funding Availability (NOFA) and contract language, and the State's Consolidated Plan.

This manual reflects changes made to 24 CFR Part 576 – Emergency Solutions Grant Program, published April 1, 2018.

Strategic Goals

The [Housing for a Healthy Santa Cruz Framework](#) approved in 2021 by the County of Santa Cruz, the four city jurisdictions within the County, and the local Continuum of Care board articulates a shared vision for “strong collaborative action to ensure all residents within the County have stable, safe, and healthy places to live.”

State-funded ESG activities should contribute to the community's overall efforts to impact homelessness and align with local priorities as outlined in the Framework and future updates to the Framework. ESG applicants and awardees should actively participate in the [Housing for Health Partnership](#) Continuum of Care (CoC) governance and planning activities.

ESG-funding recipients must participate in the local Homeless Management Information System (HMIS) or comparable database (where specifically permitted) and will be expected to adhere to CoC written standards and participate in the local Coordinated Entry System (CES).

ESG-funding recipients are expected to use Housing First approaches to ensure households experiencing homelessness, including those with high barriers to housing stability or high-service needs, can participate in ESG-funded activities. In general, Housing First practices include low-barrier program admission and access, housing-focused assistance, and participant self-determination.

ESG programs should be designed to achieve the performance goals as specified by HUD and reflected in the performance measures described in [System Performance Measures](#). Programs should operate as cost-effectively as possible, including reducing the length of stay in homelessness, while facilitating program exits to permanent housing.

HCD and the County will use performance data and other tools, including their CoC's HMIS and HMIS- comparable databases and CA's Homeless Data Integration System (HDIS) on an ongoing basis to understand local ESG program performance and make improvements.

Racial Equity

The ESG program is an important resource in the housing services system throughout California. People living unhoused become stably housed when the system is low barrier, trauma informed, culturally responsive and Housing First oriented. People living unstably housed become stably housed when the system is oriented toward problem solving conversations and personal advocacy to help people identify practical solutions based on their own available resources and those of their local communities.

It is expected that HCD and its subrecipients, including county governments and nonprofits, are leaders in their housing services systems, facilitating partnerships among service organizations and promoting evidence-based, anti-racist practices. Equity must be the foundation of these refined systems, embedding it in the design, implementation, performance measures, and monitoring of our work. National and state data show vast racial disparities in who experiences homelessness, and in some instances, the outcomes within housing services systems.

Recipients of ESG funding must respond to the disproportionality in access to services, service provision and outcomes and cannot simply rely on delivering a standardization of services to address inequity. Funding recipients have the responsibility to examine their data to ensure all eligible persons receive equitable services, support and are served with dignity, respect, and compassion regardless of current circumstance, ability, or identity.

This includes marginalized populations, Black, Native and Indigenous, Latinx, Asian, Pacific Islander, People of Color, immigrants, people with criminal records, people with disabilities, people with mental health and substance use vulnerabilities, people with limited English proficiency, people who identify as LGBTQ+, and other individuals that may not access mainstream support.

ESG FUNDING ALLOCATION

The State of California receives a formula amount of ESG funding each year from HUD. HCD allocates its funding to the State's CoC service areas containing at least one non-entitlement area using a formula method set forth under [25 CCR Section 8402](#) of the State ESG Regulations. Funding is allocated by two related, but distinct allocation processes. These are:

- 1) **CoC Allocation:** CoCs within this allocation have at least one city or county that receives ESG funds directly from HUD as well as one non-entitlement area. Within the CoC Allocation, *Administrative Entities* (AEs) are selected by HCD to administer an allocation of funds provided through a formula for their service area. These AEs must be local governments of ESG Entitlement Areas and must commit to administering State ESG funds in collaboration with their CoC throughout their CoC Service Area, including ensuring access to ESG funds by households living in non-entitlement areas. A minimum of 40% of each AE

Allocation must be used for RRH activities. *There are currently no AEs in Santa Cruz County.*

- 2) **Balance of State Allocation:** CoCs covered by this allocation have no cities or counties within their geographic area that receive ESG funds directly from HUD. All areas are non-entitlement areas within the BoS Allocation. Eligible CoCs that meet the requirements set forth under [25 CCR Section 8404](#) (a)(1) of the State Regulations may select providers to receive a portion of funds available *noncompetitively for RRH*. HCD will administer these contracts directly with all providers within the BoS allocation. The remaining funds within the BoS Allocation will be divided into three regional allocations. CoCs will recommend housing service providers to *compete* for these funds within their regional allocation under a Notice of Funding Availability (NOFA) issued by HCD.

Local Continuum of Care (CoC)

Local CoCs play an integral role in the redesigned CA ESG program. Specifically, CoCs promote community-wide planning and the strategic use of resources to address homelessness; improve coordination and integration with mainstream resources and other programs targeted to people experiencing homelessness; improve data collection and performance measurement; and tailor local programs to the strengths and challenges within the community.

To participate in the ESG program, local CoCs must meet the following minimum requirements:

- Received CoC Program funding (which includes CoC planning funds) for one or more projects from HUD in at least one of the past two years or has registered to apply for funding in the next CoC Program competition;
- Has HUD-compliant conflict of interest policies in place;
- Has adopted, or will adopt by time of funding approval, written standards that meet HUD's requirements for all eligible activities proposed to be carried out with ESG funds;
- Has demonstrated capacity to manage federal funds appropriately and effectively; and
- Operates or will operate a HUD-compliant HMIS.

The Watsonville/Santa Cruz City & County CoC (CA-508) currently meets the above requirements.

Local CoCs are responsible for the following:

- Recommending an AE for communities participating in the CoC Allocation or recommending qualified provider projects in the BoS Allocation;
- Collaborating with the local AE (CoC Allocation), to the maximum extent feasible, in determining eligible activities, selection of providers, and administering ESG awards;
- Developing a conflict-of-interest policy that meets HUD's requirements;
- Adopting Written Standards for all eligible activities;
- Operating an HMIS that is fully compliant with HUD's [data and technical](#)

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standards;

- Having a functional CES that meets the requirements of [24 CFR 576.400](#) and associated HUD Notices, requirements, and guidance.

The County of Santa Cruz County Administrative Office (CAO) and then the Human Services Department served as the AE for ESG-CV funding. However, generally ESG funding allocations are not administered locally. Instead, HCD contracts directly with providers for programs approved or recommended by the local CoC.

DRAFT

Balance of State (BoS) Allocation

CoCs in the BoS Allocation are those that have no ESG entitlement jurisdictions within their CoC Service Area as is the situation for Santa Cruz County. Funding in the BoS is made available based on recommendations from a CoC in two ways:

Noncompetitive RRH Set-Aside: Within the BoS Allocation, CoCs are responsible for recommending eligible housing service providers to receive a portion of funds available under the formula allocation noncompetitively for RRH. CA HCD administers these contracts with the selected providers approved by CA HCD. The selection of service providers is managed by a local Request for Proposals (RFP) process managed by the Housing for Health Partnership (local CoC).

Regional Competition: Remaining funds within the BoS Allocation will be divided into three geographic regions (Northern Region, Bay Area Region, Central and Imperial Valley Region). The Housing for Health Partnership (local CoC) selects providers via a local RFP competition to then compete under CA HCD's NOFA. CA HCD will directly administer contracts with successful applicants from the regional competition. Applicants must be endorsed by the CoC.

CoCs under the BoS allocation play an integral role in recommending a housing service provider's application in response to both the Department's non-competitive RRH allocation and the regional competition (as announced in the NOFA). In recommending service providers for ESG funds, the Housing for Health Partnership (local CoC) adheres to ESG state requirements:

- Follow a process that is fair and open and avoids conflicts of interest in project selection, implementation, and the administration of funds;
- Consider selection criterion reasonably consistent with the criteria used by CA HCD in its published ESG NOFA;
- Comply with the Core Practice requirements in [25 CCR section 8409](#) which include:
 - ✓ Comprehensive and coordinated access to the activity throughout the Service Area;
 - ✓ Prioritized access to services for people with the most severe needs;
 - ✓ Low barrier access to services and consistency with housing first practices; and
 - ✓ Using a progressive engagement approach to services and financial assistance.
 - ✓ Incorporate the performance standards set forth in CA HCD's Annual Action Plan;
 - ✓ Comply with federal ESG requirements;
 - ✓ Consider any other practices promoted or required by HUD;

- ✓ If the CoC is recommending a Private nonprofit organization for ESG ES funds, the nonprofit organization must submit a Certification of Local Government Approval to undertake ESG-funded activities from each Unit of Local Government where the activity is carried out pursuant to section 414 [42 U.S.C. section 11373(c)]
- ✓ The local CoC must inform service provider applicants, if they are successfully funded, they must maintain documentation of satisfactory match pursuant to the requirements of 24 CFR 576.201

SYSTEM AND PROJECT PERFORMANCE

General performance measures have been established by CA HCD for each program component as listed later in this manual. Performance measures are based on applicable system and project-level goals established by HUD for the ESG program and CA HCD strategic priorities. CA HCD may establish specific performance targets for certain measures. The County of Santa Cruz and local CoC may also incorporate specific performance targets within their agreements.

ESG-funding recipients are encouraged to review data regularly related to equity and homelessness and housing instability, such as tracking demographic data to determine if there are project-level disparities to address. At a minimum, ESG-funding recipients must report on performance to the CoC and CA HCD.

In addition to project-level performance, CA HCD may request California Homeless Data Integration System (HDIS) performance data for any CoC where a state ESG funded project operates. ESG-funding recipients must have the funding source appropriately identified in the local Homeless Management Information System (HMIS) to ensure appropriate transmission of data into HDIS. HDIS performance data may be used to understand the CoC's general performance relative to federal and state goals, ESG's impact on local system performance, and progress toward identifying and eliminating racial disparities. The chart at the end of this subheading outlines key federal and state performance measures and the interaction of each measure with each ESG program component.

The Housing for Health Partnership will use the [CoC Racial Equity Analysis Tool](#) to gain deeper insight related to which racial and ethnic groups are experiencing homelessness and identify steps to create equitable systems. [Stella P](#) will be used to analyze HMIS data for demographics and system performance to identify how people are served in the local system and whether different groups experience issues with access, system use, or housing outcomes. A diverse group of local community members participating in the CoC will help with understanding the data and providing recommended actions. The data may inform future local resource allocations, performance targets, and efforts to address disparities.

Measures for ESG-funding Recipients to Monitor by Program Type

Outcome Measure	SO	ES	RRH	HP
Percentage of people who remained in RRH for 6 months, 9 months and 12 months			●	
RRH exits to a positive housing destination			●	
Reduction in the average and median length of stay in ES		●		
ES exits to a positive housing destination		●		
Percentage of people who return to homelessness (ES, TES, SO) from PH (RRH, PH, PSH) in 6 months, 9 months, and 12 months	●	●	●	●
Percentage of those that obtain a positive housing destination (ES, SH, TH, RRH, PH, PSH, OPH) from SO	●			
Percentage of people that enter the homeless service system (ES, TES, SO) after receiving ESG-CV HP financial assistance				●
All Outcomes Measures broken down by Racial Equity components	●	●	●	●

PROGRAM COMPONENTS AND ELIGIBLE ACTIVITIES

General Provisions and Expenditure Limits

ESG funds may be used for five program components: Street Outreach (SO), Emergency Shelter (ES), Homelessness Prevention (HP), Rapid Rehousing (RRH), and HMIS; as well as administrative activities.

The five program components and the eligible activities that may be funded under each are set forth in 24 CFR § 576.101 through § 576.107. Eligible administrative activities are set forth in § 576.108.

The total amount of each subrecipient's fiscal year grant that may be used for SO and ES activities cannot exceed 60% of the subrecipient's total grant award.

The total amount of ESG funds that may be used for administrative activities cannot exceed 7.5% of HCD's fiscal year grant. HCD typically retains 6% of the available 7.5% and passes the remaining onto subrecipients. This percentage is only offered to the CoC Allocation, Administrative Entities. Under the Balance of State Allocation, only units of local government can request up to \$200.00 per application. Santa Cruz County does not request this funding as part of current local practice.

Subject to the cost principles in [2 CFR part 200, subpart E](#), and other requirements in this part, employee compensation and other overhead costs directly related to carrying out SO, ES, HP, RRH, and HMIS are eligible costs of those program components. These costs are not subject to the expenditure limit for administrative activities.

Street Outreach (SO)

Eligible Activities and Costs

Subject to the expenditure limit in [24 CFR 576.100\(b\)](#), ESG funds may be used for costs of providing essential services necessary 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 the purposes of this section, the term “unsheltered homeless people” means individuals and families who qualify as homeless under paragraph (1)(i) of the “homeless” definition under [24 CFR 576.2](#).

Engagement

Activities to locate, identify, and build relationships with unsheltered homeless people for the purpose of providing immediate support, intervention, and connections with housing assistance programs and/or mainstream social services and housing programs. These activities include:

- Initial assessment of needs and eligibility, using tools and processes that promote racial equity, considering the impact of external sources of discrimination and bias and how it may impact the individual;
- Providing crisis counseling;
- Addressing urgent physical needs such as providing meals, blankets, clothes, or toiletries;
- Actively connecting and providing information and culturally relevant referrals to programs targeted to people experiencing homelessness and mainstream social services and housing programs, including emergency shelter, transitional housing, community-based services, RRH, and permanent supportive housing programs;
- Eligible costs include the cell phone costs of outreach workers during the performance of these activities.

Case Management

Assessing housing and service needs, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant. Eligible services and activities are as follows:

- Connecting participants with the Coordinated Entry System (CES), a Housing for Health Connector activity;
- Conducting the initial evaluation, including verifying and documenting eligibility;
- Counseling;

- Developing, securing, and coordinating services;
- Helping obtain federal, state, and local benefits;
- Monitoring and evaluating participant progress;
- Providing information and referral to other providers;
- Developing an individualized housing and service plan, including planning a path to permanent housing stability.

Emergency Health Services

Outpatient treatment of urgent medical conditions by licensed medical professionals in community-based settings (e.g., streets, parks, and campgrounds) to those eligible participants unwilling or unable to access emergency shelter or an appropriate healthcare facility.

ESG funds may be used only for those services to the extent that other appropriate health services are inaccessible or unavailable within the area. Eligible treatments consist of:

- Assessing participants' health problems and developing treatment plans;
- Assisting participants to understand their health needs;
- Providing or helping participants obtain appropriate emergency medical treatment;
- Providing medication and follow-up services.

Emergency Mental Health Services

Outpatient treatment of urgent mental health conditions by licensed professionals in community-based settings (e.g., streets, parks, and campgrounds) to those eligible participants unwilling or unable to access emergency shelter or an appropriate healthcare facility.

ESG funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the community. Eligible treatment consists of:

- Crisis Intervention;
- Prescription of psychotropic medications;
- Explain the use and management of medications;
- Combinations of therapeutic approaches to address multiple problems.

Transportation

Costs of travel by outreach workers, social workers, medical professionals, or other service providers during the provision of eligible SO services. The costs of transporting unsheltered people to emergency shelters or other service facilities are also eligible.

These costs include the following:

- Cost of a participant's travel on public transit;
- Mileage allowance for outreach workers to visit participants;
- Purchasing or leasing a vehicle for use in conducting outreach activities

- including the cost of gas, insurance, taxes, and maintenance for the vehicle;
- Costs of staff to accompany or assist participant to use public transportation.

Services to Special Populations

ESG funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under the activities listed above. The term *victim services* mean 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 domestic violence, dating violence, sexual assault, or stalking.

Minimum Period of Use

The ESG-funding recipient must provide services to homeless individuals and families for at least the period during which ESG funds are provided.

Maintenance of Effort

If the CA HCD ESG subrecipient is a UGLG, its ESG funds cannot be used to replace funds the local government provided for SO and ES services during the immediately preceding 12-month period, unless HUD determines that the UGLG is in a severe financial deficit.

Upon the recipient's request, HUD will determine whether the UGLG is in a severe financial deficit, based on the recipient's demonstration of each of the following:

- 1) The average poverty rate in the UGLG's jurisdiction was equal to or greater than 125 percent of the average national poverty rate, during the calendar year for which the most recent data are available, as determined according to information from the U.S. Census Bureau.
- 2) The average per-capita income in the UGLG's jurisdiction was less than 75 percent of the average national per-capita income, during the calendar year for which the most recent data are available, as determined according to information from the Census Bureau.
- 3) The UGLG has a current annual budget deficit that requires a reduction in funding for services for homeless people.
- 4) The UGLG has taken all reasonable steps to prevent a reduction in funding of services for homeless people. Reasonable steps may include steps to increase revenue generation, steps to maximize cost savings, or steps to reduce expenditures in areas other than services for homeless people.

Key Performance Measures

The performance measures below ensure that SO projects align with the local CoC's system wide goal to end homelessness. Providers should gauge their progress and

identify areas of improvement based on the following performance measures for their ESG funded programs:

Street Outreach Outcome Measures
Percentage of people who return to homelessness (ES, TES, SO) from PH (RRH, PH, PSH) in 6 months, 9 month, and 12 months
Percentage of those that obtain a positive housing destination (ES, SH, TH, RRH, PH, PSH, OPH) from SO
All outcome measures broken down by racial equity components

Racial Equity Practices

All housing services should be centered in racial equity. SO operators should consider the following in program design and implementation:

- 1) Engage people with lived expertise of unsheltered homelessness, representative of all subpopulations and reflective of the demographics of people experiencing homelessness, in the development of outreach plans and processes, including to help ensure that efforts are reaching unsheltered people who may be less visible within the community. Be sure to include partners beyond information gathering, but create the opportunities for individuals and families to have decision-making power and access to resources needed to support their engagement (e.g., childcare, transportation, compensation for time, etc.)
- 2) Expand efforts to connect unsheltered people to safe shelter and housing options and ensure outreach and referral processes are providing equitable access for people who are unsheltered. Examine data and consult with people with lived expertise to determine if there are other disparities to be addressed, such as by race, age, ethnicity, disability, gender identity, family composition, etc.
- 3) Implement approaches to referring and safely transporting people to appropriate and safe shelter, housing options, and/or services that people with lived experience of homelessness value and trust.
- 4) Take individualized, trauma-informed steps to assist any remaining unsheltered people, across all subpopulations, into shelter or housing that addresses their needs and preferences and that is culturally responsive and sustain efforts so that any experience of unsheltered homelessness can be immediately ended.
- 5) Enact policies and procedures that ensure the personal space, time, and property of persons in unsheltered situations are respected during all interactions, including respect for the rest and comfort of individuals encountered during outreach and other interactions.
- 6) Seek out community organizations that have trusted relationships with underserved groups and can provide expertise on reaching and engaging

them, including broadening your partnerships to contract with them for services.

- 7) Ensure that nothing is done to criminalize, sanction, or penalize people for engaging in essential activities of life while experiencing unsheltered homelessness. Outreach and engagement to those unsheltered should be primarily led by non-law enforcement outreach specialist focused on making connections to housing and services.
- 8) Continuously adapt outreach and engagement strategies and provide access to essential technologies to link people to permanent housing options, medical and behavioral health care services, health coverage, employment and educational opportunities, and other trauma-informed services as needed. Create plans to ensure that people are rehoused quickly out of shelter settings and that no one in shelters exits to the street, but rather exits to permanent housing, within efforts to provide equitable access to housing options for everyone.
- 9) Develop more comprehensive understanding of the housing and services needs of all those who remain unsheltered, differentiated by subpopulations, and disaggregated by race and ethnicity, based upon direct consultation with people with lived expertise and based upon analysis of data, including analyzing deficiencies and biases within existing data to inform equity-based decisions.
- 10) Across all positions, hire a diverse staff that is representative of the people being served—this includes hiring people with lived experience of homelessness. Be mindful that hiring one or two members of a large staff does not point to equity, instead be intentional about assessing hiring practices, performance evaluation criteria, etc.
- 11) Train staff on racial equity, cultural humility, trauma-informed care, and Housing First, while offering support and supervision to implement lessons learned.
- 12) Implement a transparent accountability structure that include publicly sharing progress on equity outcomes.
- 13) Across all positions, hire a diverse staff that is representative of the people being served—this includes hiring people with lived experience of homelessness. Be mindful that hiring one or two members of a large staff does not point to equity, instead be intentional about assessing hiring practices, performance evaluation criteria, etc.
- 14) Train staff on racial equity, cultural humility, trauma-informed care, and Housing First, while offering support and supervision to implement lessons learned.
- 15) Implement a transparent accountability structure that include publicly sharing progress on equity outcomes.
- 16) Continuously review the procurement process to create opportunities to

- engage a diverse array of community-based organizations.
- 17) Continuously review the procurement process to create opportunities to engage a diverse array of community-based organizations.
 - 18) Examine and assess your street outreach quantitative data and disaggregate by demographic data to see if there are disparities and ensure a diverse group is examining the data and acting on it: (a) Who is being referred to shelter or services and who is not? (b) How long is it taking different groups to move to shelter or housing? (c) Which groups are more likely to exit back into homelessness?
 - 19) Through direct consultation with unsheltered people, assess reasons why people remain unsheltered, such as whether it is because of lack of emergency beds available or because the assistance being offered has not adequately addressed their needs and preferences, and adapt strategies and options in response.
 - 20) Create an annual anonymous survey to get feedback from staff and clients on the culture and climate of your services and system about race, ethnicity, and equity.
 - 21) Convene a group of staff members, program participants, and community stakeholders to review policy and procedure for any barriers that might cause a specific racial group to avoid or be barred from crisis housing (e.g., culturally biased dress codes, racial balance of program staff, rules on previous behavior or residence, etc.).

Emergency Shelter

ES is intended to provide temporary shelter for people experiencing homelessness in general or for specific populations of people experiencing homelessness. ESG funding may be used to provide *essential services* for individuals and families who are in an emergency shelter, renovating buildings to be used as ES for homeless families and individuals, and for *shelter operations*. Where no appropriate emergency shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individual.

State ESG funds **shall not be used** for renovation, conversion, or major rehabilitation activities pursuant to [24 CFR 576.102](#). However, minor, or routine repairs to an ESG-funded ES that do not qualify as renovation, conversion, or major rehabilitation are an eligible use of State ESG funds, [25 CCR 8408\(d\)](#).
<https://www.hudexchange.info/resources/documents/SNAPS-Shots-Emergency-Shelters-distinguishing-between-renovation-conversion-and-maintenance-activities.pdf>

Eligible Activities and Costs Essential Services

Case management

Housing-focused case management activities assess, arrange, coordinate, and monitor individualized services developed for program participants to end their homelessness. Eligible costs include:

- Connecting participants with the Coordinated Entry System (CES), a Housing for Health Connector role;
- Initial evaluation including verifying and documenting eligibility;
- Counseling;
- Developing, securing, and coordinating services including Federal, State, and local benefits;
- Monitoring and evaluating program participant progress;
- Providing information and referrals to other providers;
- Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking; and
- Developing and individualized housing and service plan

Child Care

The costs of childcare for program participants are eligible. The 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 for its costs to be eligible. Eligible costs include:

- Childcare costs;
- Meals and snacks; and
- Comprehensive and coordinated sets of appropriate development activities

Education Services

Education Services is instruction or training to enhance participants' ability to obtain and maintain housing: literacy, English literacy, English as a Section Language (ESL), General Education Development (GED), consumer education, health education, and substance abuse prevention. Eligible costs include:

- Educational services/skill-building;
- Screening, assessment, and testing;
- Individual or group instruction;
- Tutoring;
- Provision of books, supplies, and instructional material;
- Counseling; and
- Referral to community resources.

Employment Assistance and Training

Job assistance services assist participants to secure employment and

enrollment in job training programs. Eligible costs include:

- Classroom, on-line, and/or computer instruction;
- On the job instruction;
- Job finding, skill-building;
- Reasonable stipends in employment assistance and job training programs;
- Books and instructional material;
- Employment screening, assessment, or testing;
- Support for acquisition of vocational licenses and/or certificates;
- Structured job skills and job-seeking support;
- Special training and tutoring, including literacy training and pre-vocational training;
- Counseling or job coaching; and
- Referral to community resources.

Outpatient Health Services

Outpatient Health Services are eligible activities to the extent that other appropriate services and treatment are unavailable or inaccessible within the community. Direct outpatient treatment of medical conditions provided by licensed medical professionals. Eligible costs include:

- Assessing health problems and developing a treatment plan;
- Assisting program participants to understand their health needs;
- Providing or helping participants obtain appropriate medical treatment, preventative medical care, and health maintenance services, including emergency medical services;
- Providing medication and follow-up services; and
- Providing preventative and non-cosmetic dental care.

Legal Services

Legal advice and representation are eligible activities to the extent that other appropriate services and treatment are unavailable or inaccessible within the community. This would include necessary legal services regarding matters that interfere with the program participant's ability to obtain and retain housing. Eligible costs include:

- Hourly fees for legal advice and representation by licensed attorneys and certain other fees-for-service;
- Client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling;
- Filing fees and other necessary court costs;
- Emergency Solutions Grant (ESG) funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community;

- Eligible subject matters are child support, guardianship, paternity, emancipation, and legal separation, orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking, appeal of veterans and public benefit claim denials, and the resolution of outstanding criminal warrants;
- Component services or activities may include client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling;
- Fees based on the actual service performed (*i.e.*, fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the subrecipient is a legal services provider and performs the services itself, the eligible costs are the subrecipient's employees' salaries and other costs necessary to perform the services.

Legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are ineligible costs.

Life Skills Training

Life Skills Training teaches critical life management skills that may never have been learned or have been lost due to physical or mental illness, domestic violence, substance use, and homelessness. Allowable services must support the program participant to function independently in the community. Eligible costs include:

- Budgeting resources;
- Managing money;
- Managing household;
- Resolving conflict;
- Shopping for food and needed items;
- Improving nutrition;
- Using public transportation; and
- Parenting

Mental Health Services

Mental Health Services are eligible activities to the extent that other appropriate services and treatment are unavailable or inaccessible within the community. Services are direct outpatient treatment of mental health conditions by licensed professionals. Eligible costs include:

- Crisis intervention;
- Individual, family, or group therapy sessions;
- Prescription of psychotropic medications or explanations about the use and management of medications; and
- Combinations of therapeutic approaches to address multiple problems.

Substance Abuse Treatment Services

Substance Abuse Treatment is an eligible activity to the extent that other appropriate services and treatment are unavailable or inaccessible within the community. Services must be provided by licensed or certified professionals, and be designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors. Inpatient detoxification and other inpatient drug or alcohol treatment are not eligible costs. Eligible costs include:

- Client intake and assessment;
- Outpatient treatment for up to thirty days;
- Group and individual counseling;
- and drug testing.

Transportation

Costs of travel by program participants to and from medical care, employment, childcare, or other facilities that provide eligible essential services are eligible. Staff travel costs incurred to support provision of essential services are also allowable. Eligible costs include:

- Cost of program participant's travel on public transportation;
- Mileage allowance for service workers to visit participants;
- Purchasing or leasing a vehicle used for transport of participants and/or staff serving participants, including the cost of gas, insurance, taxes, and maintenance for the vehicle; and
- Travel costs of staff to accompany or assist program participants to use public transportation.

Services for Special Populations

ESG funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under the activities listed above. 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, domestic violence shelters and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking.

Shelter Operations

Shelter operations are costs to operate and maintain emergency shelters and provide other emergency lodging when appropriate. Eligible Costs include:

- Rent;
- Security;
- Fuel;

- Insurance;
- Utilities;
- Food;
- Furnishings;
- Supplies necessary for the operation of ES activities;
- Hotel and motel voucher for family or individuals only when no appropriate emergency shelter is available;
- Equipment - Equipment means tangible, nonexpendable, personal property having a useful life of more than one year). *For non-profit organizations, any equipment purchases costing \$5,000 or higher will require CA HCD or County pre-approval and completion of an Equipment Request Form;* and
- Maintenance – Does not materially add to the value of the building/property; does not appreciably prolong the useful life of the building/property; and does not adapt the building/property to new uses. Examples of maintenance activities could include activities such as: a) Cleaning; b) Minor or routine repairs of furnishings, equipment, and fixtures; c) Protective or preventative measures to keep a building, its systems, and its grounds in working order; d) Replacing a few shingles on a leaky roof; e) Patching leaking pipes or plumbing; f) Replacing a broken window; g) Fixing a crack in a sidewalk; h) Filling potholes in a parking lot; and i) Repairing portions of a fence.
(See - <https://www.hudexchange.info/resources/documents/SNAPS-Shots-Emergency-Shelters-distinguishing-between-renovation-conversion-and-maintenance-activities.pdf>)

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)

Eligible costs are the costs of providing URA assistance under § 576.408, including relocation payments and other assistance to persons displaced by a project assisted with ESG funds. Persons that receive URA assistance are not considered “program participants” for the purposes of this part, and relocation payments and other URA assistance are not considered “rental assistance” or “housing relocation and stabilization services” for the purposes of this part.

Ineligible Activities and Costs

Legal services to address immigration, citizenship, and mortgage issues including retainer fee arrangements, and contingency fee arrangement are **not** eligible costs.

Prohibition Against Involuntary Family Separation

The age, of a child under age 18 must not be used as a basis for denying any family's admission to an ES that uses ESG funding or services and provides shelter to families with children under age 18 ([24 CFR § 576.102\(b\)](#)).

Minimum Period of Use

Where the subrecipient uses ESG funds solely for essential services or shelter operations, the subrecipient must provide services or shelter to homeless individuals and families at least for the period during which the ESG funds are provided. The subrecipient does not need to limit these services or shelter to a particular site or structure, so long as the site or structure serves the same type of persons originally served with the assistance (e.g., families with children, unaccompanied youth, disabled individuals, or victims of domestic violence) or serves homeless persons in the same area where the subrecipient originally provided the services or shelter.

Maintenance of Effort

If the subrecipient is a UGLG, its ESG funds cannot be used to replace funds the local government provided for SO and ES services during the immediately preceding 12-month period, unless HUD determines that the UGLG is in a severe financial deficit.

Upon the recipient's request, HUD will determine whether the UGLG is in a severe financial deficit, based on the recipient's demonstration of each of the following:

- 1) The average poverty rate in the UGLG's jurisdiction was equal to or greater than 125 percent of the average national poverty rate, during the calendar year for which the most recent data are available, as determined according to information from the U.S. Census Bureau.
- 2) The average per-capita income in the UGLG's jurisdiction was less than 75 percent of the average national per-capita income, during the calendar year for which the most recent data are available, as determined according to information from the Census Bureau.
- 3) The UGLG has a current annual budget deficit that requires a reduction in funding for services for homeless people.
- 4) The UGLG has taken all reasonable steps to prevent a reduction in funding of services for homeless people. Reasonable steps may include steps to increase revenue generation, steps to maximize cost savings, or steps to reduce expenditures in areas other than services for homeless people.

Key Performance Measures

The performance measures below ensure that ES projects align with the local CoC's system wide goal to end homelessness. Providers should gauge their progress and identify areas of improvement based on the following performance measures for their ESG funded programs:

Emergency Shelter Outcome Measures
Reduction in the average and median length of stay in ES
ES exits to a positive housing destination
Percentage of people who return to homelessness (ES, TES, SO) from PH (RRH, PH, PSH, OPH) in 6 months, 9 months, and 12 months
All outcome measures broken down by racial equity components

Racial Equity Practices

All housing services should be centered in racial equity. ES operators should consider the following in ES design and implementation:

- 1) Engage people with lived expertise of homelessness, representative of all subpopulations and reflective of the demographics of people experiencing homelessness, for input and decision-making to transform approaches to sheltering people, focusing on safer, healthier, trauma-informed models. Be sure to include partners beyond information gathering, but create the opportunities for individuals and families to have decision-making power and access to resources needed to support their engagement (e.g., childcare, transportation, compensation for time, etc.)
- 2) Design shelter to be welcoming, maximize support service staff that can connect program participants to housing and other services. Minimize the presence of law enforcement/security.
- 3) Ensure that all existing and new shelter options are available 24 hours per day and are low-barrier, culturally responsive, non-discriminatory, welcoming to LGBTQ people, accessible for people with disabilities, allow families to remain together as self-defined, and equitably accessed by people from historically marginalized communities.
- 4) Seek out community organizations that have trusted relationships with underserved groups and can provide expertise on reaching and engaging them, including broadening your partnerships to contract with them for essential services.
- 5) Expand housing-focused case management services and housing subsidy resources for people staying within shelters and other settings, to support more people to exit to permanent housing and to create capacity to serve other people experiencing homelessness.
- 6) Create plans to ensure that people are rehoused quickly out of shelter settings and that no one in shelters exits to the street, but rather exits to permanent housing, within efforts to provide equitable access to housing options for everyone.
- 7) As a part of your exit process, provide anonymous ways for people to give feedback on racial and cultural treatment while engaging with your program.
- 8) Across all positions, hire a diverse staff that is representative of the people being

served—this includes hiring people with lived experience of homelessness. Be mindful that hiring one or two members of a large staff does not point to equity, instead be intentional about assessing hiring practices, performance evaluation criteria, etc.

- 9) Train staff on racial equity, cultural humility, trauma-informed care, and Housing First, while offering support and supervision to implement lessons learned.
- 10) Implement a transparent accountability structure that include publicly sharing progress on equity outcomes.
- 11) Continuously review the procurement process to create opportunities to engage a diverse array of community-based organizations.
- 12) Examine and assess you shelter quantitative data and disaggregate by demographic data to see if there are disparities and ensure a diverse group is examining the data and acting on it. a) Who is entering shelter and who is not?; b) How long is it taking different groups to move to housing; c) Which groups are more likely to exit back into homelessness?
- 13) Engage in consultation and qualitative data with people with lived expertise to determine if there are disparities related to age, ethnicity, disability, gender identity, sexual orientation, family composition, etc.
- 14) Create an annual anonymous survey to get feedback from staff and clients on the culture and climate of your services and system about race, ethnicity, and equity.
- 15) Convene a group of staff members, program participants, and community stakeholders to review policy and procedure for any barriers that might cause a specific racial group to avoid or be barred from crisis housing (e.g., culturally biased dress codes, racial balance of program staff, rules on previous behavior or residence, etc.)
- 16) Review data on who was banned or terminated from shelter to check for disparities in who is asked to leave, how long, or who has unknown exits.

Homelessness Prevention

ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place described in paragraph (1) of the “homeless” definition in [24 CFR 576.2](#). This assistance, referred to as homelessness prevention, may be provided to individuals and families who meet the criteria under the “at risk of homelessness” definition, or who meet the criteria in paragraph (2), (3), or (4) of the “homeless” definition in § 576.2 and have an annual income below 30 percent of median family income for the area, as determined by HUD. The costs of HP are only eligible to the extent that the assistance is necessary to help the program participant regain stability in the program participant's current permanent housing or move into other permanent housing and achieve stability in that housing. HP must be provided in accordance with the housing relocation and stabilization services requirements in §

576.105, the short-term and medium-term rental assistance requirements in § 576.106, and the written standards and procedures established under § 576.400.

Eligible Activities and Costs

Housing Relocation and Stabilization Services

Financial Assistance Costs

Subject to the general conditions under [24 CFR 576.103](#), ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs:

- *Rental application fees.* ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.
- *Security deposits.* ESG funds may pay for a security deposit that is equal to no more than 2 months' rent.
- *Last month's rent.* If necessary to obtain housing for a program participant, 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.
- *Utility deposits.* ESG funds may pay for a standard utility deposit required by the utility company for all customers for the utilities listed in paragraph (5) of this section.
- *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 his or her 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.
- *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 under paragraph b) of this section and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.
- If a program participant receiving short- or medium-term rental assistance under [24 CFR 576.106](#) meets the conditions for an emergency transfer under [24 CFR 5.2005\(e\)](#), ESG funds may be used to pay amounts owed for breaking a lease to effect an emergency transfer. These costs are not subject to the 24- month limit on rental assistance under [24 CFR 576.106](#).

Service Costs

Subject to the general restrictions under [24 CFR 576.103](#), ESG funds may be used to pay the costs of providing the following services:

- *Housing search and placement.* Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:
 - Assessment of housing barriers, needs, and preferences;
 - Development of an action plan for locating housing;
 - Housing Search
 - Outreach to and negotiation with owners;
 - Assistance with submitting rental applications and understanding leases;
 - Assessment of housing for compliance with Emergency Solutions Grant (ESG) requirements for habitability, lead-based paint, and rent reasonableness;
 - Assistance with obtaining utilities and making moving arrangements; and
 - Tenant counseling
- *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:
 - Using the CES as required under [24 CFR 576.400\(d\)](#), to evaluate individuals and families applying for or receiving HP assistance
 - Conducting the initial evaluation required under §576.401(a), including verifying and documenting eligibility, for individuals and families applying for HP assistance counseling;
 - Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
 - Monitoring and evaluating program participant progress; Providing information and referrals to other providers;
 - Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
 - Conducting re-evaluations required under [24 CFR 576.401\(b\)](#).
- *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.
- *Legal services.* ESG funds may pay for legal services, as set forth [in 24 CFR 576.102\(a\)\(1\)\(vi\)](#), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in

which the program participant currently resides.

- *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.

Maximum Amounts and Periods of Assistance

The recipient may set a maximum dollar amount that a program participant may receive for each type of financial assistance in this section. The recipient may also set a maximum period for which a program participant may receive any of the types of assistance or services under this section. The local CoC currently sets maximum one-time housing assistance limits in its housing assistance fund policies. ESG recipients within the County should follow these limits. If the recipient wants to exceed these limits for an individual participant, they must receive approval from CoC staff involved with managing the local housing assistance fund. Currently limits are:

- Household of 1 person = up to \$5,000 (plus \$500 per additional adult household member)
- Households with minor children = up to \$8,000

However, except for housing stability case management, the total period for which any program participant may receive the services under this section must not exceed 24 months during any 3-year period. The limits on the assistance under this section apply to the total assistance an individual receives, either as an individual or as part of a family.

Use with Other Subsidies

Financial assistance under this section cannot be provided to a program participant who is receiving the same type of assistance through other public sources or to a program participant who has been provided with replacement housing payments under the URA, during the period covered by the URA payments.

Housing Counseling

Housing counseling, as defined in [§5.100](#), that is funded with or provided in connection with ESG funds must be carried out in accordance with [§5.111](#). When recipients or subrecipients provide housing services to eligible persons that are incidental to a larger set of holistic case management services, these services do not meet the definition of housing counseling, as defined in §5.100, and therefore are not required to be carried out in accordance with the certification requirements of §5.111.

Short-Term and Medium-Term Rental Assistance

General Provisions

Subject to the general conditions under [24 CFR 576.103](#), the subrecipient may provide a program participant with 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.

- Short-term rental assistance is assistance for up to 3 months of rent. Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.
- Payment of rental arrears consists of a one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears.
- Rental assistance may be tenant-based or project-based, as set forth in this section.

Discretion to Set Caps and Conditions

Subject to the requirements of this section, the recipient may set a maximum amount or percentage of rental assistance that a program participant may receive, a maximum number of months that a program participant may receive rental assistance, or a maximum number of times that a program participant may receive rental assistance. The recipient may also require program participants to share in the costs of rent. ESG recipients must get approval from the CoC regarding their program caps and conditions. The CoC does not currently have community-wide standards in this area.

Use with Other Subsidies

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. Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the URA during the period covered by the URA payments.

Rent Restrictions

Whether a household is seeking to maintain its current housing or relocate to another unit to avoid homelessness (HP), or exiting homelessness into new housing (RRH), the process for determining acceptable rent amounts is the same

(<https://www.hudexchange.info/resources/documents/ESG-Rent-Reasonableness-and-FMR.pdf>):

- (a) The subrecipient first compares the gross rent (see box below) for the current or new unit with current Fair Market Rent (FMR) limits, which are updated annually.
- (b) If the unit's gross rent is at or below FMR, the subrecipient next uses current data to determine rent reasonableness (more information is provided below on how to determine and document this).

If the gross rent is at or below both the FMR and the rent reasonableness standard for a unit of comparable size, type, location, amenities, etc., ESG funds may be used to pay the

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rent amount for the unit.

If the gross rent for the unit exceeds either the rent reasonableness standard or FMR, ESG recipients are prohibited from using ESG funds for **any** portion of the rent, even if the household is willing and/or able to pay the difference. However, because the FMR and rent reasonableness requirements apply only to rental assistance, ESG funds may be used:

- (a) To pay for financial assistance and services to help the eligible program participant stay in the unit, or
- (b) To pay for financial assistance and services to locate and move to a different unit that meets the rent reasonableness standard and is at or below FMR and pay rental assistance in that unit.

Rent reasonableness and FMR requirements only apply to Rental Assistance and **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. (**Note:** “Last month’s rent” may not exceed the rent charged for any other month; security deposits may not exceed 2 months’ rent.)

[Fair Market Rent \(FMR\)](#)

HUD establishes FMRs to determine payment standards or rent ceilings for HUD-funded programs that provide rental assistance, which it publishes annually. Federal law requires that HUD publish final FMRs for use in any fiscal year on October 1—the first day of the fiscal year (FY). FMRs for each fiscal year can be found by visiting HUD’s website at [Fair Market Rents \(40th PERCENTILE RENTS\) | HUD USER](#) and clicking on the current “Fair Market Rent Documentation System” link. This site allows 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.

Subrecipients must consult the most current FMR published for their geographic area and document FMR for all units for which ESG funds are used for rental assistance.

To calculate the gross rent for purposes of determining whether it meets the FMR, consider the entire housing cost: rent plus the cost of utilities that must, according to the lease, be the responsibility of the tenant. Utility costs may include gas, electric, water, sewer, and trash. However, telephone, cable or satellite television service, and internet service are not included in FMRs, and are not allowable costs under ESG. The FMR also does not include pet fees or late fees that the program participant may accrue for failing to pay the rent by the due date established in the lease. The monthly allowance for utilities is typically established by the public housing authority for the area in which the housing is located. Public housing authorities will often have different utility schedules based on the type of unit (apartment, duplex, single family).

Calculating the GROSS RENT AMOUNT

To calculate the gross rent of a unit that is being tested by the FMR standard:

$$\begin{array}{r} \text{Total contract rent amount of the unit.} \\ + \\ \text{Any fees required for occupancy under the lease (excluding late fees and pet} \\ \text{fees)} \\ + \\ \text{Monthly utility allowance* (excluding telephone, cable/TV service, and Internet} \\ \text{services) established by local PHA.} \\ = \\ \text{Gross Rent Amount} \end{array}$$

***Note:** The monthly utility allowance is added only for those utilities that the tenant pays for separately (for more information on utility allowances established by the local public housing agency (PHA), see 24 CFR § 982.517). The utility allowance does not include telephone, cable or satellite television service, and internet service. If all utilities are included in the rent, there is no utility allowance.

HUD sets FMRs to ensure that a reasonable supply of modest but adequate rental housing is available to HUD program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible.

Note: Once a unit is determined to meet the FMR and rent reasonableness requirements, ESG funds may be used to pay for the actual utility costs. The utility allowance calculation is only used to determine whether the unit meets the FMR standard.

Example:

A case manager wants to rapidly re-house a mother and son and has identified a 2-bedroom unit at a rent of \$1,200 per month, not including utilities. The utility allowance for that size and type of unit is \$150. Therefore, the gross rent is \$1,350. A check of three similar units in the neighborhood reveals that the reasonable rent is \$1,400 for that area of the city.

However, the FMR for the jurisdiction is \$1,300. This means the household cannot be assisted with ESG in this unit because the gross rent exceeds the FMR.

Determining and Documenting FMR

Subrecipients must ensure that the rent for units assisted under the ESG Program does not exceed current HUD-published FMRs for their geographic region.

Determining FMR standards is straightforward. For ESG, no geographic area has more than one FMR standard. However, if a subrecipient covers multiple cities or counties, they must use the appropriate FMR for the geographic area in which the assisted rental unit is located. Subrecipients should print and place in case files a copy of the applicable FMR data to document the FMR for that participant's unit size and geographic area.

Rent Reasonableness

HUD's rent reasonableness standard is designed to ensure that rents being paid are reasonable in relation to rents being charged for comparable unassisted units in the same market. Methods of determining and documenting rent reasonableness are described in the section below. For units within the FMR limit, if a rent reasonableness determination supports a lower rent than the advertised rent, then ESG funds may not be used to rent the unit (unless the landlord is willing to lower the rent). However, as with FMR, ESG funds could be used to assist the program participant to move to a different unit that meets both the FMR and rent reasonableness standards. If the rent reasonableness determination supports the advertised rent (and is within the FMR limit), rental assistance with ESG funds may be provided for the unit, if all other program requirements are met.

Determining and Documenting Rent Reasonableness

Subrecipients are responsible for determining what documentation is required to ensure the rent reasonableness standard is met. Subrecipients should determine rent reasonableness by considering the location, quality, size, type, and age of the unit, and any amenities, maintenance, and utilities to be provided by the owner. Comparable rents can be checked by using a market study of rents charged for units of different sizes in different locations or by reviewing advertisements for comparable rental units. For example, a participant's case file might include the unit's rent and description, a printout of *three comparable units' rents*, and evidence that these comparison units shared the same features (location, size, amenities, quality, etc.). Another acceptable method of documentation is written verification signed by the property owner or management company, on letterhead, affirming that the rent for a unit assisted with ESG funds is comparable to current rents charged for similar unassisted units managed by the same owner.

Subrecipients must establish their own written policies and procedures for documenting comparable rents and ensure that they are followed when documenting rent reasonableness in the case file. Use of a single form to collect data on rents for units of different sizes and locations will make the data collection process uniform. Santa Cruz County recommends using a standard “Rent Reasonableness Checklist and Certification” form provided by CA HCD: www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablechecklist.doc

Note: This HUD sample form is used across different housing programs.

Within Santa Cruz County, the CoC recommends consulting with the local Housing Authority to utilize its approach for determining rent reasonableness. This will help ensure consistency in housing pricing assessments between ESG and other HUD programs.

Monitoring

For monitoring purposes, CA HCD and the CoC will determine whether the subrecipient developed a written policy and followed that policy to determine and document that:

- (1) The rent was reasonable; **and**
- (2) The rent was within the established FMR limit.

The basis for the determination must be supported by the evidence documented in the case file. Therefore, adequate documentation will enable a supervisor or other entity charged with monitoring the program to readily identify the factors and process that resulted in the determination that each unit met HUD requirements.

Subrecipients’ or sub-subrecipient policies and procedures must be transparent and consistently applied across their program, and result in decisions that comply with HUD requirements. At a minimum, an effective policy includes a methodology, documentation requirements, staffing assignments, and strategies for addressing special circumstances.

This means that policies and procedures should provide step-by-step guidance on making comparisons between the program participant’s rent, the FMR, and the rent reasonableness standards for comparable units in that community. This includes the documentation to be included in each case file, such as forms and/or case notes from the staff making the determination. For example, a subrecipient could create a policy where a provider must consider the rents of three comparable units and allow as “reasonable” only rents that fall within \$50 of the average of the three comparable rents. In this example, a rent could be paid that is slightly higher than some of the individual comparable units. That rent would still be considered “reasonable” under the subrecipient’s policy—but rent could only be paid if it is **also** at or below the FMR.

Staff Roles and Responsibilities

Subrecipients should have a procedure in place to ensure that compliance with rent

reasonableness and FMR are documented prior to a check for rent being approved and/or prepared. The responsibility of determining and documenting each unit's compliance with these standards may be assigned to one or more program staff, such as the case manager, clerical support staff, or a staff member who is assigned to conduct habitability inspections. One staff person may perform all the checks, or the tasks may be divided among more than one staff. For example, for rent reasonableness, one staff member could conduct a telephone survey of the property owner/landlords, while another searches rental databases for comparable properties.

Rental Assistance Agreement

When providing rental assistance under both the HP and RRH components of the ESG program, the subrecipient must make payments directly to the housing owner (or their agent, such as a property manager) and assistance may only be provided in cases where a rental assistance agreement is in place between the subrecipient and owner.

[Requirements for Rental Assistance Agreements and Leases Under ESG \(PDF\)](#)

The rental assistance agreement required between the subrecipient, and property owner **must** set forth the terms under which the rental assistance is being provided. It *must at least* include the following:

- (a) A provision requiring the owner to 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, as indicated in [24 CFR 576.106\(e\)](#).
- (b) The same payment due date, grace period, and late payment penalty requirements as the program participant's lease, as indicated in §576.106(f));
- (c) For **project-based rental assistance**, the initial term of the rental assistance agreement must be 1 year. For **tenant-based rental assistance**, subrecipients should establish the term of the rental assistance agreement for the period they anticipate providing assistance.

The rental assistance agreement should also include provisions addressing the following:

- (a) **The type of rental assistance being provided** (tenant-based or project-based);
- (b) **Late Payments:** If a subrecipient incurs late payment penalties, it is the sole responsibility of the subrecipient to pay those penalties using non-ESG funds, as indicated in [24 CFR 576.106\(f\)](#);
- (c) **Program Participant Sharing in Rent:** The subrecipient may require the program participant to pay a portion of the monthly rental cost. In such cases, the subrecipient must have written policies and procedures for determining the program participant's portion, and the rental assistance agreement should specify the amount of rent to be paid by the subrecipient and the amount to be

paid by the program participant, as indicated in [24 CFR 576.106\(b\)](#);

- (d) **Termination:** When providing tenant-based rental assistance, the rental assistance agreement with the owner must terminate and no further rental assistance payments may be made under that agreement if: the program participant moves out of the housing unit; the lease terminates and is not renewed; or the program participant becomes ineligible to receive ESG rental assistance [24 CFR 576.106\(h\)](#).

Special Considerations for Rental Arrears: Even when the assistance is solely for arrears, a rental assistance agreement is required, because rental arrears are considered rental assistance. For payments of rental arrears, the agreement should provide the amount paid by the subrecipient, include the number of months of arrears paid, and any other terms and conditions of the payment. The agreement should reflect the evidence/documentation used to justify that the arrears are an eligible payment.

Late Payments

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

Lease

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. For program participants living in housing with project-based rental assistance under paragraph (i) of this section, the lease must have an initial term of one year.

Each lease executed on or after December 16, 2016, must include a lease provision or incorporate a lease addendum that includes all requirements that apply to tenants, the owner or lease under [24 CFR part 5, subpart L](#) (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), as supplemented by [24 CFR 576.409](#), including the prohibited bases for eviction and restrictions on construing lease terms under [24 CFR 5.2005\(b\)](#) and (c). If the housing is not assisted under another "covered housing program," as defined in [24 CFR 5.2003](#), the lease provision or lease addendum may be written to expire at the end of the rental assistance period.

Special Considerations for Rental Arrears: When the assistance is solely for arrears, *an oral lease 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.

[2013-09-25-Requirements for Rental Assistance Agreements and Leases Under ESG \(PDF\)](#)

Tenant-Based Rental Assistance

A program participant who receives tenant-based rental assistance may select a housing unit in which to live and may move to another unit or building and continue to receive rental assistance, if the program participant continues to meet the program requirements. The subrecipient may require that all program participants live within a particular area for the period in which the rental assistance is provided. The CoC currently requires that recipients reside within Santa Cruz County or within one of the geographically adjacent counties provided the subrecipient has documented capacity to provide home visit based services to the participant in their rental location.

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

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

Project-Based Rental Assistance

If the subrecipient identifies a permanent housing unit that meets ESG requirements and becomes available before a program participant is identified to lease the unit, the recipient or subrecipient may enter into a rental assistance agreement with the owner to reserve the unit and subsidize its rent in accordance with the following requirements:

The rental assistance agreement may cover one or more permanent housing units in the same building. Each unit covered by the rental assistance agreement (“assisted unit”) may only be occupied by program participants, except as provided under item (4) of this section.

The subrecipient may pay up to 100 percent of the first month’s rent, provided that a program participant signs a lease and moves into the unit before the end of the month for which the first month’s rent is paid. The rent paid before a program participant moves into the unit must not exceed the rent to be charged under the program participant’s lease and must be included when determining that program participant’s total rental assistance.

The subrecipient may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a program participant. When a program participant moves out of an assisted unit, the subrecipient may pay the next month’s rent, i.e., the first month’s rent for a new program participant, as provided in item (2) of this section.

The program participant’s lease must not condition the term of occupancy to the

provision of rental assistance payments. If the program participant is determined ineligible or reaches the maximum number of months over which rental assistance can be provided, the subrecipient must suspend or terminate the rental assistance payments for the unit. If the payments are suspended, the individual or family may remain in the assisted unit as permitted under the lease, and the subrecipient may resume payments if the individual or family again becomes eligible and needs further rental assistance. If the payments are terminated, the rental assistance may be transferred to another available unit in the same building, provided that the other unit meets all ESG requirements.

The rental assistance agreement must comply with State regulations. When a new program participant moves into an assisted unit, the term of the rental assistance agreement may be extended to cover the initial term of the program participant's lease. If the program participant's lease is renewed, the rental assistance agreement may be renewed or extended, as needed, up to the maximum number of months for which the program participant remains eligible. However, under no circumstances may the subrecipient commit ESG funds to be expended beyond the expenditure deadline in [24 CFR 576.203](#) or commit funds for a future ESG grant before the grant is awarded.

Changes in Household Composition

The limits on the assistance apply to the total assistance an individual receives, either as an individual or as part of a family. ([24 CFR 576.106](#))

Subrecipients may require program participants receiving assistance to provide notification regarding changes to household income, household composition, or other circumstances that may impact need for assistance. If such a policy has been established, it must be in the CoC's written standards, and subrecipients must re-evaluate participants upon receipt of notification.

<https://www.hudexchange.info/resources/documents/SNAPS-Shots-ESG-Eligible-Participants-Homelessness-Rapid-Re-Housing.pdf>

If a subrecipient does not have a policy, the ESG regulation does not require that information about changes in household circumstances received outside of the re-evaluation process trigger a re-evaluation. The Santa Cruz County CoC currently does not currently have a CoC-wide policy regarding household configuration notifications.

Key Performance Measures

Successful retention in a permanent housing destination. Meeting this criterion will be based on persons served in a HP program and retention of their permanent housing.

Racial Equity Practices

All housing services should be centered in racial equity. HP operators should consider the following in program design and implementation:

- 1) Develop responsive HP policies that do not exacerbate existing racial and income disparities in housing markets by prioritizing vulnerable renters and communities of color in federal aid and offering direct rental assistance rather than channeling benefits through financial institutions that communities of color are less likely to use.
- 2) Engage and partner with individuals and families most impacted by HP priorities to co-design prevention strategies. Valuing the knowledge from past and/or present experiences will inform and improve the design and implementation of HP strategies. Be sure to include partners beyond information gathering, but create the opportunities for individuals and families to have decision-making power and access to resources needed to support their engagement (e.g., childcare, transportation, compensation for time, etc.)
- 3) Assess and gain a deep understanding of who is most in need of and where HP assistance efforts should occur to clearly identify who the program will serve and its focus.
- 4) Design screening tools to get to the population you mean to serve equitably. Screening for prevention assistance within the targeted population must not result in service decisions based on membership in a protected class (e.g., race, ethnicity, sex), but these decisions can be based on vulnerabilities. Designing appropriate screening strategies can include collaborations with school districts, healthcare systems/hospitals, housing courts, public social service agencies, or senior centers and can help you identify additional and specific vulnerabilities you could include.
- 5) Review data for households living in neighborhoods/zip codes where large numbers of people last resided before seeking help with housing assistance, housing with children younger than 2 years old or involved with CPS.
- 6) Design screening tools to target households who have previously received assistance from the housing service system, a risk factor for future instances of housing instability and/or experiencing homelessness.
- 7) Fund culturally responsive partners with an established presence and connection to households in targeted, high-risk neighborhoods to participate as access points, develop marketing/communication strategy, and administer related prevention activities. This will result in increased access and improved outcomes and the capacity to develop more culturally responsive prevention activities in the ethnic and cultural community context in which the household resides. This may require reimagining your procurement process to decrease barriers to competition and incentive strategies that align with equity-based performance.
- 8) Continuously adapt outreach and engagement strategies and provide access to essential technologies to link people to permanent housing options, medical and behavioral health care services, health coverage, employment and educational opportunities, and other trauma-informed services as needed. Create plans to ensure that people are stabilized quickly in their current housing or a different housing option to ensure no one exits to the street, but rather exits to permanent housing, within efforts to provide equitable access to housing options for

everyone.

- 9) Develop more comprehensive understanding of the housing and services needs of all those who unstably housed differentiated by subpopulations and disaggregated by race and ethnicity, based upon direct consultation with people with lived expertise and based upon analysis of data, including analyzing deficiencies and biases within existing data to inform equity-based decisions.
- 10) As a part of your exit process, provide anonymous ways for people to give feedback on racial and cultural treatment while engaging with your program.
- 11) Across all positions, hire a diverse staff that is representative of the people being served—this includes hiring people with lived experience of homelessness. Be mindful that hiring one or two members of a large staff does not point to equity, instead be intentional about assessing hiring practices, performance evaluation criteria, etc.
- 12) Train staff on racial equity, cultural humility, trauma-informed care, and Housing First, while offering support and supervision to implement lessons learned.
- 13) Implement a transparent accountability structure that include publicly sharing progress on equity outcomes.
- 14) Continuously review the procurement process to create opportunities to engage a diverse array of community-based organizations.
- 15) Examine and assess your HP quantitative data and disaggregate by demographic data to see if there are disparities and ensure a diverse group is examining the data and acting on it. *Who is receiving rental assistance and services and who is not? How long is it taking different groups to stabilize in housing? Which groups are more likely to exit into homelessness? Which zip codes are people experiencing the most housing instability and which zip codes are being served most by your program?*
- 16) Through direct consultation with people with lived expertise of being unstably housed, assess reasons why people experience instability and if the assistance being offered has not adequately addressed their needs and preferences, and adapt strategies and options in response. Use qualitative feedback to determine if there are disparities related to age, ethnicity, disability, gender identity, sexual orientation, family composition, etc.
- 17) Create an annual anonymous survey to get feedback from staff and clients on the culture and climate of your services and system regarding race, ethnicity, and equity.
- 18) Convene a group of staff members, program participants, and community stakeholders to review policy and procedure for any barriers that might cause a specific racial group to avoid or be barred from HP program.

Rapid Re-Housing

RRH Assistance may be provided to individuals and families who are homeless under **Category**

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1 (Persons sleeping in emergency shelter, on the streets, or another place not meant for human habitation) of the homeless definition, i.e., those who meet the criteria under paragraph (1) of the “homeless” definition at [24 CFR 576.2](#). It may also be provided to persons who are fleeing domestic violence (DV) and meet the criteria under **Category 4** (Fleeing/Attempting to Flee DV) of the “homeless” definition that are living on the streets or in an emergency shelter. Homeless status must be properly documented.

The County of Santa Cruz targets RRH to assist individuals and families currently living on the streets or in shelter. ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. The RRH assistance must be provided in accordance with the housing relocation and stabilization services requirements in [24 CFR 576.105](#), the short- and medium-term rental assistance requirements in [24 CFR 576.106](#), and the written standards and procedures established under [24 CFR 576.400](#).

Eligible Activities and Costs

RRH funds can be used for two broad categories of assistance: Rental Assistance which refers to monthly payments made of landlords for housing costs, and Housing and Relocation and Stabilization Services, which include staffing costs for services provided to participants and of financial assistance costs needed to move participants into housing or stabilize them there, other than rental assistance.

Housing Relocation and Stabilization Services

Financial Assistance Costs

Subject to the general conditions under [24 CFR 576.104](#), ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs:

- *Rental application fees.* ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.
- *Security deposits.* ESG funds may pay for a security deposit that is equal to no more than 2 months' rent.
- *Last month's rent.* If necessary to obtain housing for a program participant, 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.
- *Utility deposits.* ESG funds may pay for a standard utility deposit required by the utility company for all customers for the utilities listed in subsection (e), below.
- *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 his or her 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.

- *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 under this section and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.
- If a program participant receiving short- or medium-term rental assistance under 24 CFR 576.106 meets the conditions for an emergency transfer under 24 CFR 5.2005(e), ESG funds may be used to pay amounts owed for breaking a lease to support an emergency transfer. These costs are not subject to the 24-month limit on rental assistance under [24 CFR 576.106](#).

Service Costs

Subject to the general restrictions under [24 CFR 576.104](#), ESG funds may be used to pay the costs of providing the following services:

- *Housing search and placement.* Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:
 - Assessment of housing barriers, needs, and preferences;
 - Development of an action plan for locating housing;
 - Housing search;
 - Outreach to and negotiation with owners;
 - Assistance with submitting rental applications and understanding leases;
 - Assessment of housing for compliance with Emergency Solutions Grant (ESG) requirements for habitability, lead-based paint, and rent reasonableness;
 - Assistance with obtaining utilities and making moving arrangements; and
 - Tenant counseling
- *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:
 - Using the CES as required under [24 CFR 576.400\(d\)](#), to evaluate individuals and families applying for or receiving RRH assistance;
 - Conducting the initial evaluation required under §576.401(a), including

- verifying and documenting eligibility, for individuals and families applying for RRH assistance;
 - Counseling;
 - Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
 - Monitoring and evaluating program participant progress;
 - Providing information and referrals to other providers;
 - Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
 - Conducting re-evaluations required under [24 CFR 576.401\(b\)](#).
- *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.
 - *Legal services.* ESG funds may pay for legal services, as set forth in [24 CFR 576.102\(a\)\(1\)\(vi\)](#), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides.
 - *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.

Maximum Amounts and Periods of Assistance

The recipient may set a maximum dollar amount that a program participant may receive for each type of financial assistance in this section. The recipient may also set a maximum period for which a program participant may receive any of the types of assistance or services under this section. The local CoC currently sets maximum one-time housing assistance limits in its housing assistance fund policies. ESG recipients within the County should follow these limits. If the recipient wants to exceed these limits for an individual participant, they must receive approval from CoC staff involved with managing the local housing assistance fund. Currently limits are:

- Household of 1 person = up to \$5,000 (plus \$500 per additional adult household member)
- Households with minor children = up to \$8,000

However, except for housing stability case management, the total period for which any program participant may receive the services must not exceed 24 months during any 3-year period. The limits on the assistance under this section apply to the total assistance an individual receives, either as an individual or as part of a family.

Use with Other Subsidies

Financial assistance under cannot be provided to a program participant who is receiving the same type of assistance through other public sources or to a program participant who has been provided with replacement housing payments under the URA, during the period covered by the URA payments.

Housing Counseling

Housing counseling, as defined in [§5.100](#), that is funded with or provided in connection with ESG funds must be carried out in accordance with [§5.111](#). When recipients or subrecipients provide housing services to eligible persons that are incidental to a larger set of holistic case management services, these services do not meet the definition of housing counseling, as defined in §5.100, and therefore are not required to be carried out in accordance with the certification requirements of §5.111.

Short-Term and Medium-Term Rental Assistance

General Provisions

Subject to the general conditions under [24 CFR 576.104](#), the subrecipient may provide a program participant with 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.

- a) Short-term rental assistance is assistance for up to 3 months of rent.
- b) Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.
- c) Payment of rental arrears consists of a one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears.
- d) Rental assistance may be tenant-based or project-based, as set forth in paragraphs in this section.

Discretion to Set Caps and Conditions

The recipient may set a maximum amount or percentage of rental assistance that a program participant may receive, a maximum number of months that a program participant may receive rental assistance, or a maximum number of times that a program participant may receive rental assistance. The recipient must comply with the minimum expectations outlined in this manual. The recipient may also require program participants to share in the costs of rent. ESG recipients must get approval from the CoC regarding their program caps and conditions. The CoC does not currently have community-wide standards in this area.

Use with Other Subsidies

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. Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the URA during the period covered by the URA payments.

Rent Restrictions

Whether a household is seeking to maintain its current housing or relocate to another unit to avoid homelessness (HP), or exiting homelessness into new housing (RRH), the process for determining acceptable rent amounts is the same.

<https://www.hudexchange.info/resources/documents/ESG-Rent-Reasonableness-and-FMR.pdf>

- (a) The subrecipient first compares the gross rent (see box below) for the current or new unit with current Fair Market Rent (FMR) limits, which are updated annually.
- (b) If the unit's gross rent is at or below FMR, the subrecipient next uses current data to determine rent reasonableness (more information is provided below on how to determine and document this).

If the gross rent is at or below both the FMR **and** the rent reasonableness standard for a unit of comparable size, type, location, amenities, etc., ESG funds may be used to pay the rent amount for the unit.

If the gross rent for the unit exceeds either the rent reasonableness standard or FMR, ESG recipients are prohibited from using ESG funds for **any** portion of the rent, even if the household is willing and/or able to pay the difference. However, because the FMR and rent reasonableness requirements apply only to rental assistance, ESG funds may be used:

- a) To pay for financial assistance and services to help the eligible program participant stay in the unit, or
- b) To pay for financial assistance and services to locate and move to a different unit that meets the rent reasonableness standard and is at or below FMR and pay rental assistance in that unit.

Rent reasonableness and FMR requirements only apply to Rental Assistance and **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. (**Note:** "Last month's rent" may not exceed the rent charged for any other month; security deposits may not exceed 2 months' rent.)

[Fair Market Rent \(FMR\)](#)

HUD establishes FMRs to determine payment standards or rent ceilings for HUD-funded programs that provide rental assistance, which it publishes annually. Federal law requires that HUD publish final FMRs for use in any fiscal year on October 1—the first day of the fiscal year (FY). FMRs for each fiscal year can be found by visiting HUD’s website at [Fair Market Rents \(40th PERCENTILE RENTS\) | HUD USER](#) and clicking on the current “Fair Market Rent Documentation System” link. This site allows 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.

Subrecipients must consult the most current FMR published for their geographic area and document FMR for all units for which ESG funds are used for rental assistance.

To calculate the gross rent for purposes of determining whether it meets the FMR, consider the entire housing cost: rent plus the cost of utilities that must, according to the lease, be the responsibility of the tenant. Utility costs may include gas, electric, water, sewer, and trash. However, telephone, cable or satellite television service, and internet service are not included in FMRs, and are not allowable costs under ESG. The FMR also does not include pet fees or late fees that the program participant may accrue for failing to pay the rent by the due date established in the lease. The monthly allowance for utilities is typically established by the public housing authority for the area in which the housing is located. Public housing authorities will often have different utility schedules based on the type of unit (apartment, duplex, single family).

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Calculating the GROSS RENT AMOUNT

To calculate the gross rent of a unit that is being tested by the FMR standard:

$$\begin{array}{r} \text{Total contract rent amount of the unit.} \\ + \\ \text{Any fees required for occupancy under the lease (excluding late fees and pet} \\ \text{fees)} \\ + \\ \text{Monthly utility allowance* (excluding telephone, cable/TV service, and Internet} \\ \text{services) established by local PHA.} \\ = \\ \text{Gross Rent Amount} \end{array}$$

***Note:** The monthly utility allowance is added only for those utilities that the tenant pays for separately (for more information on utility allowances established by the local public housing agency (PHA), see 24 CFR § 982.517). The utility allowance does not include telephone, cable or satellite television service, and internet service. If all utilities are included in the rent, there is no utility allowance.

HUD sets FMRs to ensure that a reasonable supply of modest but adequate rental housing is available to HUD program participants. To accomplish this objective, FMRs must be both high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible.

Note: Once a unit is determined to meet the FMR and rent reasonableness requirements, ESG funds may be used to pay for the actual utility costs. The utility allowance calculation is only used to determine whether the unit meets the FMR standard.

Example:

A case manager wants to rapidly re-house a mother and son and has identified a 2-bedroom unit at a rent of \$1,200 per month, not including utilities. The utility allowance for that size and type of unit is \$150. Therefore, the gross rent is \$1,350. A check of three similar units in the neighborhood reveals that the reasonable rent is \$1,400 for that area of the city.

However, the FMR for the jurisdiction is \$1,300. This means the household cannot be assisted with ESG in this unit because the gross rent exceeds the FMR.

Determining and Documenting FMR

Subrecipients must ensure that the rent for units assisted under the ESG Program does not exceed current HUD-published FMRs for their geographic region.

Determining FMR standards is straightforward. For ESG, no geographic area has more than one FMR standard. However, if a subrecipient covers multiple cities or counties, they must use the appropriate FMR for the geographic area in which the assisted rental unit is located. Subrecipients should print and place in case files a copy of the applicable FMR data to document the FMR for that participant's unit size and geographic area.

Rent Reasonableness

HUD's rent reasonableness standard is designed to ensure that rents being paid are reasonable in relation to rents being charged for comparable unassisted units in the same market. Methods of determining and documenting rent reasonableness are described in the section below. For units within the FMR limit, if a rent reasonableness determination supports a lower rent than the advertised rent, then ESG funds may not be used to rent the unit (unless the landlord is willing to lower the rent). However, as with FMR, ESG funds could be used to assist the program participant to move to a different unit that meets both the FMR and rent reasonableness standards. If the rent reasonableness determination supports the advertised rent (and is within the FMR limit), rental assistance with ESG funds may be provided for the unit, if all other program requirements are met.

Determining and Documenting Rent Reasonableness

Subrecipients are responsible for determining what documentation is required to ensure the rent reasonableness standard is met. Subrecipients should determine rent reasonableness by considering the location, quality, size, type, and age of the unit, and any amenities, maintenance, and utilities to be provided by the owner. Comparable rents can be checked by using a market study of rents charged for units of different sizes in different locations or by reviewing advertisements for comparable rental units. For example, a participant's case file might include the unit's rent and description, a printout of *three comparable units' rents*, and evidence that these comparison units shared the same features (location, size, amenities, quality, etc.). Another acceptable method of documentation is written verification signed by the property owner or management company, on letterhead, affirming that the rent for a unit assisted with ESG funds is comparable to current rents charged for similar unassisted units managed by the same owner.

Subrecipients must establish their own written policies and procedures for documenting comparable rents and ensure that they are followed when documenting rent reasonableness in the case file. Use of a single form to collect data on rents for units of different sizes and locations will make the data collection process uniform. Santa Cruz County recommends using a standard “Rent Reasonableness Checklist and Certification” form provided by CA HCD: www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablechecklist.doc

Note: This HUD sample form is used across different housing programs.

Within Santa Cruz County, the CoC recommends consulting with the local Housing Authority to utilize its approach for determining rent reasonableness. This will help ensure consistency in housing pricing assessments between ESG and other HUD programs.

Monitoring

For monitoring purposes, CA HCD will determine whether the subrecipient developed a written policy and followed that policy to determine and document that:

- (1) The rent was reasonable; **and**
- (2) The rent was within the established FMR limit.

The basis for the determination must be supported by the evidence documented in the case file. Therefore, adequate documentation will enable a supervisor or other entity charged with monitoring the program to readily identify the factors and process that resulted in the determination that each unit met HUD requirements.

Subrecipients’ policies and procedures must be transparent and consistently applied across their program, and result in decisions that comply with HUD requirements. At a minimum, an effective policy includes a methodology, documentation requirements, staffing assignments, and strategies for addressing special circumstances.

This means that policies and procedures should provide step-by-step guidance on making comparisons between the program participant’s rent, the FMR, and the rent reasonableness standards for comparable units in that community. This includes the documentation to be included in each case file, such as forms and/or case notes from the staff making the determination. For example, a subrecipient could create a policy where a provider must consider the rents of three comparable units and allow as “reasonable” only rents that fall within \$50 of the average of the three comparable rents. In this example, a rent could be paid that is slightly higher than some of the individual comparable units. That rent would still be considered “reasonable” under the subrecipient’s policy—but rent could only be paid if it is **also** at or below the FMR.

Staff Roles and Responsibilities

Subrecipients should have a procedure in place to ensure that compliance with rent reasonableness and FMR are documented prior to a check for rent being approved and/or

prepared. The responsibility of determining and documenting each unit's compliance with these standards may be assigned to one or more program staff, such as the case manager, clerical support staff, or a staff member who is assigned to conduct habitability inspections. One staff person may perform all the checks, or the tasks may be divided among more than one staff. For example, for rent reasonableness, one staff member could conduct a telephone survey of the property owner/landlords, while another searches rental databases for comparable properties.

Rental Assistance Agreement

When providing rental assistance under both the HP and RRH components of the ESG program, the subrecipient must make payments directly to the housing owner (or their agent, such as a property manager) and assistance may only be provided in cases where a rental assistance agreement is in place between the subrecipient and owner.

[Requirements for Rental Assistance Agreements and Leases Under ESG \(PDF\)](#)

The rental assistance agreement required between the subrecipient and property owner **must** set forth the terms under which the rental assistance is being provided. It *must at least* include the following:

- a) A provision requiring the owner to 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, as indicated in [24 CFR 576.106\(e\)](#);
- b) The same payment due date, grace period, and late payment penalty requirements as the program participant's lease, as indicated in §576.106(f);
- c) For **project-based rental assistance**, the initial term of the rental assistance agreement must be 1 year. For **tenant-based rental assistance**, subrecipients should establish the term of the rental assistance agreement for the period they anticipate providing assistance.

The rental assistance agreement should also include provisions addressing the following:

- a) **The type of rental assistance being provided** (tenant-based or project-based);
- b) **Late Payments:** If a subrecipient incurs late payment penalties, it is the sole responsibility of the subrecipient to pay those penalties using non-ESG funds, as indicated in [24 CFR 576.106\(f\)](#);
- c) **Program Participant Sharing in Rent:** The subrecipient may require the program participant to pay a portion of the monthly rental cost. In such cases, the subrecipient must have written policies and procedures for determining the program participant's portion, and the rental assistance agreement should specify the amount of rent to be paid by the subrecipient and the amount to be

paid by the program participant, as indicated in [24 CFR 576.106\(b\)](#);

- d) **Termination:** When providing tenant-based rental assistance, the rental assistance agreement with the owner must terminate and no further rental assistance payments may be made under that agreement if: the program participant moves out of the housing unit; the lease terminates and is not renewed; or the program participant becomes ineligible to receive ESG rental assistance [24 CFR 576.106\(h\)](#).

Special Considerations for Rental Arrears: Even when the assistance is solely for arrears, a rental assistance agreement is required, because rental arrears are considered rental assistance. For payments of rental arrears, the agreement should provide the amount paid by the subrecipient, include the number of months of arrears paid, and any other terms and conditions of the payment. The agreement should reflect the evidence/documentation used to justify that the arrears are an eligible payment.

Late Payments

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

Lease

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. For program participants living in housing with project-based rental assistance under paragraph (i) of this section, the lease must have an initial term of one year.

Each lease executed on or after December 16, 2016, must include a lease provision or incorporate a lease addendum that includes all requirements that apply to tenants, the owner or lease under [24 CFR part 5, subpart L](#) (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), as supplemented by [24 CFR 576.409](#), including the prohibited bases for eviction and restrictions on construing lease terms under [24 CFR 5.2005](#)(b) and (c). If the housing is not assisted under another "covered housing program," as defined in [24 CFR 5.2003](#), the lease provision or lease addendum may be written to expire at the end of the rental assistance period.

Special Considerations for Rental Arrears: When the assistance is solely for arrears, *an oral lease 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.

[2013-09-25-Requirements for Rental Assistance Agreements and Leases Under ESG \(PDF\)](#)

Tenant-Based Rental Assistance

A program participant who receives tenant-based rental assistance may select a housing unit in which to live and may move to another unit or building and continue to receive rental assistance, if the program participant continues to meet the program requirements. The subrecipient may require that all program participants live within a particular area for the period in which the rental assistance is provided.

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

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

Project-Based Rental Assistance

If the subrecipient identifies a permanent housing unit that meets ESG requirements and becomes available before a program participant is identified to lease the unit, the recipient or subrecipient may enter into a rental assistance agreement with the owner to reserve the unit and subsidize its rent in accordance with the following requirements:

The rental assistance agreement may cover one or more permanent housing units in the same building. Each unit covered by the rental assistance agreement (“assisted unit”) may only be occupied by program participants, except as provided under item (4) of this section.

The subrecipient may pay up to 100 percent of the first month’s rent, provided that a program participant signs a lease and moves into the unit before the end of the month for which the first month’s rent is paid. The rent paid before a program participant moves into the unit must not exceed the rent to be charged under the program participant’s lease and must be included when determining that program participant’s total rental assistance.

The subrecipient may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a program participant. When a program participant moves out of an assisted unit, the subrecipient may pay the next month’s rent, i.e., the first month’s rent for a new program participant, as provided in item (2) of this section.

The program participant’s lease must not condition the term of occupancy to the provision of rental assistance payments. If the program participant is determined ineligible or reaches the maximum number of months over which rental assistance can be provided, the subrecipient must suspend or terminate the rental

assistance payments for the unit. If the payments are suspended, the individual or family may remain in the assisted unit as permitted under the lease, and the subrecipient may resume payments if the individual or family again becomes eligible and needs further rental assistance. If the payments are terminated, the rental assistance may be transferred to another available unit in the same building, provided that the other unit meets all ESG requirements.

The rental assistance agreement must comply with State regulations. When a new program participant moves into an assisted unit, the term of the rental assistance agreement may be extended to cover the initial term of the program participant's lease. If the program participant's lease is renewed, the rental assistance agreement may be renewed or extended, as needed, up to the maximum number of months for which the program participant remains eligible. However, under no circumstances may the subrecipient commit ESG funds to be expended beyond the expenditure deadline in [24 CFR 576.203](#) or commit funds for a future ESG grant before the grant is awarded.

Changes in Household Composition

The limits on the assistance apply to the total assistance an individual receives, either as an individual or as part of a family. ([24 CFR 576.106](#))

Subrecipients may require program participants receiving assistance to provide notification regarding changes to household income, household composition, or other circumstances that may impact need for assistance. If such a policy has been established, it must be in the CoC's written standards, and subrecipients must re-evaluate participants upon receipt of notification.

<https://www.hudexchange.info/resources/documents/SNAPS-Shots-ESG-Eligible-Participants- Homelessness-Rapid-Re-Housing.pdf>

If a subrecipient does not have a policy, the ESG regulation does not require that information about changes in household circumstances received outside of the re-evaluation process trigger a re-evaluation. The Santa Cruz County CoC currently does not currently have a CoC-wide policy regarding household configuration notifications.

Key Performance Measures

The performance measures below ensure that RRH projects align with the local CoC's system wide goal to end homelessness. Providers should gauge their progress and identify areas of improvement based on the following performance measures for their ESG funded programs:

Rapid Re-Housing Outcome Measures
Percentage of people who remained in RRH for 6 months, 9 months, and 12 months
RRH exits to a positive housing destination
Percentage of people who return to homelessness (ES, TES, SO) from PH (RRH, PH, PSH, OPH) in 6 months, 9 months, and 12 months
All outcome measures broken down by racial equity components

Racial Equity Practices

All housing services should be centered in racial equity. RRH operators should consider the following in program design and implementation:

- 1) Engage and partner with individuals and families most impacted by homelessness to co-design RRH programs and strategies. Valuing the knowledge from past and/or present experiences will inform and improve the design and implementation of RRH strategies. Be sure to include partners beyond information gathering, create the opportunities for individuals and families to have decision-making power and access to resources needed to support their engagement (e.g., childcare, transportation, compensation for time, etc.).
- 2) Evaluate and update policies and procedures including:
 - (a) If the program is designed to use all the flexibilities offered by RRH to provide each household what they need related to rental assistance amount and length of subsidy, considering the possibility that some households may need longer or deeper assistance due to inequities like housing and employment discrimination. Update documents to allow for flexibility.
 - (b) Review and eliminate policies that ban services for returning clients, as possible.
- 3) Regularly assess who is unable to access housing because of new or existing CES prioritization policies. Communities are always encouraged to evaluate and adjust their prioritization policies based on evolving information and circumstances, including new or improved data, changing needs and priorities, and available resources.
- 4) Regularly refresh projections of needs for different housing interventions across all subpopulations and examine equity impacts, based upon direct consultation with people with lived expertise and analysis of data.
- 5) Recognize that bias can influence how housing opportunities are offered to participant. Client choice is central—don't make assumptions—ask where someone is willing to live. Staff should respect client choice and empower clients to seek housing where they choose to live.
- 6) Ensure people newly entering housing are aware of tenant rights and responsibilities, including Fair Housing and VAWA housing protections.
- 7) Develop more comprehensive understanding of the housing and services needs of all those who unstably housed differentiated by subpopulations and disaggregated by race and ethnicity, based upon direct consultation with people with lived expertise and based upon analysis of data, including analyzing deficiencies and biases within existing data to inform equity-based decisions.
- 8) As a part of your exit process, provide anonymous ways for people to give feedback on racial and cultural treatment while engaging with your program.

- 9) Across all positions, hire a diverse staff that is representative of the people being served—this includes hiring people with lived experience of homelessness. Be mindful that hiring one or two members of a large staff does not point to equity, instead be intentional about assessing hiring practices, performance evaluation criteria, etc.
- 10) Train staff on racial equity, cultural humility, trauma-informed care, and Housing First, while offering support and supervision to implement lessons learned.
- 11) Train staff and landlords on Fair Housing practices. Get connected with government and non-profit agencies working on fair housing locally to partner on and amplify your landlord outreach and education efforts.
- 12) Set up team and supervision structures to support open dialogue about housing choice and housing discrimination and a culture of working together towards solutions.
- 13) Implement transparent accountability structures that include publicly sharing progress on equity outcomes.
- 14) Continuously review the procurement process to create opportunities to engage a diverse array of community-based organizations.
- 15) Examine and assess your RRH quantitative data and disaggregate by demographic data to see if there are disparities and ensure a diverse group is examining the data and acting on it.
 - (a) Determine your housing placement rates. Which populations are/are not getting housed during a determined period (e.g., 90-days)?
 - (b) How long is it taking different groups to stabilize in housing? Be sure to track how long it takes the groups with the greatest disparities to be rehoused as compared to other populations groups.
 - (c) Which groups are more likely to exit into homelessness? Analyze the characteristics of the people who return to homelessness and determine whether the results of structural racism (e.g., family configuration, criminal records, undiagnosed disabilities, etc.) are contributing towards housing instability.
 - (d) Assess patterns of disparate placement in communities of higher/lower poverty, opportunity, transportation, jobs, schools, churches, family support, health care, etc. to see if the race of the consumer is a factor.
- 16) Engage in consultation and qualitative data with people with lived expertise to determine if there are disparities related to age, ethnicity, disability, gender identity, sexual orientation, family composition, etc. Also, assess reasons why people experience instability and if the assistance being offered has not adequately addressed their needs and preferences, and adapt strategies and options in response.
- 17) Create an annual anonymous survey to get feedback from staff and program participants on the culture and climate of your services and system about race, ethnicity, and equity.

- 18) Convene a group of staff members, program participants, and community stakeholders to review policy and procedure for any barriers that might cause a specific racial group to avoid or be barred from HP program (e.g., culturally biased dress codes, racial balance of program staff, rules on previous behavior or residence, etc.).

Homeless Management Information Systems (HMIS)

ESG funded client and activity data must be entered into the subrecipient's CoC HMIS or comparable database for clients who are victims of violence or legal service providers. Data entry and reporting expectations include:

- Timely and accurate data entry into HMIS;
- Acquiring and documenting informed written consent from program participants;
- Protecting program participants' confidentiality;
- Using the HMIS as a tool to analyze data to inform and improve the delivery of services.

The CoC has local HMIS policies and procedures that must be followed by all ESG recipients. These policies and procedures can be found at the following website: [Santa Cruz: Policy and Procedures \(bitfocus.com\)](https://www.bitfocus.com/santa-cruz-policy-and-procedures)

Comparable Database

Domestic violence service providers are required to collect client-level data consistent with HMIS data collection requirements in an HMIS comparable database rather than a CoC's HMIS. CA HCD requires subrecipients to aggregate ESG data from sub-subrecipients using HMIS comparable databases for reporting purposes.

Eligible Activities and Costs Recipients and Subrecipients

The recipient or subrecipient may use ESG funds to pay the costs of contributing data to the HMIS designated by the CoC for the area, including the costs of:

- Purchasing or leasing computer hardware;
Purchasing software or software licenses;
- Purchasing or leasing equipment, including telephones, fax machines, and furniture;
- Obtaining technical support;
Leasing office space;
- Paying charges for electricity, gas, water, phone service, and high-speed data transmission necessary to operate or contribute data to the HMIS;
- Paying salaries for operating HMIS, including: Completing data entry;
- Monitoring and reviewing data quality; Completing data analysis;
- Reporting to the HMIS Lead;
- Training staff on using the HMIS or comparable database; and Implementing and complying with HMIS requirements;
- Paying costs of staff travel to and attend HUD-sponsored and HUD-approved

training on HMIS and programs authorized by Title IV of the McKinney-Vento Homeless Assistance act;

- Paying staff travel costs to conduct intake; and
- 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 CoC to operate the area's HMIS.

HMIS Lead Agencies

If the recipient is the HMIS lead agency, as designated by the CoC in the most recent fiscal year CoC Homeless Assistance Grants Competition, it may also use ESG funds to pay the costs of:

- Hosting and maintaining HMIS software or data
- Backing up, recovering, or repairing HMIS software or data; Upgrading, customizing, and enhancing the HMIS
- Integrating and warehousing data, including development of a data warehouse for use in aggregating data from subrecipients using multiple software systems;
- Administering the system;
- Reporting to providers; the CoC, HUD; and
- Conducting training on using the system or a comparable database, including traveling to the training.

Victim Services

If the subrecipient is a victim services providers, they 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.

General Restrictions

[Per 25 CCR 8408\(c\)](#), HCD will not approve any CoC service area spending more than 10% of its ESG allocation on HMIS activities absent an exception, signed and in writing, from HCD.

Administrative Activities

Eligible Activities and Costs

Subrecipients may spend ESG funds on administrative costs related to the planning and execution of ESG activities during the grant period inclusive of what may be shared with subcontractors. This does not include staff and overhead costs directly related to carrying out activities eligible under 24 CFR 576.101 through 24 CFR 576.107, because those costs are eligible as part of those activities.

General Management, Oversight, and Coordination

Costs of overall program management, coordination, monitoring, and evaluation. These costs include, but are not limited to, necessary expenditures for the following:

- 1) Salaries, wages, and related costs of the recipient's staff, the staff of subrecipients, or other staff engaged in program administration. In charging costs to this category, the recipient may either include the entire salary, wages, and related costs allocable to the program of each person whose primary responsibilities regarding the program involve program administration assignments, or the pro rata share of the salary, wages, and related costs of each person whose job includes any program administration assignments. The recipient may use only one of these methods for each fiscal year grant. Program administration assignments include the following:
 - a) Preparing program budgets and schedules, and amendments to those budgets and schedules;
 - b) Developing systems for assuring compliance with program requirements;
 - c) Developing interagency agreements and agreements with subrecipients and contractors to carry out program activities;
 - d) Monitoring program activities for progress and compliance with program requirements;
 - e) Preparing reports and other documents directly related to the program for submission to HUD;
 - f) Coordinating the resolution of audit and monitoring findings;
 - g) Evaluating program results against stated objectives; and
 - h) Managing or supervising persons whose primary responsibilities regarding the program include such assignments as those described in (a) through (g)
- 2) Travel costs incurred for monitoring subrecipients;
- 3) Administrative services performed under third-party contracts or agreements, including general legal services, accounting services, and audit services; and
- 4) 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.

Training on ESG Requirements

The costs of providing training on ESG requirements and attending HUD-sponsored ESG trainings.

Consolidated Plan

HCD is responsible for the costs and process of preparing and amending the ESG and homelessness related sections of the consolidated plan in accordance with ESG requirements and 24 CFR part 91. This is not an eligible expense for local ESG subrecipients.

Environmental Review

Costs of carrying out the environmental review responsibilities under 24 CFR § 576.407 of the HUD regulations. HCD will share the costs of environmental review with subrecipients that are units of general-purpose local government via administrative costs. The amount shared must be reasonable under the circumstances. HCD may share its funds for administrative costs with subrecipients that are private nonprofit organizations.

Indirect Costs

ESG grant funds may be used to pay indirect costs in accordance with [2 CFR Part 200, Subpart E](#), as applicable. Indirect costs charged to an activity subject to an expenditure limit under [24 CFR 576.100](#) must be added to the direct costs charged for that activity when determining the total costs subject to the expenditure limit.

Indirect costs of private non-profit organizations, local governments, and joint powers authorities, as applicable and in accordance with [2 CFR 200](#), are an eligible expense, but may not exceed 10% of the allowable modified total direct costs (MTDC) under the ESG activity unless a higher limit for indirect cost allocation has been approved by the applicable federal agency pursuant to OMB requirements. *Agencies requesting an indirect cost allocation above ten percent must provide a letter from the federal agency which has approved the higher rate.*

Indirect costs charged to an activity with an expenditure limit.

Indirect Costs + Direct Costs = Total Costs

Total Costs are then compared to the Expenditure Limit

For more information on indirect costs, please refer to the [Indirect Cost Toolkit for CoC and ESG Programs](#).

AWARD AND USE OF GRANT FUNDS

Submission Requirements and Grant Approval

1. *Application submission and approval.* In addition to meeting the application submission requirements in 24 CFR part 5, subpart K, each State, urban county, or metropolitan city must submit and obtain HUD approval of a consolidated plan in accordance with the requirements in 24 CFR part 91, and each territory must submit and obtain HUD approval of a consolidated plan in accordance with the requirements that apply to local governments under 24 CFR part 91. As provided under 2 CFR 200.207, HUD may impose special conditions or restrictions on a grant if the recipient is determined to be high risk.
2. *Amendments.* The recipient must amend its approved consolidated plan to make a change in its allocation priorities; make a change in its method of distributing funds; carry out an activity not previously described in the plan; or change the purpose, scope, location, or beneficiaries of an activity. The amendment must be completed and submitted to HUD in accordance with the requirements under 24 CFR 91.505.

Obligation Requirements

All costs incurred and reimbursable shall be in accordance with the fund availability dates set by HUD in the Grant Agreement between HUD and CA HCD and meet the following requirements:

Within 60 days from the date that HUD signs the grant agreement with the

Department (or grant amendment for reallocated funds), the Department must obligate the entire grant, except the amount for its administrative costs. This requirement is met by a subgrant agreement with, or a letter of award requiring payment from the grant to, a subrecipient.

Within 120 days after the date that the Department obligates its funds to a unit of general-purpose local government, the subrecipient must obligate all those funds by a subgrant agreement with, or a letter of award requiring payment to, a private nonprofit organization; a procurement contract; or the written designation of a department within the government of the subrecipient to directly carry out an eligible activity.

Expenditures. The subrecipient must draw down and expend funds from each year's grant not less than once during each quarter of the recipient's program year. All the subrecipient's grant must be expended for eligible activity costs within 24 months after the date HUD signs the grant agreement with the recipient. For the purposes of this paragraph, expenditure means either an actual cash disbursement for a direct charge for a good or service or an indirect cost or the accrual of a direct charge for a good or service or an indirect cost.

Payments to subrecipients. The Department must pay each subrecipient for allowable costs within 30 days after receiving the subrecipient's complete payment request.

Match Requirements

HCD's match requirements are addressed in its ESG Match Policy (published 12.12.2022).

Means of Carrying Out Grant Activities

The State of California may use an amount consistent with the restrictions in 24 CFR [576.100](#) and [576.108](#) to carry out administrative activities through its employees or procurement contracts. If California acts as the HMIS lead by the CoC, the State may use funds to carry out HMIS activities set forth in 24 CFR [576.107\(a\)\(2\)](#). The State must subgrant the remaining funds in its fiscal year grant to:

- 1) Units of general-purpose local government, which may include metropolitan cities and urban counties that receive ESG funds directly from HUD; or
- 2) Private nonprofit organizations, provided that for ES activities the recipient obtains a certification of approval from the UGLG for the geographic area in which those activities are to be carried out.

Procurement Requirement

The Federal Regulations establish standards and guidelines for the procurement of supplies, equipment, construction, and services to ensure that they are obtained as economically as possible through an open and competitive process, and that contracts are managed with good administrative practices and sound business judgment. The regulations include:

- Standards that prohibit conflicts of interest;
- Procedures for open competition with consistent technical solicitations;
- Maintenance of selection documentation; and
- Contract administration system that provides sufficient monitoring

Procurement by Non-State Entities

Purchases of goods and services by local governments, Indian tribal governments, institutions of higher education, hospitals, and other eligible private nonprofit organizations are subject to the requirements found at 2 CFR Part 200.318 – 326. The guidelines on procurement are summarized as follows:

- 1) The nonfederal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts.
- 2) The nonfederal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.213 Suspension and debarment.
- 3) The nonfederal entity must maintain records sufficient to detail the history of procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- 4) The nonfederal entity may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk.
- 5) The nonfederal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements.
- 6) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.
- 7) The nonfederal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws.
- 8) The nonfederal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

- a) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured
 - b) Identify all the requirements which the offerors must fulfill and all other factors to be used in evaluation bids or proposals
- 9) The nonfederal entity must use one of the following methods of procurement:
- a) Procurement by micro purchases
 - b) Procurement by small purchase procedures
 - c) Procurement by sealed bids (formal advertising)
 - d) Procurement by competitive proposals

Racial Equity in Procurement

Subrecipients are encouraged to take steps to appropriately address racial inequities in the housing service system by redesigning the procurement process for ESG funds. Please see [Increasing Equity in the Homeless Response System through Expanding Procurement](#) for recommendations and changes jurisdictions can make to procurement processes to expand and/or change the types of organizations involved in service delivery to include community-based organization, as well as organization led by people of color. The purpose of these changes will:

- 1) Reduce barriers reported by organizations to existing procurement processes, including smaller overall budgets, less access to funding, and less access to public funds;
- 2) Increase the availability of culturally relevant and appropriate services to populations experiencing homelessness and in the areas of most need;
- 3) Ensure services are delivered by organizations best equipped to meet the needs of marginalized populations, as well as communities that have experienced disinvestment.

Contract Amendment

The subrecipient agrees to notify CA HCD of any line-item changes to the budget needed for CA HCD to update the federal Integrated Disbursement and Information System. The subrecipient must request a formal amendment to the Standard Agreement (Std. 213A) when there is a:

- Change in the scope or objective of the program or activity;
- Cumulative transfer of funds between/among activity categories (shelter operations, essential services, etc.) of amounts more than twenty-five (25) percent of the total grant amount.

CA HCD will review the request together with the justification for amendment and notify the subrecipient of its decision. The amendment does not become effective until the amendment process is completed. The Standard Agreement for an amendment will be

processed and must again be signed by both the subrecipient and the HCD. There must be sufficient time from the amendment's effective date for the revised expenditures to occur before the contract expiration date, and the subrecipient shall not incur costs affected by the amendment until approved. The formal amendment process takes a minimum of 45 days to complete.

Budget Changes

After the effective date of the grant agreement, no changes to program budget, funded service providers, or eligible activities shall be made without prior approval from the Department. Any changes to the agreement must be made in writing and approved by both the Department and the subrecipient. For administrative entities, the proposed change/s must be consistent with [25 CCR 8403](#) and also comply with the requirements in [25 CCR Sections 8408 and 8409](#).

Line-Item Revisions:

The transfer of funds between approved budget line items, within an approved budget activity category, is permissible. This does not include Grant Administration funds. Line-item revisions must be approved by the ESG CA HCD representative.

PROGRAM REQUIREMENTS

Area-Wide Systems Coordination Requirements

Consultation with CoCs

CA HCD will consult with each CoC that serves the subrecipient's jurisdiction in determining how to allocate ESG funds each program year; developing the performance standards for, and evaluating the outcomes of, projects and activities assisted by ESG funds; and developing funding, policies, and procedures for the administration and operation of the HMIS.

Coordination with Other Targeted Housing Services

CA HCD and its 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 ensure stable living situations for residents in the community. These programs include:

- CoC Program;
- Section 8 Moderate Rehabilitation Program for Single Room Occupancy Program for Homeless Individuals (24 CFR part 882);
- HUD - Veterans Affairs Supportive Housing (HUD-VASH) (division K, title II, Consolidated Appropriations Act, 2008, Pub. L. 110-161 (2007), 73 FR 25026 (May 6, 2008));
- Education for Homeless Children and Youth Grants for State and Local Activities (title VII-B of the McKinney-Vento Homeless Assistance Act

- (42 U.S.C. 11431 et seq.));
- Grants for the Benefit of Homeless Individuals (section 506 of the Public Health Services Act (42 U.S.C. 290aa-5));
- Healthcare for the Homeless (42 CFR part 51c);
- Programs for Runaway and Homeless Youth (Runaway and Homeless Youth Act (42 U.S.C. 5701 et seq.));
- Projects for Assistance in Transition from Homelessness (part C of title V of the Public Health Service Act (42 U.S.C. 290cc-21 et seq.));
- Services in Supportive Housing Grants (section 520A of the Public Health Service Act);
- Emergency Food and Shelter Program (title III of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11331 et seq.));
- Transitional Housing Assistance Grants for Victims of Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program (section 40299 of the Violent Crime Control and Law Enforcement Act (42 U.S.C. 13975));
- Homeless Veterans Reintegration Program (section 5(a)(1)) of the Homeless Veterans Comprehensive Assistance Act (38 U.S.C. 2021);
- Domiciliary Care for Homeless Veterans Program (38 U.S.C. 2043);
- VA Homeless Providers Grant and Per Diem Program (38 CFR part 61);
- Health Care for Homeless Veterans Program (38 U.S.C. 2031);
- Homeless Veterans Dental Program (38 U.S.C. 2062);
- Supportive Services for Veteran Families Program (38 CFR part 62); and
- Veteran Justice Outreach Initiative (38 U.S.C. 2031).

System and Program Coordination with Mainstream Resources

CA HCD and its subrecipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with mainstream housing, health, social services, employment, education, and youth programs for which families and individuals at risk of homelessness and homeless individuals and families may be eligible. Examples of these programs include:

- Public housing programs assisted under section 9 of the U.S. Housing Act of 1937 (42 U.S.C. 1437g) (24 CFR parts 905, 968, and 990);
- Housing programs receiving tenant-based or project-based assistance under section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f) (respectively 24 CFR parts 982 and 983);
- Supportive Housing for Persons with Disabilities (Section 811) (24 CFR part 891);
- HOME Investment Partnerships Program (24 CFR part 92);
- Temporary Assistance for Needy Families (TANF) (45 CFR parts 260-265);
- Health Center Program (42 CFR part 51c);
- State Children's Health Insurance Program (42 CFR part 457); Head Start (45 CFR chapter XIII, subchapter B);
- Mental Health and Substance Abuse Block Grants (45 CFR part 96); and
- Services funded under the Workforce Investment Act (29 U.S.C. 2801 et seq.).

Centralized or Coordinated Assessment

Each ESG-funded program or project within the CoC's area must use the local Coordinated Entry System (CES). The subrecipient must work with the CoC to ensure the screening, assessment and referral of program participants are consistent with the written standards required by the CoC and HUD regulations. A victim service provider may choose not to use the CoC's CES. The current CES standards for Santa Cruz County are available here: [Coordinated Entry \(housingforhealthpartnership.org\)](https://housingforhealthpartnership.org).

CoCs and subrecipients are strongly encouraged to evaluate policies and procedures affecting access and interventions for different subpopulations based on need. Communities are always encouraged to evaluate and adjust their prioritization policies based on evolving information and circumstances, including new or improved data, changing needs and priorities, and available resources. Please see [Advancing Racial Equity through Assessments and Prioritization](#) for additional guidance on strategies to advance racial equity and dismantle embedded racism in coordinated entry assessment and prioritization processes.

Written Standards for Providing ESG Assistance

Subrecipients are required to establish and consistently apply written standards for providing ESG assistance as detailed in [24 CFR 576.400\(e\)](#). The Standards established by CA HCD are contained in this manual.

Where indicated, a subrecipient may establish additional standards if they do not conflict with the practices and standards established by the State. Where the State has not established a standard and instead delegates that authority to a subrecipient, the subrecipient must consult with and follow standards as adopted by the CoC governing body where ESG assistance is provided. If the CoC has not formally adopted a standard, the subrecipient must still consult with the CoC governing body.

The Department will establish and consistently apply, or require that its subrecipients establish and consistently apply, written standards for providing ESG assistance. If the written standards are established by the subrecipients, the Department may require these written standards to be:

- Established for each area covered by a Continuum of Care or area over which the services are coordinated and followed by each subrecipient providing assistance in that area; or
- Established by each subrecipient and applied consistently within the subrecipient's program.

Written standards developed by the state must be included in the state's Consolidated Plan. If the written standards are developed by its subrecipients, the state must describe its requirements for the establishment and implementation of these standards in the state's Consolidated Plan. At this time, the local CoC does **NOT** have community-wide written standards in the areas described below. As a result, ESG subrecipients must have their own internal written standards in these areas until the CoC adopts community-wide standards in each of the topic areas. Subrecipients must comply with the minimum relevant CA HCD standards included in this manual.

At a minimum, these written standards must include:

- a) Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under Emergency Solutions Grant (ESG);
- b) Standards for targeting and providing essential services related to street outreach;
- c) Policies and procedures for admission, diversion, referral, and discharge by ESs assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;
- d) Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
- e) Policies and procedures for coordination among emergency shelter providers, essential services providers, HP, and RRH assistance providers; other homeless assistance providers; and mainstream service and housing providers (see [24 CFR 576.400](#)(b) and (c) for a list of programs with which ESG-funded activities must be coordinated and integrated to the maximum extent practicable);
- f) Policies and procedures for determining and prioritizing which eligible families and individuals will receive HP assistance and which eligible families and individuals will receive RRH assistance (these policies must include the emergency transfer priority required under [24 CFR 576.409](#));
- g) Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving HP or RRH assistance;
- h) Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time; and
- i) Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant, including the limits, if any, on the HP or RRH assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receive assistance; or the maximum number of times the program participant may receive assistance.

Participation in HMIS

Each subrecipient must ensure that data on all persons served and all activities assisted under ESG are entered into the applicable community wide HMIS in the area in which those persons and activities are located, or a comparable database, in accordance with HUD's standards on participation, data collection, and reporting under a local HMIS. If the subrecipient is a victim service provider, it must use 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.

CA HCD will assess compliance with HMIS requirements during the annual monitoring process and periodically as it deems necessary. The local CoC HMIS team reviews HMIS data on a quarterly basis for compliance with local HMIS policies and procedures.

Evaluation of Program Participant Eligibility and Needs

Evaluations

The subrecipient 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 CES requirements set forth under [CFR 24 576.400\(d\)](#) and the written standards established under [CFR 24 576.400\(e\)](#).

Re-Evaluations for Homeless Prevention and Rapid Re-Housing Assistance

The subrecipient or its sub-subrecipient must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs not less than once every 3 months for program participants receiving HP assistance, and not less than once annually for program participants receiving RRH assistance. At a minimum, each re-evaluation of eligibility must establish that:

- a) 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
- b) The program participant lacks sufficient resources and support networks necessary to retain housing without ESG assistance.

The subrecipient may require each program participant receiving HP or RRH assistance to notify the subrecipient or its sub-subrecipient regarding changes in the program participant's income or other circumstances (e.g., changes in household composition) that affect the program participant's need for assistance under ESG. When notified of a relevant change, the subrecipient or its sub-subrecipient must re-evaluate the program participant's eligibility and the amount and types of assistance the program participant needs.

Annual Income

When determining the annual income of an individual or family, the subrecipient or its sub-subrecipient must use the standard for calculating annual income under [24 CFR 5.609](#).

Connecting Program Participants to Mainstream and Other Services

The subrecipient or its sub-subrecipient must assist each program participant, as needed, to obtain:

- 1) Appropriate supportive services, including assistance in obtaining permanent housing, medical health treatment, mental health treatment, counseling,

- supervision, and other services essential for achieving independent living; and
- 2) Other Federal, State, local, and private assistance available to assist the program participant in obtaining housing stability, including:
 - a) Medicaid (42 CFR chapter IV, subchapter C);
 - b) Supplemental Nutrition Assistance Program (7 CFR parts 271-283);
Women, Infants and Children (WIC) (7 CFR part 246);
 - c) Federal-State Unemployment Insurance Program (20 CFR parts 601- 603, 606, 609, 614-617, 625, 640, 650);
 - d) Social Security Disability Insurance (SSDI) (20 CFR part 404);
Supplemental Security Income (SSI) (20 CFR part 416);
 - e) Child and Adult Care Food Program (42 U.S.C. 1766(t) (7 CFR part 226));
 - f) Other assistance available under the programs listed in § 576.400(c).

Housing Stability Case Management

While providing HP or RRH assistance to a program participant, the subrecipient or its sub-subrecipient must:

- 1) Require the program participant to meet with a case manager not less than once per month to assist the program participant in ensuring long-term housing stability; and
- 2) Develop a plan to assist the program participant to retain permanent housing after the ESG assistance ends, considering all relevant considerations, such as the program participant's current or expected income and expenses; other public or private assistance for which the program participant will be eligible and likely to receive; and the relative affordability of available housing in the area.

The subrecipient is exempt from the requirement under paragraph (e)(1)(i) of this section if the Violence Against Women Act of 1994 (42 U.S.C. 13701 et seq.) or the Family Violence Prevention and Services Act (42 U.S.C. 10401 et seq.) prohibits that subrecipient from making its shelter or housing conditional on the participant's acceptance of services.

Terminating Assistance

As described in 24 CFR 576.402, if a program participant violates program requirements, subrecipients may terminate the assistance in accordance with a formal process established by the subrecipient that recognizes the rights of individuals affected. Subrecipients must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination so that a program participant's assistance is terminated only in the most severe cases. All participants must be informed of the

termination criteria and process and their rights at program admission. This must be provided to participants in a language and in a manner that they can understand. Subrecipients are highly encouraged to review all policies on termination with a racial equity lens and remove all policies that may cause disparate outcomes or be rooted in implicit bias.

To terminate rental assistance or housing relocation and stabilization services to a program participant, the required formal process, at a minimum, must consist of:

- 1) Written notice to the program participant containing a clear statement of the reasons for termination;
- 2) A review of the decision, in which the program participant is given the opportunity to present written or oral objections to a third party other than the person (or a subordinate of that person) who made or approved the termination decision; and
- 3) Prompt written notice of the final decision to the program participant.

Terminating assistance does not bar the subrecipient from providing further assistance later to the same family or individual.

Subrecipients must have written policies and procedures for terminating assistance that, at minimum, includes the standards and practices described above.

Shelter and Housing Standards

Lead-Based Paint Remediation and Disclosure

The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations in 24 CFR part 35, subparts A, B, H, J, K, M, and R apply to all shelters assisted under ESG program and all housing occupied by program participants.

Minimum Standards for Emergency Shelters

Any building for which Emergency Solutions Grant (ESG) funds are used for conversion, major rehabilitation, or other renovation, must meet state or local government safety and sanitation standards, as applicable, and the following minimum safety, sanitation, and privacy standards. Any ES that receives assistance for shelter operations must also meet the following minimum safety, sanitation, and privacy standards. The subrecipient may also establish standards that exceed or add to these minimum standards.

- 1) **Structure and materials.** The shelter building must be structurally sound to protect residents from the elements and not pose any threat to health and safety of the residents. Any renovation (including major rehabilitation and conversion) carried out with ESG assistance must use Energy Star and WaterSense products and appliances.
- 2) **Access.** The shelter must be accessible in accordance with Section 504 of the Rehabilitation Act (29 U.S.C. 794) and implementing regulations at 24 CFR part

8; the Fair Housing Act (42 U.S.C. 3601 et seq.) and implementing regulations at 24 CFR part 100; and Title II of the Americans with Disabilities Act (42 U.S.C. 12131 et seq.) and 28 CFR part 35; where applicable.

- 3) **Space and security.** Except where the shelter is intended for day use only, the shelter must provide each program participant in the shelter with an acceptable place to sleep and adequate space and security for themselves and their belongings.
- 4) **Interior air quality.** Each room or space within the shelter must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents.
- 5) **Water supply.** The shelter's water supply must be free of contamination.
- 6) **Sanitary facilities.** Each program participant in the shelter must have access to sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste.
- 7) **Thermal environment.** The shelter must have any necessary heating/cooling facilities in proper operating condition.
- 8) **Illumination and electricity.** The shelter must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electric appliances in the shelter.
- 9) **Food preparation.** Food preparation areas, if any, must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.
- 10) **Sanitary conditions.** The shelter must be maintained in a sanitary condition.
- 11) **Fire safety.** There must be at least one working smoke detector in each occupied unit of the shelter. Where possible, smoke detectors must be located near sleeping areas. The fire alarm system must be designed for hearing-impaired residents. All public areas of the shelter must have at least one working smoke detector. There must also be a second means of exiting the building in the event of fire or other emergency.

Minimum Standards for Permanent Housing

The subrecipient or its sub-subrecipient cannot use ESG funds to help a program participant remain or move into housing that does not meet the minimum habitability standards provided in this paragraph. The subrecipient may also establish standards that exceed or add to these minimum standards.

- 1) **Structure and materials.** The structures must be structurally sound to protect residents from the elements and not pose any threat to the health and safety of the residents.
- 2) **Space and security.** Each resident must be provided adequate space and

security for themselves and their belongings. Each resident must be provided an acceptable place to sleep.

- 3) **Interior air quality.** Each room or space must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents.
- 4) **Water supply.** The water supply must be free from contamination.
- 5) **Sanitary facilities.** Residents must have access to sufficient sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste.
- 6) **Thermal environment.** The housing must have any necessary heating/cooling facilities in proper operating condition.
- 7) **Illumination and electricity.** The structure must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the structure.
- 8) **Food preparation.** All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.
- 9) **Sanitary conditions.** The housing must be maintained in a sanitary condition.

Fire safety.

There must be a second means of exiting the building in the event of fire or other emergency.

Each unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing impaired persons, smoke detectors must have an alarm system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person.

The public areas of all housing must be equipped with enough, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.

Conflicts of Interest

Organizational Conflicts of Interest

The provision of any type or amount of ESG assistance may not be conditioned on an individual's or family's acceptance or occupancy of emergency shelter or housing owned by the recipient, the subrecipient, or a parent or subsidiary of the subrecipient. No subrecipient may, with respect to individuals or families occupying housing owned by the subrecipient, or any parent or subsidiary of the subrecipient, carry out the initial evaluation

required under [24 CFR](#) 576.401 or administer HP assistance under [24 CFR](#) 576.103. Recipients and sub recipients must also maintain written standards of conduct covering organizational conflicts of interest required under 2 CFR 200.318.

Individual Conflicts of Interest

For the procurement of goods and services, the recipient and its subrecipients must comply with 2 CFR 200.317 and 200.318. For all other transactions and activities, the following restrictions apply:

- 1) *Conflicts prohibited.* No person described in paragraph (2)(b) of this section who exercises or has exercised any functions or responsibilities with respect to activities assisted under the ESG program, or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure.
- 2) *Persons covered.* The conflict-of-interest provisions of paragraph (2)(a) of this section apply to any person who is an employee, agent, consultant, officer, or elected or appointed official of the recipient or its subrecipients.
- 3) *Exceptions.* Upon the written request of the recipient, HUD may grant an exception to the provisions of this subsection on a case-by-case basis, considering the cumulative effects of the criteria in paragraph (2)(c)(ii) of this section, provided that the recipient has satisfactorily met the threshold requirements of paragraph (2)(c)(i) of this section.
 - a) *Threshold requirements.* HUD will consider an exception only after the recipient has provided the following documentation:
 - i. If the recipient or subrecipient is a government, 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; and
 - ii. An opinion of the recipient's attorney that the interest for which the exception is sought would not violate state or local law.
 - b) *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the recipient has satisfactorily met the threshold requirements under paragraph (2)(c)(i) of this section, HUD must conclude that the exception will serve to further the purposes of the ESG program and the effective and efficient administration of the recipient's or subrecipient's program or project, considering the cumulative effect of the following factors, as applicable:
 - i. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program

- or project that would otherwise not be available;
- ii. Whether an opportunity was provided for open competitive bidding or negotiation;
- iii. Whether the affected person has withdrawn from his or her functions, responsibilities, or the decision-making process with respect to the specific activity in question;
- iv. Whether the interest or benefit was present before the affected person was in the position described in paragraph (2)(a) of this section;
- v. Whether undue hardship results to the recipient, the subrecipient, or the person affected, when weighed against the public interest served by avoiding the prohibited conflict; and
- vi. Any other relevant considerations.

Contractors

All contractors of the recipient or subrecipient must comply with the same requirements that apply to subrecipients under this section.

Participation of People with Lived Experiences of Homelessness

The CA ESG Subrecipient Program Manual requires each subrecipient to provide for the participation of not less than one homeless individual or formerly homeless individual on its board of directors or other equivalent policy-making entity, to the extent that the entity considers and makes policies and decisions regarding any facilities, services, or other assistance that receives funding under ESG. This satisfies HCD's requirements under [24 CFR 576.405](#). The Santa Cruz County CoC known as the Housing for Health Partnership governance charter requires the participation of people with lived experience in its Policy Board, Operations Workgroup, and Lived Expertise Action Groups.

Subrecipients must provide for the participation of not less than one homeless individual or formerly homeless individual on the board of directors or other equivalent policy-making entity of the subrecipient, to the extent that the entity considers and makes policies and decisions regarding any facilities, services, or other assistance that receive funding under Emergency Solutions Grant (ESG) [24 CFR 576.405](#).

If the subrecipient is unable to meet requirement under paragraph (1), it must instead develop and implement a plan to consult with homeless or formerly homeless individuals in considering and making policies and decisions regarding any facilities, services, or other assistance that receive funding under Emergency Solutions Grant (ESG). The plan must be included in the annual action plan required under [24 CFR 91.220](#).

To the maximum extent practicable, the subrecipient must involve homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under ESG, in providing services assisted under ESG, and in providing services for

occupants of facilities assisted under ESG. This involvement may include employment or volunteer services.

Equal Participation of Faith-Based Organizations

The HUD program requirements in [24 CFR 5.109](#) apply to the ESG program, including the requirements regarding disposition and change in use of real property by a faith-based organization.

Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to receive ESG funds. Religious or faith-based organizations may receive ESG funds if they agree to provide all eligible activities under the program in a manner that is in accordance with [24 CFR 576.406](#).

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. However, 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.

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.

An organization that receives ESG funds shall not, in providing ESG assistance, discriminate against a program participant or prospective program participant based on religion or religious belief.

If the subrecipient that is a local government voluntarily contributes its own funds to supplement federally funded activities, the subrecipient has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, items i-iv applies to all the commingled funds.

Other Federal Requirements

The requirements in [24 CFR part 5, subpart A](#) are applicable, including the housing counseling requirements at 24 CFR 5.111. Section 3 of the Housing and Urban

Development Act of 1968, 12 U.S.C. 1701u, and implementing regulations at 24 CFR part 75 apply, except that homeless individuals have priority over other Section 3 residents in accordance with § 576.405(c).

Nondiscrimination and Equal Opportunity

Title VIII of the Civil Rights Act of 1968 (The Fair Housing Act)

This act, as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions because of race, color, religion, sex, familial status, national origin, and disability. It also requires that all federal programs relating to housing and urban development be administered in a manner that affirmatively furthers fair housing.

Executive Order 11063 as amended by Executive Order 12259

This executive order prohibits discrimination based on race, color, religion, sex, or national origin in the sale, leasing, rental, or other disposition of properties and facilities owned or operated by the federal government or provided with federal funds.

Title VI of the Civil Rights Act of 1964

This act prohibits discrimination based on race, color, and/or national origin in programs or activities receiving federal financial assistance.

The Age Discrimination Act of 1975

This act provides that no person shall be excluded from participation, denied program benefits, or subject to discrimination based on a person's age under any program or activity receiving federal funding assistance. Federal law preempts any State law currently in effect on the same topic.

Section 504 of the Rehabilitation Act of 1973

It is unlawful to discriminate based on disability in federally assisted programs. This Section provides that no otherwise qualified individual shall, solely by reason of his or her disability, be excluded from participation (including employment), denied program benefits, or subjected to discrimination under any program or activity receiving federal funding assistance.

Title II of the Americans with Disabilities Act of 1990 (ADA)

Title II of the ADA applies to all State and local governments and all departments, agencies, special purpose districts, and other instrumentalities of State or local government ("public entities"). It applies to all programs, services, or activities of public entities. Title II entities that contract with other entities to provide public services also have an obligation to ensure that their contractors do not discriminate against people with disabilities.

Executive Order 11246 as amended by Executive Order 11375

This executive order prohibits employment discrimination based on race, color, religion, sex, or national origin.

Equal Access in Accordance with An Individuals' Gender Identity

This section applies to assistance provided under Community Planning and Development (CPD) programs, including assistance under Emergency Solutions Grants program. The requirements of this section apply to recipients and subrecipients, as well as to owners, operators, and managers of shelters and other buildings and facilities and providers of services funded in whole or in part by any CPD program.

The admissions, occupancy, and operating policies and procedures of recipients, subrecipients, owners, operators, managers, and providers, including policies and procedures to protect privacy, health, safety, and security, shall be established, or amended, as necessary, and administered in a nondiscriminatory manner to ensure that:

- 1) Equal access to CPD programs, shelters, other buildings and facilities, benefits, services, and accommodations is provided to an individual in accordance with the individual's gender identity, and in a manner that affords equal access to the individual's family;
- 2) An individual is placed, served, and accommodated in accordance with the gender identity of the individual;
- 3) An individual is not subjected to intrusive questioning or asked to provide anatomical information or documentary, physical, or medical evidence of the individual's gender identity; and
- 4) Eligibility determinations are made and assisted housing is made available in CPD programs as required by §5.105(a)(2).

Placement and accommodation in temporary, Emergency Shelters and other buildings and facilities with shared sleeping quarters or shared bathing facilities:

- 1) Placement and accommodation. Placement and accommodation of an individual in temporary, Emergency Shelters and other buildings and facilities with physical limitations or configurations that require and are permitted to have shared sleeping quarters or shared bathing facilities shall be made in accordance with the individual's gender identity.
- 2) Post-admission accommodations. A recipient, subrecipient, owner, operator, manager, or provider must take nondiscriminatory steps that may be necessary and appropriate to address privacy concerns raised by residents or occupants and as needed, update its admissions, occupancy, and operating policies and procedures.

Affirmative Outreach

Subrecipients must make it 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 subrecipient or sub-subrecipient intends to use to make known the availability of the facilities, assistance, and services will not 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 subrecipient or sub-subrecipient must establish additional

procedures that ensure that those persons are made aware of the facilities, assistance, and services.

The Department 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 and Executive Order 13166, the Department and its subrecipients are also required to take reasonable steps to ensure meaningful access to programs and activities for limited English proficiency (LEP) persons. All subrecipients should refer to the HUD guidelines on LEP located at the following webpage:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opportunity/lepfh/lep-faq

Uniform Requirements

The requirements of [2 CFR Part 200](#) apply to the State and subrecipients.

Environmental Review Responsibilities for Counties and Non-Profits County Responsibilities

- 1) By executing the Agreement, the Contractor agrees to assume responsibility for environmental review, decision-making, and action under [24 CFR Part 58](#), “Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities” and shall comply with the environmental requirements of 24 CFR Part 58 including [§58.4](#) “Assumption Authority.”
- 2) The obligation of funds and incurring of costs is hereby conditioned upon compliance with 24 CFR Part 58, and completion by HCD of all applicable review and approval requirements.
- 3) The Contractor, its Service Providers, and any Subcontractors of the Contractor or service provider, may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a project, or commit or expend ESG or local funds for eligible activities under this part, until the Contractor has performed an environmental review under 24 CFR Part 58 and the Contractor has received HCD approval if required by the level of environmental review.
- 4) In accordance with [24 CFR 58.22](#), “Limitations on activities pending clearance” neither a Contractor nor any Service Provider in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in [24 CFR Section 58.1\(b\)](#) on an activity or project until the environmental review process is complete and if required, HCD has approved the Contractor’s HUD Form 7015.5 “Request for Release of Funds and Certification” (RROF) and issued HUD Form 7015.16, “Authority to Use Grant Funds”.
- 5) Neither a Contractor nor any Service Provider in the development process may commit non-HUD funds or undertake an activity or project that would have an

- adverse environmental impact or limit the choice of reasonable alternatives.
- 6) Upon completion of environmental review, HCD shall notify Contractor
 - 7) HUD funds shall not be utilized before this requirement is satisfied.
 - 8) Violation of 24 CFR Part 58 may result in disapproval, modification, or cancellation of the ESG Grant.
 - 9) If a project or activity is exempt under [24 CFR § 58.34](#), “Exempt activities” or is categorically excluded (except in extraordinary circumstances) under [24 CFR § 58.35\(b\)](#) “Categorical exclusions not subject to [§58.5](#)”, no RROF is required and the recipient may undertake the activity immediately after the Contractor has provided documentation to HCD of its determination that each activity or project is exempt or categorically excluded.
 - 10) The Contractor remains responsible for carrying out any applicable requirements under [§58.6](#), “Other Requirements” and must provide documentation to HCD at the time of grant monitoring of its compliance with this section of 24 CFR Part 58.
 - 11) By executing the Agreement, the Contractor is also subject to the provisions of the California Environmental Quality Act (CEQA).
 - 12) Contractor assumes responsibility to fully comply with CEQA’s requirements regarding the Work.

Non-Profits Responsibilities for Environmental

- 1) The Contractor shall comply with the environmental requirements of [24 CFR Part 58](#).
- 2) The obligation of funds and incurring of costs is hereby conditioned upon compliance with 24 CFR Part 58 and completion by HCD and the U.S. Department of Housing and Urban Development of all applicable review and approval requirements.
- 3) The Contractor shall supply all available, relevant information for its activities as well as the activities of all Service Providers, subrecipients and/or subcontractors, necessary for the Department to perform the appropriate level of environmental review as required under 24 CFR Part 58.
- 4) The Contractor shall also carry out any required environmental mitigation measures which result from the environmental review and provide documentation to HCD to demonstrate that the mitigation measures have been fully implemented.
- 5) HUD may eliminate from consideration any application that would require an Environmental Impact Statement (EIS).
- 6) The Contractor, its Service Providers, or any subcontractor of the Contractor or service provider, may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a project, or commit or expend ESG or local funds for eligible activities under this part, until HCD has completed and HUD has approved, if required by the level of review, the environmental review under 24 CFR Part 58 and until HUD has issued HUD Form 7015.16 “Authority to Use Grant Funds” based on HCD’s submission of

HUD Form 7015.15, "Request for Release of Funds".

- 7) In accordance with 24 CFR 58.22, neither a Contractor nor any Service Provider in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in [24 CFR Section 58.1\(b\)](#) on an activity or project until completion of the environmental review.

Activities under this part are subject to environmental review by HUD under 24 CFR part 58. The recipient shall supply all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR part 58. The recipient also shall carry out mitigating measures required by HUD or select alternate eligible property. HUD may eliminate from consideration any application that would require an Environmental Impact Statement (EIS).

The recipient or subrecipient, or any contractor of the recipient 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 HUD has performed an environmental review under 24 CFR part 58 and the recipient has received HUD approval of the property.

Davis-Bacon Act

The provisions of the Davis-Bacon Act (40 U.S.C. 276a to 276a-5) do not apply to the ESG program.

Procurement of Recovered Materials

The recipient, subrecipients 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 item 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 energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

Audit Requirements for Non-Profit Organizations

Non-profit organizations subject to regulations in the part 200 and part 800 series of title 24 of the CFR shall comply with the audit requirements of [2 CFR part 200, subpart F](#). For HUD programs, a non-profit organization is the mortgagor or owner (as these terms are defined in the regulations in the part 200 and part 800 series) and not a related or affiliated organization or entity.

Selecting Clients on the Basis of Age

Service to homeless youth who meet the requirements of Government Code Section 11139.3 would not be considered arbitrary discrimination under the State ESG Program.

It authorizes the provision of housing for homeless youth and does not consider such service unlawful age discrimination. This Section shall not be construed to permit discrimination against families with children.

Housing for homeless youth includes emergency or permanent housing tied to supportive services that assist homeless youth in stabilizing their lives and developing the skills and the resources they need to make a successful transition to independent, self-sufficient adulthood.

Federally Funded Life-Saving Services and Housing for Immigrants

People experiencing homelessness, including victims of domestic violence and human trafficking, **cannot be denied ESG assistance based on their immigration status in most cases.** See - [HUD, HHS, and DOJ Joint Letter Regarding Immigrant Access to Housing and Services \(PDF\)](#).

The Personal Responsibility and Work Opportunity Act of 1996 **does not** require nonprofit charitable organizations to verify the immigration status of program participants for federal, state, or local public benefits. (Reference: Department of Justice, Interim Guidance on Verification of Citizenship, Qualified Alien Status and Eligibility Under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 62 Fed. Reg. 61344, 61345 (Nov. 17, 1997)).

Displacement, Relocation, and Acquisition

Minimizing Displacement

Consistent with the other goals and objectives of Emergency Solutions Grant (ESG), subrecipients must ensure that they have taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) because of a project assisted under Emergency Solutions Grant (ESG).

Temporary Relocation Not Permitted

No tenant-occupant of housing (a dwelling unit) that is converted into an ES 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), 42 U.S.C. 4601-4655, as described in paragraph (c) of this section, the tenant should be treated as permanently displaced and offered relocation assistance and payments consistent with that paragraph.

Relocation Assistance for Displaced Persons

A displaced person (defined in in the next paragraph of this section) 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 (42 U.S.C. 3601 et seq.). 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. (See 49 CFR 24.205(c)(2)(ii)(D).) As required by Section 504 of the Rehabilitation Act (29 U.S.C. 794) and 49 CFR part 24, replacement dwellings must also contain the accessibility features needed by displaced persons with disabilities.

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:

- 1) 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:
 - a) The date of the submission by the recipient (or subrecipient, as applicable) of an application for assistance to HUD (or the recipient, as applicable) that is later approved and funded if the recipient (or subrecipient, as applicable) has site control as evidenced by a deed, sales contract, or option contract to acquire the property; or
 - b) The date on which the recipient (or subrecipient, as applicable) selects the applicable site, if the recipient (or subrecipient, as applicable) does not have site control at the time of the application, provided that the recipient (or subrecipient, as applicable) eventually obtains control over the site;
- 2) Before the date described in paragraph 1) of this section, if the recipient or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the project; or
- 3) 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 a displaced person if:

- 1) 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, or local law, or other good cause; and the recipient determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance.
- 2) 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 (e.g., the person may be displaced), and the fact that the person would not qualify as a “displaced person” (or for any assistance under this section) as a result of the project;

- 3) The person is ineligible under [49 CFR 24.2\(a\)\(9\)\(ii\)](#); or
- 4) HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

The State or its subrecipients may, at any time, request that HUD determine whether a displacement would be covered by this rule.

Initiation of Negotiations

For purposes of determining the type of replacement housing payment assistance to be provided to a displaced person pursuant to this section:

- If the displacement is the direct result of privately undertaken rehabilitation, demolition, or acquisition of the real property, “initiation of negotiations” means the execution of the agreement between the recipient and the subrecipient or the agreement between the recipient (or subrecipient, as applicable) and the person owning or controlling the property;
- If site control is only evidenced by an option contract to acquire the property, the “initiation of negotiations” does not become effective until the execution of a written agreement that creates a legally enforceable commitment to proceed with the purchase, such as a sales contract.

Real Property Acquisition Requirements

The acquisition of real property, whether funded privately or publicly, for a project assisted with Emergency Solutions Grant (ESG) funds is subject to the URA and Federal governmentwide regulations at [49 CFR part 24, subpart B](#).

Appeals

A person who disagrees with the determination of the State, a subrecipient, or a sub-subrecipient concerning whether the person qualifies as a displaced person, or the amount of relocation assistance for which the person may be eligible, may file a written appeal of that determination with the recipient under [49 CFR 24.10](#). A low-income person who disagrees with the recipient's determination may submit a written request for review of that determination by the appropriate HUD field office.

Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking

Applicability of VAWA Protections

The core statutory protections of VAWA that prohibit denial or termination of assistance

or eviction solely because an applicant or tenant is a victim of domestic violence, dating violence, sexual assault, or stalking applied upon enactment of VAWA 2013 on March 7, 2013. The VAWA regulatory requirements under [24 CFR part 5, subpart L](#), as supplemented by this section, apply to all eligibility and termination decisions that are made with respect to ESG rental assistance on or after December 16, 2016. The recipient must ensure that the requirements under 24 CFR part 5, subpart L, are included or incorporated into rental assistance agreements and leases as provided in § 576.106(e) and (g).

All VAWA Requirements and responsibilities are assigned to the subrecipient to complete.

Covered Housing Provider

For the ESG program, “covered housing provider,” as such term is used in HUD’s regulations in 24 CFR part 5, subpart L, refers to:

- The recipient or subrecipient that administers the rental assistance for the purposes of 24 CFR 5.2005(e);
- The housing owner for the purposes of 24 CFR 5.2005(d)(1), (d)(3), and (d)(4) and 5.2009(a);
- The housing owner and the recipient or subrecipient that administers the rental assistance for the purposes of 24 CFR 5.2005(d)(2); and
- The housing owner and the recipient or subrecipient that administers the rental assistance for the purposes of 24 CFR 5.2007. However, the recipient or subrecipient may limit documentation requests under 24 CFR 5.2007 to only the recipient or subrecipient, provided that:

This limitation is made clear in both the notice described under 24 CFR 5.2005(a)(1) and the rental assistance agreement.

The entity designated to receive documentation requests determines whether the program participant is entitled to protection under VAWA and immediately advise the program participant of the determination.

If the program participant is entitled to protection, the entity designated to receive documentation requests must notify the owner in writing that the program participant is entitled to protection under VAWA and work with the owner on the program participant’s behalf. Any further sharing or disclosure of the program participant’s information will be subject to the requirements in 24 CFR 5.2007.

Notification

As provided under 24 CFR 5.2005(a) each subrecipient that determines eligibility for or administers ESG rental assistance is responsible for ensuring that the notice and certification form described under 24 CFR 5.2005(a)(1) is provided to each applicant for ESG rental assistance and each program participant receiving ESG rental assistance at each of the following times:

- 1) When an individual or family is denied ESG rental assistance;

- 2) When an individual or family's application for a unit receiving project-based rental assistance is denied;
- 3) When a program participant begins receiving ESG rental assistance;
- 4) When a program participant is notified of termination of ESG rental assistance; and
- 5) When a program participant receives notification of eviction.

Emergency Transfer Plan

The subrecipient must develop the emergency transfer plan under 24 CFR 5.2005(e). The emergency transfer plan must be developed by each subrecipient that administers ESG rental assistance.

Once the applicable plan is developed in accordance with this section, the subrecipient that administers ESG rental assistance must implement the plan in accordance with 24 CFR 5.2005(e).

Each emergency transfer plan must meet the requirements in 24 CFR 5.2005(e) and include the following program requirements:

- For families living in units receiving project-based rental assistance (assisted units), the required policies must provide that if a program participant qualifies for an emergency transfer, but a safe unit is not immediately available for an internal emergency transfer, that program participant shall have priority over all other applicants for tenant-based rental assistance, utility assistance, and units for which project-based rental assistance is provided.
- For families receiving tenant-based rental assistance, the required policies must specify what will happen with respect to the non-transferring family member(s), if the family separates in order to support an emergency transfer.

Bifurcation

For the purposes of this part, the following requirements shall apply in place of the requirements at 24 CFR 5.2009(b):

- When a family receiving tenant-based rental assistance separates under 24 CFR 5.2009(a), the family's tenant-based rental assistance and utility assistance, if any, shall continue for the family member(s) who are not evicted or removed.
- If a family living in a unit receiving project-based rental assistance separates under 24 CFR 5.2009(a), the family member(s) who are not evicted or removed can remain in the assisted unit without interruption to the rental assistance or utility assistance provided for the unit.

Emergency Shelters

The following requirements apply to Emergency Shelters funded under [CFR 24 576.102](#):

- No individual or family may be denied admission to or removed from the ES on the basis or as a direct result of the fact that the individual or family is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the individual or family otherwise qualifies for admission or occupancy.
- The terms “affiliated individual,” “dating violence,” “domestic violence,” “sexual assault,” and “stalking” are defined in [24 CFR 5.2003](#).

GRANT ADMINISTRATION

Recordkeeping Requirements

Subrecipients must have policies and procedures to ensure the requirements of 24 CFR Subpart F are met, including those required by 2 CFR part 200. The policies and procedures must be established in writing and implemented by the recipient and its subrecipients to ensure that ESG funds are used in accordance with the requirements. In addition, sufficient records must be established and maintained to enable the State and HUD to determine whether ESG requirements are being met.

Monitoring

HCD will monitor each subrecipient’s implementation of the requirements in 24 CFR Subpart F during the annual monitoring process and periodically at its discretion.

At-Risk of Homeless Status

For each individual or family who receives Emergency Solutions Grant (ESG) HP assistance, the records must include the evidence relied upon to establish and verify the individual or family's “at risk of homelessness” status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the recipient or subrecipient.

For a full list of documentation requirements, please see APPENDIX A

Homeless Status

The subrecipient must maintain and follow written intake procedures to ensure compliance with the homeless definition in § 576.2. The procedures must require documentation at intake of the evidence relied upon to establish and verify homeless status. The procedures must establish the order of priority for obtaining evidence as third-party documentation first, intake worker observations second, and certification from the person seeking assistance third.

Lack of third-party documentation must not prevent an individual or family from being

immediately admitted to ES, receiving SO services, or being immediately admitted to shelter or receiving services provided by a victim service provider.

Records contained in an HMIS or comparable database used by victim service or legal service providers are acceptable evidence of third-party documentation and intake worker observations if the HMIS retains an auditable history of all entries, including the person who entered the data, the date of entry, and the change made; and if the HMIS prevents overrides or changes of the dates on which entries are made.

For a full list of documentation requirements, please see APPENDIX B.

Determinations of Ineligibility

For each individual and family determined ineligible to receive Emergency Solutions Grant (ESG) assistance, the record must include documentation of the reason for that determination.

Annual Income

For each program participant who receives HP assistance, or who receives RRH assistance longer than one year, the following documentation of annual income must be maintained:

- Income evaluation form containing the minimum requirements specified by HUD and completed by the recipient or subrecipient; and
- Source documents for the assets held by the program participant and income received over the most recent period for which representative data is available before the date of the evaluation (e.g., wage statement, unemployment compensation statement, public benefits statement, bank statement);
- To the extent that source documents are unobtainable, a written statement by the relevant third party (e.g., employer, government benefits administrator) or the written certification by the recipient's or subrecipient's intake staff of the oral verification by the relevant third party of the income the program participant received over the most recent period for which representative data is available; or
- To the extent that source documents and third-party verification are unobtainable, the written certification by the program participant of the amount of income the program participant received for the most recent period representative of the income that the program participant is reasonably expected to receive over the 3-month period following the evaluation.

Program Participant Records

In addition to evidence of homeless status or “at risk of homelessness” status, as applicable, records must be kept for each program participant that document:

- The services and assistance provided to that program participant, including, as applicable, the security deposit, rental assistance, and utility payments made on

- behalf of the program participant;
- Compliance with the applicable requirements for providing services and assistance to that program participant under the program components and eligible activities provisions at [CFR 24 576.101](#) through [CFR 24 576.106](#), the provision on determining eligibility and amount and type of assistance at [CFR 24 576.401\(a\)](#) and [\(b\)](#), and the provision on using appropriate assistance and services at [CFR 24 576.401\(d\)](#) and [\(e\)](#); and
 - Where applicable, compliance with the termination of assistance requirement in [CFR 24 576.402](#). Documentation of compliance should include written policies and procedures. Other documentation may include a written participant rights handout, written termination notices and final decisions, and other evidence.

CA HCD created participant level “client file checklist” for all ESG program types. These documents can be found at the links below and should be utilized by program staff to ensure client files have appropriate documentation for the appropriate program type(s) utilized by a given participant.

- [ESG-CV Client File Checklist HP \(ca.gov\)](#)
- [ESG-CV Client File Checklist SO \(ca.gov\)](#)
- [ESG-CV Client File Checklist ES \(ca.gov\)](#)
- [ESG-CV Client File Checklist RRH \(ca.gov\)](#)

Centralized or Coordinated Assessment Systems and Procedures

The subrecipient and its sub-subrecipients must keep documentation evidencing the use of, and written intake procedures for, the CES(s) developed by the CoC(s) in accordance with the requirements established by HUD.

Rental Assistance Agreements and Payments

The records must include copies of all leases and rental assistance agreements for the provision of rental assistance, documentation of payments made to owners for the provision of rental assistance, and supporting documentation for these payments, including dates of occupancy by program participants.

Utility Allowance

The records must document the monthly allowance for utilities (excluding telephone) used to determine compliance with the rent restriction.

Shelter and Housing Standards

The records must include documentation of compliance with the shelter and housing standards in [CFR 24 576.403](#), including inspection reports.

Emergency Shelter Facilities

The subrecipient must keep records of the ES assisted under the ESG program, including the amount and type of assistance provided to each ES. As applicable, the subrecipient's records must also include documentation of the value of the building before the rehabilitation of an existing ES or after the conversion of a building into an ES and copies

of the recorded deed or use restrictions.

Shelter and Assistance Provided

The subrecipient and its sub-subrecipients must keep records of the types of essential services, rental assistance, and housing stabilization and relocation services provided and the amounts spent on these services and assistance.

Maintenance of Effort

Subrecipients that are units of general-purpose local government must keep records to demonstrate compliance with the maintenance of effort requirement, including records of the unit of the general-purpose local government's annual budgets and sources of funding for SO and ES services.

Coordination with CoC and Other Programs

The recipient and its subrecipients must document their compliance with the requirements of [CFR 24](#) 576.400 for consulting with the CoCs and coordinating and integrating ESG assistance with programs targeted toward homeless people and mainstream service and assistance programs. Documentation of compliance should include written policies and procedures. Other documentation may include meeting minutes, correspondence, referral logs, and other evidence of coordination. Examples of compliance evidence include:

- Soliciting the input of the appropriate leadership entity for each CoC on the annual allocation of ESG funds as documented on the [Housing for Health Partnership website](#);
- Soliciting public comment from each CoC on all statewide ESG policies before their release;
- Soliciting public comment from each CoC during the consolidated planning process;
- Engaging at least once annually with the California Interagency Council on Homelessness (CAL ICH), which may include but is not limited to sending at least one staff person to a CAL ICH sponsored meeting.

HMIS

The recipient must keep records of the participation in HMIS or a comparable database by all projects of the recipient and its subrecipients.

Match

The recipient and subrecipient must keep records of the source and use of contributions made to satisfy the matching requirement in [CFR 24](#) 576.201. The records must indicate the fiscal year grant for which each matching contribution is counted. The records must show how the value placed on third-party, noncash contributions was derived. To the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocation of regular personnel costs.

Conflicts of Interest

The recipient and its subrecipients must keep records to show compliance with the organizational conflicts-of-interest requirements in [CFR 24](#) 576.404(a), a copy of the

personal conflicts of interest policy or codes of conduct developed and implemented to comply with the requirements in §576.404(b), and records supporting exceptions to the personal conflicts of interest prohibitions.

Homeless Participation

The recipient and subrecipient must document its compliance with the homeless participation requirements under [CFR 24 576.405](#).

Faith-Based Activities

The recipient and its subrecipients must document their compliance with the faith-based activities requirements under [CFR 24 576.406](#).

Other Federal Requirements

The recipient and its subrecipients must document their compliance with the Federal requirements in [CFR 24 576.407](#) and [CFR 24 576.409](#), as applicable, including:

- 1) Records demonstrating compliance with the nondiscrimination and equal opportunity requirements under CFR 24 576.407(a) and the affirmative outreach requirements in CFR 24 576.407(b), including:
 - a) Data concerning race, ethnicity, disability status, sex, and family characteristics of persons and households who are applicants for, or program participants in, any program or activity funded in whole or in part with ESG funds; and
 - b) Documentation that the recipient submitted a certification that it will affirmatively further fair housing, consistent with [CFR 24 5.150](#) and [5.151](#) of this title.
- 2) Records demonstrating compliance with the uniform administrative requirements in 2 CFR part 200.
- 3) Records demonstrating compliance with the environmental review requirements, including flood insurance requirements.
- 4) Certifications and disclosure forms required under the lobbying and disclosure requirements in 24 CFR part 87.
- 5) Data on emergency transfers requested under [CFR 24 576.409](#), pertaining to victims of domestic violence, dating violence, sexual assault, or stalking, including data on the outcomes of such requests.

Relocation

The records must include documentation of compliance with the displacement, relocation, and acquisition requirements in [CFR 24 576.408](#).

Financial Records

- a) The recipient and its subrecipient must retain supporting documentation for all costs charged to the ESG grant.

- b) The recipient and its subrecipients must keep documentation showing that ESG grant funds were spent on allowable costs in accordance with the requirements for eligible activities under “§§[576.101](#) through [576.109](#), financial management in [2 CFR 200.302](#), and the cost principles in [2 CFR part 200, subpart E](#).
- c) The recipient and its subrecipients must retain records of the receipt and use of program income.
- d) The recipient must keep documentation of compliance with the expenditure limits in [§576.100](#) and the expenditure deadline in [§576.203](#).

Subrecipients and Contractors

- a) The recipient must retain copies of all solicitations of and agreements with subrecipients, records of all payment requests by and dates of payments made to subrecipients, and documentation of all monitoring and sanctions of subrecipients, as applicable. The State must keep records of each recapture and distribution of recaptured funds under [§576.501](#)
- b) The recipient and its subrecipients must retain copies of all procurement contracts and documentation of compliance with the procurement requirements in 2 CFR part 200, subpart D
- c) The State must ensure that its subrecipients comply with the recordkeeping requirements specified by the State and HUD notice or regulations.

Other Records Specified by HUD

The State and its subrecipient must keep other records specified by HUD.

Confidentiality

All ESG-funding recipients shall ensure documents containing confidential information are stored in a secured location only accessible to staff directly involved with providing services, supervision, or administrative support to ESG-CV funded programs. Confidential information collected as part of ESG activities shall only be shared in accordance with the [County of Santa Cruz HMIS privacy and security standards](#). Confidential information includes the following:

- All records containing personally identifying information (as defined in HUD's standards for participation, data collection, and reporting in a local HMIS) of any individual or family who applies for and/or receives ESG assistance will be kept secure and confidential;
- The address or location of any domestic violence, dating violence, sexual assault, or stalking shelter project assisted under the ESG will not be made public, except with written authorization of the person responsible for the operation of the shelter; and
- The address or location of any housing of a program participant will not be made public, except as provided under a preexisting privacy policy of the recipient or subrecipient and consistent with state and local laws regarding privacy and obligations of confidentiality.

Period of Record Retention

The contractor shall maintain all fiscal and program records pertaining to the ESG Grant for a period of five (5) years after the Department closes its HUD grant or any other period specified in 24 CFR 576.500 (y). Copies made by microfilming, photocopying, or similar methods may be substituted for the original records.

Documentation of each program participant's qualification as a family or individual at risk of homelessness or as a homeless family or individual and other program participant records must be retained for 5 years after the Department closes its HUD grant or any other period specified in 24 CFR 576.500(y). Therefore, the Contractor must contact the Department of Housing and Community Development for the specific retention date for the contract agreement.

Contractor agrees to maintain accounting books and records in accordance with Generally Accepted Accounting Principles, per 2 CFR 200.49 Contractor agrees that the Department, the Department of General Services, the Bureau of State Audits, the Department of Housing and Urban Development, or their designated representatives, shall have the right to review and copy any records and supporting documentation pertaining to the performance of the Agreement. Contractor agrees to maintain such records for possible audit for five (5) years after the Department closes its HUD grant or any other period specified in 24 CFR 576.500 (y).

Where ESG funds are used for the renovation of an ES involves costs charged to the ESG grant that exceed 75 percent 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 ES and the costs charged to the ESG grant for the conversion exceed 75 percent 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.

Access to Records

Federal Government Rights: Notwithstanding the confidentiality procedures established in this section, the State and its subrecipients must comply with the requirements for access to records in 2 CFR 200.336.

Public Rights: The State 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 the recipient received during the preceding 5 years.

Reports

The Department, as administrator of the ESG program, must collect and report data on its use of ESG funds in the Integrated Disbursement and Information System (IDIS) and other reporting systems, as specified by HUD. The Department must also comply with the

reporting requirements in 2 CFR part 200 and 24 CFR part 91 and the reporting requirements under the Federal Funding Accountability and Transparency Act of 2006, (31 U.S.C. 6101 note), which are set forth in appendix A to 2 CFR part 170.

State of California Reports

Subrecipients are responsible for monitoring all grant-supported activities to assure that time schedules are being met. This section discusses the periodic performance and financial reports that are required.

Consolidated Annual Performance and Evaluation Report

The HUD-required Consolidated Annual Performance and Evaluation Report (CAPER) captures information for each fiscal year. Subrecipients are required to submit data as needed for the CAPER to HCD or its designee in the form and within the timeframe specified by HCD or its designee.

Section 3 Reporting

The Section 3 program requires that ESG subrecipients, to the greatest extent possible, provide job-training, employment, and contract opportunities for low – or very-low-income residents in connection with projects and activities in their neighborhoods. The Section 3 Summary Report is due annually on October 20th.

Minority Business Enterprises and Women’s Business Enterprise (M/WBE)

As required by Executive Order 11625, HUD must annually compile and report department-wide data on M/WBE activity for submission to the Minority Business Development Agency of the Department of Commerce. Minority and women’s business enterprise outreach requirements apply to all HUD programs, including ESG.

Monitoring and Performance Review

CA HCD, as administrator of the ESG program, is required to monitor its subrecipients for compliance with ESG regulations. If the County receives ESG funding, it takes on responsibility for monitoring local subrecipients as well. To the extent resources are available, CoC staff shall also assist with monitoring of local ESG recipients according to CA HCD standards.

Using techniques, guidelines, and Federal regulations at 24 CFR Part 576 from HUD’s Monitoring Guidance for the ESG Program, HCD has developed a process that includes the following components, to determine the type of monitoring to be conducted during the year:

Desk Audit

A desk audit is the first step of monitoring subrecipients each year. Compliance issues considered on this assessment will be combined with any non-compliance or outstanding

problems noted during the year and will be used to determine whether an on-site visit will be necessary.

Risk Assessment

CA HCD staff will conduct a risk assessment of agencies receiving ESG funds at the beginning of grant year to determine the need and frequency of site visits during the upcoming grant year. Included in the assessment will be a determination of risk (low, medium, or high) using factors such as financial and program issues, allocation amount, and other discretionary criteria. The Risk Assessment Form will be completed for each subrecipient receiving ESG funds.

On-Site Review

If CA HCD staff determine that an on-site visit is necessary, CA HCD will send a notification letter detailing the specifics of the monitoring visit. On-site visits for certain aspects of compliance, such as facility verifications, equipment inventory, review of client files and accounting records that cannot be monitored by other components of the grant process, will be conducted as scheduling allows.

Responsibility for Grant Administration and Oversight

In all cases, subrecipients have responsibility to CA HCD for the grant, and CA HCD ultimately holds the subrecipient accountable if a subrecipient or a contractor uses funds in violation of program requirements. Therefore, the subrecipient is prohibited from assigning certain administrative responsibilities and functions to either subrecipients or contractors. For example; the subrecipient must be the entity that signs the grant agreement with HCD and must maintain oversight over the funds and activities.

Using Contractors in ESG Programs

When determining whether to use a subrecipient or a contractor, it is important to understand that there are key distinctions between subrecipients (including sub-subrecipients) and contractors—the two are not interchangeable. In general, a contractor does not have the same authority as a subrecipient:

- a) Subrecipients may exercise discretion in making program decisions and carrying out program activities, while contractors cannot. The McKinney-Vento Homeless Assistance Act and the program regulations impose specific restrictions and responsibilities on subrecipients, and each subrecipient must comply with those restrictions and responsibilities as part of the terms of its sub-award.
- b) Contractors are responsible for complying only with those requirements and conducting those activities that the subrecipient specifies in their contracts. Therefore, when a subrecipient uses a contractor, the subrecipient must ensure the contract specifies the program requirements and policies that apply to the tasks the contractor is to perform.

Audits

Subrecipients are responsible for ensuring that their subcontractors comply with these audit requirements:

- Private nonprofit organizations must submit audits to the Department for review and approval. These audits must comply with all applicable federal laws, including without limitation applicable OMB Circulars. See 24 C.F.R. 576.407(c).
- Units of general local government must submit audits to the Department for review and approval. These audits must comply with all applicable federal and other laws.
- The Department may also periodically request that a Subrecipient be audited at the expense of the Subrecipient and the Subrecipient shall comply.

Sanctions

Pursuant to [25 CCR](#) section 8416, the Department may impose sanctions, as well as any other remedies available to it under law, on a Subrecipient for failure to abide by any State and federal laws and regulations applicable to the ESG program. As the Department deems appropriate or necessary, sanctions include, without limitation, any or all of the following:

- Conditioning a future ESG grant on compliance with specific laws or regulations;
- Directing a Subrecipient to stop incurring costs under the current grant; Requiring that some or all of the grant amount be remitted to the Department;
- Reducing the amount of grant funds a Subrecipient would otherwise be entitled to receive;
- Electing not to award future grant funds to a Subrecipient and prohibiting an Administrative Entity from awarding to a particular Subrecipient of the Administrative Entity until appropriate actions are taken to ensure compliance with ESG requirements; and/or;
- Taking any other actions permitted pursuant to [24 CFR](#) 576.501.

Written Standards for Providing ESG Assistance

Standards for All Program Types

Core Principles

Housing crisis response systems and programs are most effective when measurable goals are established and routinely monitored. Systems and programs adjust program design, policies, procedures, services, and partnerships when performance goals are not being met. Data is also used to better understand different populations, their service and housing needs, and to document and actively address gaps. Systems and programs should be monitoring progress and making continual improvements to achieve a functional end to homelessness for all populations – that is, assuring homelessness is rare, brief, and non-recurring. Core performance goals should therefore focus on:

- Reducing the number of people who become literally homeless;
- Reducing the amount of time people stay literally homeless;
- Increasing permanent housing outcomes; and
- Reducing returns to literal homelessness.

HCD expects subrecipients to employ evidence-based and other best practices for their respective project and as part the local homeless crisis response system to achieve performance goals. HCD recommends that, at the program or project level:

- Admission/screening criteria should be structured to promote the acceptance of program participants regardless of sobriety or use of substances, completion of treatment, or participation in services;
- Program participants are not rejected on the basis of poor cred/financial history, rental history, minor criminal convictions, or behaviors indicating a lack of “housing readiness;”
- Programs accept referrals from outreach, drop-in centers, shelters, and other parts of the crisis response system;
- Rehousing plans are prepared with program participants, plans are tenant-driven and focused on problem solving, and services are voluntary.

Housing First

Housing First approaches quickly connect people experiencing a housing crisis with permanent housing and the supports needed to maintain housing – *without* preconditions (e.g., sobriety, engagement in treatment, service participation requirements). All ESG projects can and should use Housing First approaches to assist program participants resolve their housing crisis as quickly as possible. For all ES, SO, HP, RRH projects, this means:

- Ensuring low-barrier, easily accessible assistance that seeks to “screen-in” people with various personal issues, including people with no income or people with active substance abuse issues;
- Helping participants quickly identify and resolve barriers to obtaining and maintaining housing;
- Seeking to quickly resolve the housing crisis before focusing on other, non-housing related issues;
- Allowing participants to choose the services and housing they feel meets their needs, within practical limits and funding requirements.
- Connecting participants to supports and services available in the community that they need and desire, especially those to which they are entitled, to support long-term housing stability.

Comprehensive and Coordinated Access to Crisis Response Assistance

As detailed in 24 CFR 576.400, once the CoC has developed a CES in accordance with requirements established by HUD outlined in [CPD-17-01](#), each ESG-funded project within the CoC's area must use that assessment system.

Please note HUD now uses the terms *coordinated entry* and *coordinated entry process* instead of *centralized or coordinated assessment system* to help avoid the implication that CoCs must centralize the assessment process, and to emphasize that the process is easy for people to access, that it identifies and assesses their needs, and makes prioritization decisions based upon needs. However, HUD considers these terms to mean the same thing.

Unless exempted by federal rules, all ESG-funded activities shall utilize a CES established by the CoC in a manner that promotes the following:

- Comprehensive and coordinated access to assistance regardless of where an individual or family is in the CoC Service Area. Local systems should be easy to navigate and have protocols in place to ensure immediate access to assistance for people who are experiencing homelessness or most at-risk;
- Prioritized access to assistance for people with the most urgent and severe needs, including, but not limited to, survivors of domestic violence. ESG-funded activities shall seek to prioritize people who:
 - Are unsheltered and living in places not designed for human habitation,
 - Have experienced the longest amount of time homeless; and
 - Have multiple and severe service needs that inhibit their ability to quickly identify and secure housing on their own; and
 - For HP activities, people who are at greatest risk of becoming literally homeless without an intervention and are at greatest risk of experiencing a longer time in shelter or on the street should they become homeless.

Subrecipients must work with the CoC to ensure the screening, assessment and referral of program participants are consistent with the written standards established by the CoC. A victim service provider may choose not to use the CoC's CES.

CoCs and subrecipients are strongly encouraged to evaluate policies and procedures affecting access and interventions for different subpopulations based on need. Communities are always encouraged to evaluate and adjust their prioritization policies based on evolving information and circumstances, including new or improved data, changing needs and priorities, and available resources. Please see [Advancing Racial Equity through Assessments and Prioritization](#) for additional guidance on strategies to advance racial equity and dismantle embedded racism in coordinated entry assessment and prioritization processes.

Prioritized Access to Assistance for People with the Most Urgent and Severe Needs

There is often more demand for HP and homeless assistance than resources can adequately address. At the same time, some people who are experiencing a housing crisis face more significant barriers to housing placement and retention and require more urgent or intensive assistance. Therefore, people with the most severe service and housing needs should be prioritized for assistance. Generally, projects should seek to prioritize people who:

- Are unsheltered and in places not designed for human habitation (e.g., cars, parks, bus stations, abandoned buildings);
- Have experienced the longest amount of time homeless;
- Have multiple and severe service needs that inhibit their ability to quickly identify and secure housing on their own;
- And, for HP, people who are both at greatest risk of becoming literally homeless but for program intervention and are at greatest risk of experiencing a longer time in shelter or on the street should they become homeless.

Progressive Assistance

A progressive assistance approach seeks to help households end their homelessness as rapidly as possible, despite barriers, with the least amount of financial assistance and services needed to quickly resolve the housing crisis, (end homelessness or avoid imminent literal homelessness), and avoid an immediate return to literal homelessness or imminent risk of literal homelessness. Homeless crisis response systems and programs that follow a progressive approach recognize that many people experience *literal* homelessness once or just a few times, use shelter for just a short period and can exit on their own with a small amount of assistance, if any. They also recognize that there is no reliable way to predict who will become literally homeless or how much help someone who is literally homeless may need after they are housed to avoid a return to the streets or shelter. What can be determined is whether a homeless person who has been housed will fall immediately back into literal homelessness without additional help (e.g., they have no money to pay next month's rent, no friends or family to turn to, and no other source of housing support). Systems and programs can also know whether someone has been literally homeless for a long-time, whether they have a severe disabling condition that inhibits their ability to obtain and maintain housing, whether they experience systemic racism that causes disparate outcomes and creates challenging to securing housing and/or employment, and whether they want more help beyond basic re-housing assistance. Homeless assistance resources are limited and must be prioritized. Resources should be available to assure no one is forced to live on the street and so that re-housing assistance can be provided to everyone who needs it, so homelessness is as brief as possible.

With this understanding, progressive engagement systems and programs first give people the opportunity to resolve their homelessness on their own after a short period. A limited amount of RRH assistance should be offered to all individuals and families who cannot quickly exit homelessness on their own – including those who are eligible and prioritized

for permanent supportive housing (PSH), but who either do not want PSH or when PSH is not immediately available. RRH assistance may start with an initial package of “light-touch” assistance, including help creating a reasonable housing placement/stabilization plan, housing information and search assistance, and limited financial assistance for arrears, first month’s rent, or security deposit. Barriers to retaining housing are regularly re-assessed and programs seek to close cases quickly to conserve resources.

Systems and programs should also “flex up” assistance to the maximum amount allowed by ESG and other funders. As needed, more financial assistance and stabilization supports are offered to those who struggle to stay housed and who will clearly and immediately fall back into literal homelessness without assistance. More intensive or a longer duration of RRH assistance is available as a “bridge” for those who are waiting on PSH or another long-term housing subsidy.

Finally, progressive systems and programs actively establish and maintain a wide array of service and housing partners to help families and individuals further stabilize their housing and meet other needs. In this way, homeless crisis response systems can remain focused on immediately ending homelessness and preventing people from immediately returning, while relying on community partners to provide permanent housing options and longer term supports. This also helps economize resources, increase the participant’s choice, more quickly end homelessness, and may help avoid returns to homelessness.

Evaluating Eligibility

Subrecipients must establish and consistently apply standard policies and procedures for evaluating individuals’ and families’ eligibility for assistance under the Emergency Solutions Grant (ESG) program.

Coordination

Subrecipients must establish and consistently apply policies and procedures for coordination among the following:

- ES providers, essential services providers, HP, and RRH assistance providers;
- Other homelessness assistance providers; and
- Mainstream service and housing providers

Standards for Street Outreach

Subrecipients must establish and consistently apply standards for targeting and providing essential services related to SO.

Housing First Practices

SO services are an important part of a community’s Housing First approach when:

- They are integrated into the local CES;
- The focus of street outreach is rapid access to shelter and/or permanent housing;
- Street outreach plans include collaborative work to ensure those with greatest

- vulnerabilities are accessing shelter;
- Client participation is voluntary, and the focus of providers is on engagement; Assessments and case plans are housing-focused;
- Staff are well-versed in housing options available in the community, including financial assistance to obtain them; and
- All street outreach work is provided without pre-conditions or artificial barriers to obtaining housing and related services.

Standards for Emergency Shelter

Housing First Practices

ES services are an important part of a community's Housing First approach when:

- They are integrated into the local CES;
- Shelter diversion is a focus. Diversion is for clients who are not literally homeless but are seeking shelter. Shelter staff should help these individuals examine their other potential resources, such as housing with friends or family members, and assist them in transitioning into those placements. Additionally, this includes connecting clients to other resources and supports, potentially including HP assistance, to help them obtain needed help for items they need but do not have, such as funds for security deposits;
- Screening for vulnerability is in place, and there is coordination to ensure those with high vulnerabilities get identified and properly assisted—potentially even prioritized. People with certain vulnerabilities, such as substance abuse disorders and mental health issues, must be offered shelter without pre-conditions. If not all shelters in the system are staffed to manage these needs, the system should figure out where people will go and how they will get there quickly;
- **The goal of shelter is to rapidly re-house program participants.** Client assessments are focused on housing barriers, and if Housing Plans are created, they focus on quick re-housing. Shelter programs should actively promote linkages to housing and other mainstream resources. These linkages to housing financial assistance should occur quickly and be without preconditions, including length of stay in shelter; and
- Movement to other interim shelters or transitional housing should occur only when:
 - Requested;
 - Most appropriate due to safety and health needs; and/or
 - No permanent housing solution is available (including doubled up).

Note: ESG does not fund transitional housing.

Admission, Diversion, Referral, and Discharge

The following are minimum standards, policies and procedures for initial eligibility screening including homeless status and documentation, diversion and connection to prevention assistance, admission, referral, and discharge by ES assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence,

sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest. Additionally, subrecipients should carefully review and evaluate admission, diversion, referral, or discharge policies and procedures to identify any potential bias and ensure that shelter does not deepen inequalities in housing outcomes, as demonstrated by the racial and ethnic composition of program participants/populations.

Admission

Providers of ES services shall admit individuals and families who meet the HUD definition of “homeless,” as specified in 24 CFR 576.2 (1, 2, 3 & 4) and agencies’ eligibility criteria. ES case managers will use a Continuum-wide assessment tool to review the client’s situation, understand their eligibility, and begin the process of determining length of assistance. Any new clients entering shelter must then undergo a complete assessment to understand their needs and barriers in order to match them to the most appropriate services provider. Program participants will be prioritized within the ES system based on need, available resources, and geographic area. Program participants will be reassessed as case management progresses, based on the individual service provider’s policies.

Subrecipients are required to have standardized screening and intake criteria in writing for determining eligibility for admission to ES. The criteria must follow Fair Housing Law. The age of a child under age 18 must not be used as a basis for denying any family's admission to an ES that uses Emergency Solutions Grant (ESG) funding or services and provides shelter to families with children under age 18.

Also note the following:

- ES cannot discriminate per HUD regulations;
- There are no requirements related to ID, income, or employment;
- Transgender placement should be based on gender self-identification.

Appropriate Placement for Transgender Persons in Single-Sex Emergency Shelters and Other Facilities

ES providers including those operating single sex projects, are now required to provide all individuals, including transgender individuals and other individuals who do not identify with the sex they were assigned at birth, with access to programs, benefits, services, and accommodations in accordance with their gender identity without being subjected to intrusive questioning or being asked to provide documentation.

[HUD’s Equal Access Rule](#) requires a subrecipient or provider to establish, amend, or maintain program admissions, occupancy, and operating policies and procedures (including policies and procedures to protect individuals' privacy and security), so that equal access is provided to individuals based on their gender identity. This requirement includes tenant selection and admission preferences.

Other provisions and changes to the rule include:

- a) Eliminates the prohibition on inquiries related to sexual orientation or gender identity so service providers can ensure compliance with this rule. The removal of the prohibition on inquiries related to sexual orientation or gender identity does not alter the requirement to make housing assisted by HUD and housing insured by the Federal Housing Administration available without regard to actual or perceived sexual orientation or gender identity.
- b) Amends HUD’s definition of “gender identity” to reflect the difference more clearly between actual and perceived gender identity.
- c) Makes a technical amendment to the definition of “sexual orientation,” which was adopted from the Office of Personal Management’s (OPM) definition of the term in 2012 to conform to OPM’s current definition.

Equal Access Rule Definition of Family

The Equal Access Rule states, *family*, include, but is not limited to, regardless of marital status, actual or perceived sexual orientation, or gender identity the following:

- A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or,
- A group of persons residing together, and such group includes, but is not limited to:
 - A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
 - An elderly family;
 - A near-elderly family;
 - A disabled family;
 - A displaced family; and,
 - The remaining member of a tenant family

In general, this definition of “family” applies to the federal ESG Program rules. However, the [McKinney-Vento Act, as amended by the HEARTH Act](#), distinguishes individuals from families. Therefore, paragraph (1) of the definition of family under the Equal Access Rule is considered an individual under the ESG program and the definition of family for this program is defined as follows:

Family includes, but is not limited to, regardless of marital status, actual or perceived sexual orientation, or gender identity, any group of persons presenting for assistance together with or without children and irrespective of age, relationship, or whether a member of the household has a disability. A child who is temporarily away from the home because of placement in foster care is considered a member of the family.

What this means is that any group of people that present together for assistance and identify themselves as a family, regardless of age or relationship or other factors, are a family and must be served together as such. Further, an ESG subrecipient cannot discriminate against a group of people presenting as a family based on the composition of the family (e.g., adults and children or just adults), the age of any member’s family,

the disability status of any members of the family, marital status, actual or perceived sexual orientation, or gender identity.

Here is an example of how this might apply:

An ES that serves households with children. While it is acceptable for a shelter to limit assistance to households with children, it may not limit assistance to only women with children. Such a shelter must also serve the following family types, should they present, to follow the Equal Access rule:

Single male head of household with minor child(ren); and

Any household made up of two or more adults, regardless of sexual orientation, marital status, or gender identity, presenting with minor child(ren).

In this example, the ES program would not be required to serve families composed of only adult members and could deny access to these types of families provided that all adult-only families are treated equally, regardless of sexual orientation, marital status, or gender identity.

HUD's mission is to create inclusive communities and quality affordable housing for all. Excluding any eligible person from ESG-funded ES, buildings, or facilities because of that person's gender identity or nonconformance with gender stereotypes would contravene this responsibility.

Diversion and Referral

Providers should screen those presenting for shelter for possible diversion. When appropriate based on the client's needs and wishes, the provision of or referral to HP services that can quickly assist the client to maintain or obtain safe, permanent housing shall be prioritized over the provision of ES or Transitional Housing services. Further, providers should ensure expedited linkage to these services for critical cases.

Discharge

Program participants shall be discharged from ES services when they choose to leave or when they have successfully obtained safe, permanent housing. Any Length of Stay limitations shall be determined by the individual service provider's policies and clearly communicated to program participants. Service providers should avoid setting arbitrary length of stay requirements, and instead focus on models that are flexible, client-centered, and Housing First-oriented.

Assessing, Prioritizing, and Reassessing Needs for Essential Services Related to Emergency Shelter

Subrecipients are required to have a written standard assessment process and tool(s) that are applied to all eligible subrecipients of shelter essential services. Prioritization for services must align with service area homeless and/or community needs assessment plans. When developed, subrecipients are required to comply with their local CoC

assessment and prioritization requirements (24 CFR 576.400(d)), including verifying and documenting eligibility. Provision of services should be determined based on client need and in alignment with subrecipient's targeted populations. Subrecipients are encouraged to engage persons with lived expertise in the creation and modification of essential services and policies to inform program design.

Provision of essential services and shelter must be available to shelter residents for at least the period during which the ESG funds are provided. Services do not need to be limited to a particular site if the site serves the same categories and types of homeless originally provided with essential services or serves homeless persons in the same service area where the subrecipient originally provided the services. Subrecipients should review services and policies to determine if they have any implicit or explicit bias that negatively impacts a particular group in accessing ES or essential services. Examples of this may be limitations due to substance use, family size, or wardrobe rules.

Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter. Include:

- Safeguards to meet safety and shelter needs of special populations (DV, longtime homeless, highest barriers to housing);
- Discharge/Termination of services;
- Consider general standards/expectations concerning progressive engagement/ assessment/assistance; general Housing First practices and expectations; racial equity policies and practices to address disparities; culturally response resources and services.

Standards for Homelessness Prevention

Housing First Practices

HP services are an important part of a community's Housing First approach. To maximize the impact of prevention on reducing overall homelessness and incorporate prevention as a strategy using a Housing First approach, prevention services should be:

- Integrated into the local CES;
- Targeted to serve those who would otherwise enter the homeless system. The primary goal of HP is to prevent people from falling into literal homelessness—not eviction prevention;
- The HP system is designed with protocols to assist with shelter diversion and provide immediate access to HP assistance, including financial assistance;
- HP screening is done with an eye towards vulnerability so that those with the greatest vulnerabilities are prioritized for assistance;
- Participation in services is voluntary and the focus of the HP provider is on engagement;
- Housing stabilization is created using Housing Plans with a focus on retaining housing; and

- HP staff can provide rapid linkages to a wide array of mainstream, public, and private housing, and services in a flexible, engaging manner.

Determining Eligibility and Priority for Homelessness Prevention

Determination of eligibility for HP requires an assessment that is compliant with the established CoC coordinated/centralized assessment procedures. In addition, program participants must meet the minimum HUD requirements for program eligibility including documentation of imminent risk of homelessness (see APPENDIX A.) As described in [24 CFR 576.400\(e\)\(3\)\(vi\)](#), minimum written standards must include policies and procedures for determining and prioritizing which eligible families and individuals will receive HP assistance.

In addition, individuals and families should be targeted to ensure that resources are being used to serve those with the most barriers to housing. HP service providers should use a shared assessment form that will target those most in need of this assistance. Each barrier should ideally have an allotment of points, and the higher score (and more barriers) the more likely the client will receive services. The assessment of barriers is based on an objective review of each client's current situation using the tool rather than the subjective opinion of a case manager assessing each client's needs.

In addition, individuals and families should be targeted to ensure that resources are being used to serve those with the most barriers to housing. Prioritization of clients must be consistent with the Continuum's written standards i.e., removing programmatic barriers, such as sobriety rules or income limits wherever possible. Furthermore, ESG funded projects should follow Housing First and progressive engagement practices ([25 CCR Section 8409](#)) by:

- Removing programmatic barriers, such as sobriety rules or income limits, wherever possible;
- Helping participants quickly identify and resolve barriers to maintaining housing;
- Seeking to quickly resolve the housing crisis before focusing on other non-housing related services;
- Allowing participants to choose the services that meets their needs, within practical and funding limitations;
- Connecting participants to appropriate support and services available in the community that foster long-term housing stability;
- Offering financial assistance and supportive services in a manner that offers a minimum amount of assistance initially, adding more assistance over time if needed to quickly resolve the housing crisis by either ending homelessness, or avoiding an immediate return to literal homelessness or the imminent risk of literal homelessness. The type, duration, and amount of assistance offered shall be based on an individual assessment of the household, and the availability of other resources or support systems to resolve their housing crisis and stabilize them in housing.

In addition, the ESG state regulations at [25 CCR](#) Section 8408 **prohibits** subpopulation targeting with HP award funds. Applicants seeking a waiver of this requirement must submit the following documentation to HCD prior to the award of ESG funds:

- Evidence of an unmet need for these activities for the subpopulation proposed for targeting; and
- Evidence of existing funding in the CoC Service Area for programs that address the needs of all the excluded populations.

Evaluation of Program Participant Eligibility and Needs

The subrecipient 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 CES requirements set forth under [24 CFR](#) § 576.400(d) and the written standards established under [24 CFR](#) § 576.400(e).

The subrecipient must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs not less than once every three months for program participants receiving HP assistance.

Determining Type, Amount and Duration of Housing Stabilization and Relocation Related Services

Generally, service providers should use a progressive engagement model, only providing the amount of housing stabilization and relocation related services necessary for a client to stabilize in a permanent housing situation. Service provision should be flexible and tailored to the individual client's unique needs and barriers assessment. These services should be provided through a Housing First, racial equity, and progressive engagement approach where they are client-initiated and not a precondition for whether a client will receive housing or other services they want or need.

Subrecipients should comply with written standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant established by the local CoC. Compliance with the written standards should include the limits, if any, on the HP assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receive assistance; or the maximum number of times the program participant may receive assistance.

Any additional requirements regarding the type, amount, and duration of housing stabilization and/or relocation services that will be provided to a program participant, including any limitations, shall be determined by the individual service provider's policies, and clearly communicated to program participants. Assistance should be account for systemic racism and barriers that may impact a household's ability to stabilize in a short period of time.

Standards for Rapid Rehousing

Housing First Practices

RRH services are an important part of a community's Housing First approach when:

- They are integrated into the local CES;
- Families and individuals experiencing homelessness are assisted to obtain and stabilize quickly into permanent housing;
- Placements into housing are not contingent upon meeting certain criteria, such as income limits or employment. Staff focuses on resolving immediate challenges and barriers to housing;
- The most expensive support housing placements are reserved for the most vulnerable populations;
- Lengths of stay in shelter are reduced, making crisis beds available to others in need;
- Clients are linked to other mainstream benefits, resources, and support networks within the community; and
- Clients are provided with a tailored package of assistance that meets their unique housing needs. This means that the length of assistance per household will vary depending on that household's individual needs and challenges.

Determining Eligibility and Priority for Rapid Re-Housing

Determination of eligibility for RRH requires an assessment that is compliant with the established CoC coordinated/centralized assessment procedures. In addition, program participants must meet the minimum HUD requirements for program eligibility including meeting the homeless definition with documentation.

As described in [24 CFR 576.400\(e\)\(3\)\(vi\)](#), minimum written standards must include policies and procedures for determining and prioritizing which eligible families and individuals will receive RRH assistance. Use an equity lens and relevant local data for this process. Measure by measure, group by group, identify how data will indicate success (e.g., fewer system returns to homelessness over time) and collaboratively draft action plans or policies in response to a measure trending in the opposite direction of success (e.g., if system entries increase over time, we as a system, will..). Review outcomes of local equity analysis together to understand where access, services, and housing inequities and gaps are taking place and develop rehousing strategies that address those inequities and gaps.

In addition, individuals and families should be targeted to ensure that resources are being used to serve those with the most barriers to housing. Prioritization of clients must be consistent with the Continuum's written standards i.e., removing programmatic barriers, such as sobriety rules or income limits wherever possible. Furthermore, ESG funded projects should follow Housing First and progressive engagement practices ([25 CCR](#)

[Section 8409](#)) by:

- Removing programmatic barriers, such as sobriety rules or income requirements, wherever possible;
- Helping participants quickly identify and resolve barriers to maintaining housing;
- Seeking to quickly resolve the housing crisis before focusing on other non-housing related services;
- Allowing participants to choose the services that meets their needs, within practical and funding limitations;
- Connecting participants to appropriate support and services available in the community that foster long-term housing stability;
- Offering financial assistance and supportive services in a manner that offers a minimum amount of assistance initially, adding more assistance over time if needed to quickly resolve the housing crisis by either ending homelessness, or avoiding an immediate return to literal homelessness or the imminent risk of literal homelessness. The type, duration, and amount of assistance offered shall be based on an individual assessment of the household, and the availability of other resources or support systems to resolve their housing crisis and stabilize them in housing.

In addition, the ESG state regulations at [25 CCR Section 8408](#) **prohibits** subpopulation targeting with RRH award funds. Applicants seeking a waiver of this requirement must submit the following documentation to HCD prior to the award of ESG funds:

- a) Evidence of an unmet need for these activities for the subpopulation proposed for targeting; and
- b) Evidence of existing funding in the CoC Service Area for programs that address the needs of all the excluded populations.

Finally, some providers may intentionally use RRH services as a bridge to permanent supportive housing if the client is on a waiting list for PSH and the provider has approval from the Continuum to use resources in this manner.

Evaluation of Program Participant Eligibility and Needs

Subrecipients 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 CES requirements set forth under [24 CFR § 576.400\(d\)](#) and the written standards established under [24 CFR § 576.400\(e\)](#).

Subrecipients must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs not less than once annually for program participants receiving RRH assistance.

Determining Type, Amount and Duration of Housing Stabilization and Relocation Related Services

Generally, service providers should use a progressive engagement model, only providing the amount of housing stabilization and relocation related services necessary for a client to stabilize in a permanent housing situation. Service provision should be flexible and tailored to the individual client's unique needs and barriers assessment. These services should be provided through a Housing First, racial equity, and progressive engagement approach where they are client-initiated and not a precondition for whether a client will receive housing or other services they want or need.

Subrecipients should comply with written standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant established by the local CoC. Compliance with the written standards should include the limits, if any, on the RRH assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receive assistance; or the maximum number of times the program participant may receive assistance.

Any additional requirements regarding the type, amount, and duration of housing stabilization and/or relocation services that will be provided to a program participant, including any limitations, shall be determined by the individual service provider's policies, and clearly communicated to program participants. Assistance should be account for systemic racism and barriers that may impact a household's ability to stabilize in a short period of time.

GLOSSARY

Action Plan means the annual plan required by HUD pursuant to 24 CFR Part 91 governing the distribution and use of ESG funds allocated by HUD to states and local governments.

Administrative activities are defined at [24 CFR 576.108](#).

Administrative Entity means a Units of General Local Government (UGLG) approved by the Department pursuant to section [25 CCR 8403](#) to administer State ESG funds. Refer to [24 CFR section 576.2](#).

Anti-racist is someone who supports an antiracist policy though their actions or expressing antiracist ideas.

At risk of homelessness means:

- 1) An individual or family who:
 - (i). Has an annual income below 30 percent of median family income for the area, as determined by HUD; and
 - (ii). 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 another place described in paragraph (1) of the “homeless” definition in this section; and
 - (iii). Meets one of the following conditions:
 - a) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - b) Is living in the home of another because of economic hardship;
 - c) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 14 days after the date of application for assistance;
 - d) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
 - e) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
 - f) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
 - g) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;
- 2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e- 2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(m) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or
- 3) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 725(2) of the McKinney-Vento

Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth is living with them.

Balance of State Allocation means funds allocated pursuant to the requirements [of 25 CCR sections 8404 through 8407](#).

Bias is a human trait resulting in a person's tendency and need to categorize individuals into various groups to process information and make sense of the world. These processes are typically developed based on an individual's life experiences and are often unconscious.

City is defined at 42 U.S.C. section 5302(a)(5).

Consolidated plan means a plan prepared in accordance with 24 CFR part 91. An *approved consolidated plan* means a consolidated plan that has been approved by HUD in accordance with 24 CFR part 91.

Continuum of Care means the group composed of representatives of relevant organizations, which generally includes nonprofit homeless providers; victim service providers; faith-based organizations; governments; businesses; advocates; public housing agencies; school districts; social service providers; mental health agencies; hospitals; universities; affordable housing developers; law enforcement; organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons that are organized to plan for and provide, as necessary, a system of outreach, engagement, and assessment; emergency shelter; RRH; transitional housing; permanent housing; and prevention strategies to address the various needs of homeless persons and persons at risk of homelessness for a specific geographic area.

Continuum of Care Allocation means the ESG funds pursuant to the requirements of [25 CCR section 8403](#).

Continuum of Care Service Area means the entire geographic area within the boundaries of an Eligible Continuum of Care.

Coordinated Entry means the system of program access, needs assessment and prioritization developed by a Continuum of Care pursuant to [24 CFR 576.400 \(d\)](#), and associated HUD requirements and guidance. This term is also known as "Coordinated Entry System", "Coordinated Assessment" or "Centralized Assessment".

Core Practices means the practices and protocols of delivering ESG Eligible activities as specified in [25 CCR section 8409](#).

Contractor means a state law contractor entity that enters into a Standard Agreement (STD 213) with the Department for ESG funds, per (State Contacting Manual, Glossary; [25 CCR 8401](#)), and becomes a federally defined subrecipient under [24 CFR 576.2 Definitions](#), see [2 CFR 200.1](#), but not a federally defined contractor under [2 CFR 200.331](#). Subrecipient is often used synonymously with contractor.

Department means the California Department of Housing and Community Development also referred to as HCD.

Disparity means a measurable difference in outcomes for populations.

Eligible activities mean those activities upon which ESG funds may be expended as described in section 8408.

Eligible Continuum of Care means a Continuum of Care in the State that has within its Service Area at least one non-entitlement area. These entities must also meet the requirements of [25 CCR sections 8403 \(d\) or 8404 \(a\)](#).

Eligible organization means a Private nonprofit organization or a UGLG that provides, or contracts with Private nonprofit organizations to provide, Eligible activities.

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. Any project funded as an ES under a Fiscal Year 2010 Emergency Solutions Grant may continue to be funded under ESG.

Equality is the access and distribution of a set of resources evenly across individuals of a population.

Equity is the access to or distribution of resources according to the unique need or circumstances to reach an equal outcome, considering historical and other factors to inform decision-making.

ESG is the acronym for the Emergency Solutions Grants program.

ESG Entitlement means a UGLG that meets one of the following: (1) is a Metropolitan City or Urban County as defined under 42 USC 5302 that receives an allocation of ESG funds directly from HUD; (2) is in a Non-entitlement area that has entered into an agreement with an Urban County to participate in that locality's ESG program, or (3) is a Metropolitan City or Urban County that have entered into a joint agreement with one another to receive and administer a combined direct allocation of ESG funds from HUD.

ESG Entitlement Area or Entitlement Area means the geography within an ESG Entitlement's boundaries.

ESG Non-entitlement means a UGLG that does not receive ESG funding directly from HUD and is not participating as an ESG Entitlement.

ESG Non-entitlement Area means the geography within an ESG Non-entitlement's boundaries.

Explicit Bias occurs when an individual has overt and conscious prejudices, as well as positive or negative preferences for categorization of people based on age, gender, race,

or other criteria.

Governing Board - for nonprofit applicants this term includes board of directors; for county local government applicants this term includes county board of supervisors; for City local government applicants this term includes city council.

Homeless means:

- 1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - (i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
 - (ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
 - (iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- 2) An individual or family who will immediately lose their primary nighttime residence, provided that:
 - (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - (ii) No subsequent residence has been identified; and
 - (iii) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain permanent housing;
- 3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
 - (i). Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a); and
 - (ii). Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately

- preceding the date of application for homeless assistance; and
- (iii). Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
 - (iv). Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or
- 4) Any individual or family who:
- (i). Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence; and
 - (ii). Has no other residence; and
 - (iii). Lacks the resources or support networks, e.g., family, friends, faith-based or other social network to obtain other permanent housing.

Homeless Management Information System (HMIS) means the information system designated by the Continuum of Care to comply with the HUD's data collection, management, and reporting standards and used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at-risk of homelessness.

Homelessness prevention activities means activities or programs described in [24 CFR 576.103](#).

HUD means the United States Department of Housing and Urban Development.

Implicit bias is defined as an individual's subconscious preference or prejudice towards a person or group. It can be developed through certain cultural and societal norms, such as structural racism, which reinforce the idea that certain stereotypes are true or that discrimination is acceptable.

Joint Powers Authority (JPA) means two or more public agencies that, by agreement, jointly exercise any power common to the contracting parties (CCR GOV Title 1 § 6502).

Metropolitan city means a city that was classified as a metropolitan city under 42 U.S.C. 5302(a) for the fiscal year immediately preceding the fiscal year for which ESG funds are

made available. This term includes the District of Columbia.

NOFA is the acronym for a “Notice of Funding Availability” described in [25 CCR section 8405](#).

Non-entitlement area is defined at 42 U.S.C. 5302.

Operations means the category of ESG activities that includes shelter maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food, and furnishings.

Private nonprofit organization means a private nonprofit organization that is a secular or religious organization described in section 501(c) of the Internal Revenue Code of 1986 and which is exempt from taxation under subtitle A of the Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance. A private nonprofit organization does not include a governmental organization, such as a public housing agency or housing finance agency.

Program income shall have the meaning provided in 2 CFR 200.80. Program includes any amount of a security or utility deposit returned to the recipient, subrecipient, or sub-subrecipient.

Program participant means an individual or family assisted under the ESG program.

Program year means the consolidated program year established by the recipient under 24 CFR part 91.

Race is the social construction of categorizing people largely based on physical differences and features, such as skin color or ancestry, without a biological basis.

Racial Equity is when an individual’s racial identity does not predict how they will fare, as demonstrated by statistics, by the examination and elimination of policies, practices, attitudes, and messages that allow for disparate outcomes.

Racial Inequity is when two or more racial groups are not standing on approximately equal footing, such as the percentages of each ethnic group in terms of their representation in the homelessness population.

RRH means the activities set forth in [24 CFR 576.104](#).

Rank means the order of eligible applications for funding based only on the rating established pursuant to the applicable grant selection criteria.

Rating means the process by which eligible applications are evaluated and given an overall numerical or relative value based on the numerical or relative value(s) assigned to each of the identified selection criteria described in the NOFA to which the applicant is responding.

Recipient means any State, territory, metropolitan city, or urban county, or in the case of reallocation, any UGLG that is approved by HUD to assume financial responsibility and enters into a grant agreement with HUD to administer assistance under this part. For purposes of this document, Recipient means The Department of Housing and Community Development (HCD).

Service Area has the same meaning as the term “Continuum of Care Service Area”.

Service provider is an entity that enters into a written agreement with an HCD contractor (i.e. subrecipient) to implement eligible activities with ESG funds; often synonymous with “subrecipient of the Administrative Entity,” below.

Site means one or more facilities where the program(s) is being carried out.

Site Control means the legal right to occupy and use the Site, as evidenced by such things as:

- a deed demonstrating ownership in fee title;
- a lease demonstrating a leasehold interest in the Site and its improvements for at least the term of the ESG grant,
- an enforceable option to purchase or lease a site provided that such option will be for at least the term of the ESG grant or
- For rotating shelter programs, site control may include other evidence provided by the applicant granting permission to use the site(s). Such evidence must be approved by the Department in writing prior to the deadline for submission of the ESG application stated in the applicable NOFA.

Standard Agreement means the contract entered into by the Department and the ESG Subrecipient setting forth the basic terms and conditions governing the award of ESG funds.

State means each of the several States and the Commonwealth of Puerto Rico.

Subrecipient is synonymous with “contractor,” above.

Subrecipient of the Administrative Entity means an entity that enters into a written agreement with the Administrative Entity to implement Eligible activities with ESG funds.

Unit of general local government (UGLG) means any city, county, town, township, parish, village, or other general purpose political subdivision of a State.

Urban county means a county that was classified as an urban county under 42 U.S.C. 5302(a) for the fiscal year immediately preceding the fiscal year for which ESG funds are made available.

Victim service provider means a private nonprofit organization whose primary mission is to provide services to victims of domestic violence, dating violence, sexual assault, or stalking. This term includes rape crisis centers, battered women's shelters, domestic violence transitional housing programs, and other programs.

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APPENDIX A

At-Risk of Homelessness Definition and Documentation Requirements

Category	Definition	Required Documentation	ESG Program Eligibility
<p>Category 1 – Individuals and Families At Risk</p>	<p>An individual or family who:</p> <p>Has an annual income below 30% of median family income for the area; <u>AND</u></p> <p>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></p> <p>Meets <u>one</u> of the following conditions:</p> <p>Has moved because of economic reasons two (2) or more times during the 60 days immediately preceding the application for assistance; OR</p> <p>Is living in the home of another because of economic hardship; OR Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the dates of application for assistance; OR</p> <p>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; OR</p> <p>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; OR</p> <p>Is exiting a publicly funded institution or system of care;</p>	<ol style="list-style-type: none"> 1. Income documentation 2. Self-certification, supported by other documentation when practical such as termination notice, unemployment compensation statement, bank statement, health care/utility bill showing arrears 3. Documenting one of the 7 conditions includes <ol style="list-style-type: none"> a. Self-certification AND b. Supporting documentation, as appropriate <ol style="list-style-type: none"> i. Third-Party – Source, Written, or Oral ii. Intake Observation OR iii. Documentation of Due Diligence 	<p>HP</p>

	OR Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness		
Category 2 – Unaccompanied Children and Youth Under Other Federal Statutes	A child or youth who do not qualify as homeless under the homeless definition, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e– 2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(m) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15))	Income documentation <u>AND</u> 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	HP (if household income below 30% AMI)
Category 3 – Homeless Children and Youth under §725(2) of McKinney-Vento	A child or youth who do not qualify as homeless under the homeless definition, but qualifies as “homeless” under section 725(2) of the McKinney- Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.	1. Income Documentation <u>AND</u> 2. Certification by the nonprofit or state or local government that the individual or head of household seeking assistance met the criteria of homelessness under §725(2) of McKinney-Vento	HP (if household income below 30% AMI)

APPENDIX B

HUD Homelessness Definition Categories and Documentation Requirements

Category	Definition	Required Documentation	ESG Program Eligibility
Category 1 – Literally Homeless	<p>An individual or family who:</p> <p>Has a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;</p> <p>OR</p> <p>Is living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); OR</p> <p>Is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution</p>	<p>Written observation by the outreach worker; OR</p> <p>Written referral by another housing or service provider; OR</p> <p>Certification by the individual or head of household seeking assistance stating that (s)he was living on the streets or in shelter;</p> <p>For individuals exiting an institution – one of the forms of evidence above; AND:</p> <p>Discharge paperwork or written/oral referral, OR</p> <p>Written record of intake worker’s due diligence to obtain above evidence and certification by</p>	<p>SO (only for those living in place not meant for human habitation)</p> <p>ES</p> <p>RRH</p>

<p>Category 2 – Imminent Risk of Homelessness</p>	<p>Individual or family who will imminently lose their primary nighttime residence, provided that:</p> <p>Residence will be lost within 14 days of the date of application for homeless assistance; <u>AND</u></p> <p>No subsequent residence has been identified; <u>AND</u></p> <p>The individual or family lacks the resources or support networks needed to obtain other permanent housing</p>	<p>A court order resulting from an eviction action that requires the individual or family to leave their residence within 14 days after the date of their application for homeless assistance; or the equivalent notice under applicable state law, a Notice to Quit, or a Notice to Terminate issued under state law; <u>OR</u></p> <p>An oral statement by the individual or head of household that the owner or renter of the housing in which they currently reside will not allow them to stay for more than 14 days after the date of application for homeless assistance; <u>AND</u></p> <p>Certification that no subsequent residence has been identified; <u>AND</u></p> <p>Self-certification or other written documentation that the household lacks the financial resources and support necessary to obtain permanent housing</p> <p>For households leaving a hotel or motel: Evidence that they lack the financial resources to stay; <u>OR</u> A documented and verified oral statement; <u>AND</u> Certification that no subsequent residence has been identified; <u>AND</u> Self-certification or other written documentation that the household lacks the financial resources and support necessary to obtain permanent housing</p>	<p>HP (if household income below 30% AMI)</p> <p>ES</p>
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<p>Category 4 – Fleeing/Attempting to Flee Domestic Violence</p>	<p>Any individual or family who:</p> <p>Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence; AND</p> <p>Has no other residence; AND</p> <p>Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.</p>	<p>For victim service providers:</p> <p>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> <p>For non-victim service providers:</p> <p>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 safety is not jeopardized, the oral statement must be verified; AND</p> <p>Certification by the individual or head of household that no subsequent residence has been identified; AND</p> <p>Self-certification, or other written documentation, that the household lacks the financial resources and support to obtain other permanent housing.</p>	<p>HP (if household income below 30% AMI)</p> <p>ES</p> <p>RRH (only if living in place in Category 1 of homeless definition)</p> <p>SO (only if individual also meets another eligible category of homelessness)</p>
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APPENDIX C

Overview of ESG Eligible Activities and Costs

Emergency Solutions Grants (ESG) funds can be used to provide a wide range of services and supports under the five program components: SO, ES, RRH, HP, and HMIS.

Note: Administration is not a component, it is considered an activity.* Always refer to the program regulations at 24 CFR Part 576 for complete information about all eligible costs and program requirements.

Component	Eligible Activities	Eligible Costs
SO	Essential Services	<ul style="list-style-type: none"> • Engagement • Case Management • Emergency Health Services • Emergency Mental Health Services • Transportation • Services for Special Populations
ES	Essential Services	<ul style="list-style-type: none"> • Case Management • Child Care • Education Services • Employment Assistance and Job Training • Legal Services • Life Skills Training • Outpatient Health Services • Mental Health Services • Substance Abuse Treatment Services • Transportation • Services for Special Populations
	Shelter Operations	<ul style="list-style-type: none"> • Maintenance • Rent • Security • Fuel • Equipment • Insurance • Utilities • Food • Furnishings • Supplies necessary for shelter operation • Hotel/motel vouchers
	Assistance Required Under the Uniform Relocation and Real Property Acquisition Act of 1970 (URA)	<ul style="list-style-type: none"> • Relocation Payments • Other assistance to displaced persons

Component	Eligible Activities	Eligible Costs
HP and RRH	Rental Assistance	<ul style="list-style-type: none"> • Short-term rental assistance • Medium-term rental assistance • Rental arrears
	Housing Relocation and Stabilization Services – Financial Assistance	<ul style="list-style-type: none"> • Rental application fees • Security deposits • Last month’s rent • Utility deposits • Utility payments • Moving costs
	Housing Relocation and Stabilization Services – Services Costs	<ul style="list-style-type: none"> • Housing search and placement • Housing stability case management • Mediation • Legal services • Credit repair
HMIS	HMIS	<ul style="list-style-type: none"> • Contributing data to the HMIS designated by the CoC for the area • HMIS Lead (as designated by the CoC) costs for managing the HMIS system • Victim services or legal services provider costs to establish and operate a comparable database
Admin	Administrative Activities	<p>Eligible costs are broadly categorized as follows:</p> <ul style="list-style-type: none"> • General management, oversight, and coordination • Training on ESG requirements • Consolidated Plan • Environmental Review

APPENDIX D

Homeless Prevention and Rapid Re-Housing Comparison

HP Services are intended to prevent persons who are housed from becoming homeless by helping them regain stability in their current housing or other permanent housing. Eligible participants must be at imminent risk of homelessness, homeless under other federal statutes, fleeing/attempting to flee domestic violence or meet the criteria for being at-risk of homelessness and have annual incomes at or below 30% of area median income.

Rapid Re-Housing Services are intended to help eligible participants who are literally homeless, including people who are literally homeless and fleeing/attempting to flee domestic violence, to transition from the streets or shelter as quickly as possible into permanent housing and achieve housing stability.

Eligible participants for either service component must lack the resources or support networks to help them retain or obtain other appropriate, stable housing. The chart below shows the differences between HP and RRH service components.

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	HP	RRH
Eligible Participants	<p>At-Risk of Homelessness OR Category 2 – Imminent Risk</p> <p>Category 4 – Fleeing/Attempting to Flee Domestic Violence</p>	<p>Category 1 – Literally Homeless OR Category 4 – Fleeing/Attempting to flee Domestic Violence and residing in an emergency shelter or other literal homeless situation</p>
Purpose	<ul style="list-style-type: none"> To <u>prevent</u> persons who are housed from becoming homeless; To help such persons regain <u>stability</u> in their current housing or other permanent housing. 	<ul style="list-style-type: none"> To help homeless persons living on the streets or in an emergency shelter <u>transition</u> as quickly as possible into permanent housing; and To help such persons <u>achieve stability</u> in that housing.
Initial Evaluation	<ul style="list-style-type: none"> Initial evaluations required for all households seeking assistance. Must have income <u>below 30% AMI</u>; AND Lack resources and support network to retain housing. 	Initial evaluations required for all households seeking assistance.
Re-evaluation	<ul style="list-style-type: none"> Every 3 months; Must have income <u>at or below 30% AMI</u>; AND Lack resources and support network to retain housing. 	<ul style="list-style-type: none"> Re-evaluation of eligibility required at least annually; Must have income <u>at or below 30% AMI</u>; AND Lack resources and support network to retain housing.
Eligible Activities	<ul style="list-style-type: none"> Housing Relocation and Stabilization Services and Financial Assistance Short- and Medium-Term Rental Assistance 	<ul style="list-style-type: none"> Housing Relocation and Stabilization Services and Financial Assistance Short- and Medium-Term Rental Assistance

APPENDIX E

Federal Procurement Checklist

- Maintain oversight to ensure contractors perform according to the terms, conditions, and specifications of their contracts or purchase orders (2 CFR §200.318(b))
- Maintain written standards of conduct covering conflicts of interest and governing the performance of employees who engage in the selection, award, and administration of contracts (2 CFR §200.318(c))
- Award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consider such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources (2 CFR §200.318(h))
- Maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price (2 CFR §200.318(i))
- If using a time-and-materials contract, ensure that no other contract type is suitable and the contract includes a ceiling price that the contractor exceeds at their own risk (2 CFR §200.318(j))
- Conduct procurements in a manner providing for full and open competition (2 CFR § 200.319)
- Use allowable procurement methods, including procurement by micro-purchases, small purchases, sealed bidding, competitive proposals, and non-competitive proposals and ensure corresponding standards are met (2 CFR § 200.320).
- Comply with the procurement of recovered materials guidelines (2 CFR § 200.323)
- Perform a cost or price analysis in connection with every procurement action more than the Simplified Acquisition Threshold, including contract modifications (2 CFR § 200.324)
- Follow the bonding requirements for all facility and improvement projects (2 CFR § 200.326)
- Must include applicable contract provisions in all contract awarded (2 CFR § 200.327)

- Take the following six necessary steps to assure that small and minority businesses, women's business enterprises, and labor surplus area firms are used when possible (2 CFR § 200.321):
 - 1) Place qualified small and minority businesses and women's business enterprises on solicitation lists;
 - 2) Ensure that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - 3) Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - 4) Establish delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
 - 5) Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - 6) Require prime contractor to take the above affirmative steps if subcontracting.

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APPENDIX F

Rental Assistance Implementation Steps

- 1) Verify participating household qualifies for ESG rental assistance.
 - a) Homelessness (RRH) or At-Risk of Homelessness Verification (HP)
 - b) Income Verification
- 2) Identify Potential Housing Unit for Assistance.
- 3) Ensure and document housing unit meets ESG habitability standards.
- 4) Determine asking monthly rent for unit and types of utilities included.
- 5) Calculate the gross rent on the unit per instructions in this manual; use [Housing Authority of Santa Cruz utility allowances](#) for the calculation.
- 6) Determine if gross rent is below the published Fair Market Rent (FMR) for the unit by reviewing latest HUD FMR for Santa Cruz County.
- 7) If gross rent is above the FMR, the unit cannot be assisted with ESG funding without a decrease in the total monthly costs of the unit.
- 8) If gross rent is below the FMR, complete a rent reasonableness document for three comparable units. The Housing Authority of Santa Cruz County uses affordablehousing.com to search for comparable units for rent reasonableness documentation.
- 9) If unit is below and FMR and rent reasonable, ensure tenant lease or rental agreement meets ESG standards as outlined in this manual. Include appropriate additional document as required related to lead-based paint and VAWA notification.
- 10) Develop a subrecipient to owner/manager rental assistance agreement that meets the requirements outlined in this manual.
- 11) Develop a subrecipient and participant rental assistance participation agreement that meets the requirements outlined in this manual.
- 12) Manage rental assistance payments in accordance with this manual and the rental assistance agreement between the owner/manager and the subrecipient.
- 13) Complete annual household recertification of eligibility if necessary, including income verification, unit inspection, and updates to rental assistance agreements and lease.

APPENDIX H

Duplication of Benefits Policies and Procedures (CA HCD)

The State of California was awarded \$315,721,589 in Emergency Solutions Grant – Cares Act (ESG-CV) from the U.S. Department of Housing and Urban Development (HUD) from funds appropriated through the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136 / CARES Act) that was signed into law on March 27, 2020. The bill made ESG-CV funds available to HUD which then allocated the funds to ESG-eligible states and cities. The program is administered by the California Department of Housing and Community Development (CA HCD).

The ESG-CV program requires that recipients ensure that a Duplication of Benefits (DOB) does not occur in the use of ESG-CV funds. Preventing DOB generally means that recipients, subrecipients, and service providers may not use ESG-CV funds for eligible costs funded by other sources and used for the same purpose. In other words, if a program participant receiving ESG-CV funds (e.g. a household receiving rapid re-housing assistance) already received assistance from another source, the household cannot also receive ESG-CV funds for the same purpose, thus resulting in a DOB.

This document establishes the policies and procedures to prevent DOB within the State of California's ESG-CV program and is applicable to all the State's ESG-CV funded activities as well as the State's annual ESG funded activities used to prevent, prepare for, and respond to the Coronavirus pandemic. In doing so, the State aims to also prevent fraud, waste, and abuse of the State's ESG-CV award.

This policy may be updated periodically to incorporate applicable changes in the ESG-CV program as required by HUD and/or determined necessary by the State.

Applicable Requirements

ESG Program HEARTH Act

ESG-CV funded activities must follow all requirements of The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 ("HEARTH Act"), amending the McKinney-Vento Homeless Assistance Act, for the Emergency Solutions Grants program (42 U.S.C. 11371-11378) except as modified by alternative requirements and flexibilities established under the CARES Act, HUD CPD Notice CPD-21-08, or subsequent waivers.

CARES Act

Coronavirus Aid, Relief, and Economic Security Act Public Law 116-136 ("CARES Act"), appropriated funds to HUD to be used to prevent, prepare for, and respond to the Coronavirus pandemic among individuals and families who are homeless, at-risk of homeless, or receiving homeless/ homeless prevention assistance. In addition, HUD applied requirements to ESG-CV via the HUD CPD Notice 21-08, Waivers and Alternative Requirements for the Emergency Solutions Grants (ESG), issued on July 19, 2021. In accordance with the CPD Notice, grantees must establish adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (42 U.S.C. 5155) ("Stafford Act").

Stafford Act

DOB is regulated by the [Stafford Act](#), as amended. The Stafford Act prohibits beneficiaries of federal disaster grants from receiving financial assistance under any other program, or from insurance or any other source, for the same disaster loss.

Federal Register Notice 84 FR 28836

[Federal Register Notice 84 FR 28836](#) (“2019 HUD DOB Updates Notice”) requires recipients to establish and adhere to adequate procedures to prevent any duplication of benefits as required by the Stafford Act, as amended, and the Disaster Recovery Reform Act of 2018 (DRRA). The Stafford Act states that recipients must analyze assistance to prevent a federal grant from paying costs that have already been paid for, or will be paid for, by another Federal program, insurance, or other sources.

Public Law 115-254 (DRRA)

[The Disaster Recovery Reform Act of 2018 \(DRRA\) Public Law No: 115-254](#) amends certain Stafford Act requirements for disasters occurring between 2016 and 2021 by allowing certain flexibility associated with the calculation of duplication of benefits with respect to subsidized loans. The Coronavirus pandemic is covered by the DRRA.

Uniform Administrative Requirements at 2 CFR 200

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at [2 CFR Part 200](#) requires that costs of federal grants, including ESG-CV funds, must “be **necessary** and **reasonable**”. These requirements (“Cost Principles”) prohibit using a federal grant for costs that have already been or will be paid from another source, and that the costs are considered reasonable if they do not “exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.” Cost Principles are made applicable to states for ESG by 24 CFR 576.407(c).

Roles and Responsibilities

California Department of Housing and Community Development

The California Department of Housing and Community Development (CA HCD), also referred to as “the State”, is the recipient of ESG-CV funding from HUD. The structure and process of the distribution of ESG-CV funds within the State is summarized in the State’s [2019 Annual Action Plan](#) (as amended).

CA HCD is responsible for ensuring that DOB does not occur for ESG-CV funds. These responsibilities include ensuring that subrecipients comply with and implement DOB Policies and Procedures in their role of assisting potential program participants to seek, apply for, and receive ESG-CV assistance.

Subrecipients

Subrecipients are Continua of Care (CoCs) implementing ESG-CV programs and activities.

Program Participants

Program participants are those individuals or households/families that benefit from ESG-CV funds.

DOB Key Terms

Duplication of Benefits (DOB)

A DOB occurs when Federal financial assistance is provided to a person or entity through a program to address losses resulting from a Presidentially declared disaster, and the person or entity has received (or would receive, by acting reasonably to obtain available assistance) financial assistance for the same costs from any other source.

In other words, a DOB occurs when:

- A program participant receives assistance or anticipates receiving assistance; and
- The assistance is from multiple sources (i.e., Treasury funds, nonprofits, City, State, etc.); and
- The assistance amount exceeds the total need for a specific purpose.

Order of Assistance

“Order of Assistance” analysis for DOB does not apply to ESG-CV funds. Program funds can be awarded to a program participant regardless of other awards or assistance sought by the program participant if a need for assistance exists and the ESG-CV award does not, or will not duplicate, any other form of eligible assistance.

Types of Assistance

There are a variety of funding sources that may be considered a DOB depending on the funding source, purpose, and use. Assistance considered to be a potential DOB includes:

- Other Federal CARES Act funding (e.g., US Treasury, SBA)
- Cash awards
- Insurance proceeds
- Grants
- Awards or assistance under local, state, and private or nonprofit organizations (e.g. Community Action Agency, Low-Income Home Energy Assistance Program, Family Investment Program)
- Other HUD grants (e.g., HOME, CDBG)

Assistance not considered to be a potential DOB includes:

- Personal assets such as money in a checking or savings account (excluding insurance proceeds or other assistance deposited into the program participant’s account)
- Unemployment benefits
- Retirement accounts
- Credit cards and lines of credit
- In-kind donations (although these non-cash contributions known to the grantee reduce total need)

- Assistance provided for a different purpose than the ESG-eligible activity, or a general, non-specific purpose (e.g., “disaster relief/recovery”) and not used for the same purpose
- Funds not available to the program participant, like when insurance funds must be used for a forced mortgage payoff
- Some types of loans: Declined or cancelled subsidized loans (including SBA loans); Private loans; Government-subsidized loans, provided that all Federal assistance is used toward a loss suffered as a result of a major disaster or emergency.

Funds for a Different Purpose

Any assistance provided for a different purpose than the ESG-CV eligible activity, or a general, nonspecific purpose (e.g., “Coronavirus relief/recovery”) and not used for the same purpose must be excluded from total assistance when calculating the amount of the DOB.

DOB Procedures

Recipient Procedures

As part of the application process, the State requires each applicant to complete a DOB analysis indicating that the proposed activities are not anticipated to result in a duplication of benefit at the activity level. Further, analysis is required at the program participant level when financial assistance is provided to the participant for housing relocation or stabilization services as described in 24 CFR 576.105(a) as amended by CPD Notice 21-08.

The subrecipients are responsible for ensuring that a DOB does not occur when carrying out funded activities. The State is responsible for monitoring and ensuring subrecipient compliance.

Subrecipient Policies and Procedures

All subrecipients are responsible for adopting DOB Policies and Procedures and ensuring compliance for projects at the activity and program participant level. Subrecipients are responsible for using the following process to analyze and determine if a DOB exists at the activity or program participant level.

Duplication of Benefits Analysis Steps – Activity Level

1. Assess Need for the Activity:
 - Determine the total amount of need for the activity (e.g., Emergency Shelter, Temporary Emergency Shelter, Street Outreach, Rapid Re-housing, Homelessness Prevention, HMIS, Administration).
 - Need can be assessed for the entire jurisdiction or for each project
2. Determine Assistance:
 - Determine the amount of funding that has or will be provided from all non-ESG-CV funding sources to pay for the activity cost(s).
3. Calculate Maximum Level of Award:
 - Compare the amount of assistance (Step 2) to the total need (Step 1) to determine the maximum possible ESG-CV award.

4. Document DOB analysis:
 - Document steps 1-3 and ESG-CV award amount to verify that the amount of ESG-CV award is equal to or lower than the maximum level of award.

Duplication of Benefits Analysis Steps – Program Participant Level

1. Assess Need:
 - For each ESG-CV funded cost type (e.g., rental application fees, security deposits, last month's rent, utility deposits, utility payments, moving costs, rental assistance) determine the total amount of financial assistance needed.
2. Determine Assistance:
 - Determine the amount of funding that has or will be provided from all non-ESG-CV funding sources to pay for the cost(s).
3. Calculate Maximum Level of Award:
 - Compare the amount of assistance (Step 2) to the total need (Step 1) to determine the maximum possible ESG-CV award.
 - A sample DOB Calculation Worksheet is included as Appendix II.
4. Document DOB analysis:
 - Document steps 1-3 and ESG-CV award amount to verify that the amount of ESG-CV award is equal to or lower than the maximum level of award.

Duplication of Benefits Certification

When providing financial assistance for housing relocation and stabilization services (24 CFR 576.105(a) as amended by CPD Notice 21-08) through homeless prevention or rapid re-housing program components, subrecipients and/ or service providers are encouraged to use a certification form to document other assistance being provided and ensure that the program participant is aware that any assistance determined to be duplicative must be returned.

A sample DOB Certification is included as Appendix I

Determination of DOB

If a DOB is determined to exist, the subrecipient is responsible for recapturing the assistance that is determined to be duplicative. The subrecipient is responsible for reporting any determination of DOB to the State.

Service Provider Monitoring

Subrecipients are responsible for monitoring service providers to ensure that all activities are carried out in accordance with the subrecipient's DOB Policies and Procedures.

CA HCD will periodically monitor subrecipients to ensure compliance with duplication of benefits requirements.

Subrecipients are responsible to periodically report on DOB, as required by the State.

SAMPLE: Duplication of Benefits Certification for Organization

(For participant sample form - [Appendix III - Duplication of Benefits Checklist](#))

This form is intended to summarize all potential housing assistance you currently receive or anticipate receiving in the next **xx [anticipated period of ESG-CV assistance]** months. If you are not currently and do not anticipate receiving housing assistance in the next **xx** months, you should check the box at the top of Part 1 and skip to Part 3.

Part 1. Duplication of Benefits Certification

This certification must be completed by all applicants that will receive any assistance from the ESG-CV funded **PROGRAM NAME** being offered by the **[insert subrecipient/service provider]**. The information within this certification will provide the **subrecipient** with vital information for ongoing evaluation of duplication of benefits as required by the Stafford Act Section 312, as amended and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Please indicate the amount of funds received from all sources of housing assistance funds that you have received or anticipate receiving including, but not limited to assistance such as rent payments, security deposits, utility payments, moving costs, and back rent. Sources of funds include but are not limited to: Federal, state, and local grant programs, subsidized loans, or nonprofit donations or grants.

My household does not currently receive or anticipate receiving other housing assistance.

or

Source of Funds #1

Grant Provider Name	
Purpose / Specific Use	
Amount	
<input type="checkbox"/> Government Loan <input type="checkbox"/> Government Grant <input type="checkbox"/> Government Forgivable Loan <input type="checkbox"/> Nonprofit Grant <input type="checkbox"/> Nonprofit Forgivable Loan <input type="checkbox"/> Other: _____	

Source of Funds #2

Grant Provider Name	
Purpose / Specific Use	
Amount	
<input type="checkbox"/> Government Loan <input type="checkbox"/> Government Grant <input type="checkbox"/> Government Forgivable Loan <input type="checkbox"/> Nonprofit Grant <input type="checkbox"/> Nonprofit Forgivable Loan <input type="checkbox"/> Other: _____	

Source of Funds #3

Grant Provider Name	
Purpose / Specific Use	
Amount	
<input type="checkbox"/> Government Loan <input type="checkbox"/> Government Grant <input type="checkbox"/> Government Forgivable Loan <input type="checkbox"/> Nonprofit Grant <input type="checkbox"/> Nonprofit Forgivable Loan <input type="checkbox"/> Other: _____	

Source of Funds #4

Grant Provider Name	
Purpose / Specific Use	
Amount	
<input type="checkbox"/> Government Loan <input type="checkbox"/> Government Grant <input type="checkbox"/> Government Forgivable Loan <input type="checkbox"/> Nonprofit Grant <input type="checkbox"/> Nonprofit Forgivable Loan <input type="checkbox"/> Other: _____	

Source of Funds #5

Grant Provider Name	
Purpose / Specific Use	
Amount	
<input type="checkbox"/> Government Loan <input type="checkbox"/> Government Grant <input type="checkbox"/> Government Forgivable Loan <input type="checkbox"/> Nonprofit Grant <input type="checkbox"/> Nonprofit Forgivable Loan <input type="checkbox"/> Other: _____	

Part 2. Attachments (if applicable)

Attached to this certification are copies of the following:

1. Award letter or other documentation for each source of assistance received from other programs or summary of award(s) received
 - a. If award letter is not available, ensure all assistance is documented on this form and attach any supporting documentation (if available)
2. Documentation of use of funds.

Part 3. Signature(s)

By executing this certification, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section.

Further, the applicant certifies that if they do not fully disclose all forms of housing assistance on this form, they may be required to return ESG-CV housing assistance and/or be suspended from participation in this program.

Further, the applicant certifies that they will disclose any future rental, utility, security deposit or back rent or other financial housing assistance received by **[INSERT DATE] received within seven days to their case manager or other assigned individual.**

Dated this the _____ day of _____, 20____.

Applicant Signature

Print Applicant name

Joint Applicant Signature

Print Joint Applicant name

APPENDIX G

Additional Resources

- [Emergency Solutions Grant Program 24 CFR Part 576](#)
- [Rapid Re-housing: Creating Programs that Work.](#)
- [The New ESG: Using the Lessons of HPRP and Other Initiatives to Inform ESG Implementation](#)
- [Coordinated Entry Policy Brief \(PDF\)](#)
- [Progressive Engagement Overview](#)
- www.endhomelessness.org/library/entry/rapid-re-housing-housemate-upsides-and-downsides
- www.endhomelessness.org/library/entry/rapid-re-housing-shared-housing-agreement-form
- www.endhomelessness.org/library/entry/sample-housing-specialist-job-description
- www.endhomelessness.org/library/entry/webinar-recording-rapid-re-housing-core-component-housing-identification
- [HCD Website Resources Tab](#)
- [ESG-CV Client File Checklist HP \(ca.gov\)](#)
- [ESG-CV Client File Checklist SO \(ca.gov\)](#)
- [ESG-CV Client File Checklist ES \(ca.gov\)](#)
- [ESG-CV Client File Checklist RRH \(ca.gov\)](#)

Action Item 3: Approval of CoC Grievance Policy

(Action required) – Robert Ratner

Recommendation

Approve the CoC Grievance Policy recommended by the CoC Operations Workgroup.

Discussion

In 2023, CoC staff and members of the CoC operations workgroup, composed of housing and service providers, developed a proposed Grievance policy for the CoC. CoC regulations require the development of a local grievance policy and procedure for programs and services funded by or linked with CoC oversight. Operations workgroup members supported formal adoption of the policy and at least an annual review of its implementation.

If adopted, the proposed policy and associated forms will be posted on the Housing for Health Partnership website. CoC staff will work to inform community members about the new policy and will identify specific staff members to support implementation. CoC staff will also identify any concerns or challenges that arise with implementation and will compile grievances filed over time to identify key areas for potential improvement.

The proposed policy can be updated and improved through future Policy Board action, as needed.

Suggested Motion

I move to approve the proposed CoC Grievance Policy and staff implementation of the policy as soon as feasible.

Continuum of Care (CoC) Grievance Policy

Overview

The Watsonville/Santa Cruz City & County Continuum of Care (CoC) has a process in place for handling grievances made by participants, participating provider agencies, or other related parties that want to report a policy or legal violation, gross misconduct, or negligence associated with a program that receives funding from a source that requires CoC involvement or that utilizes the Homeless Management Information System (HMIS) for recordkeeping and reporting. A grievance differs from a complaint or general feedback about a program or service. Complaints or feedback about a particular program or service can be made by emailing info@housingforhealthpartnership.org or calling (831) 454-7312. Individuals needing accommodations with submitting a grievance can contact CoC staff by using the same contact information.

Internal Agency Grievance Policy and Procedure Requirements

Internal Agency Grievance Policy and Procedure: All agencies providing housing or services to individuals within the CoC should have an internal written policy and procedure to address grievances. All agencies receiving funding through the HUD CoC or Emergency Solutions Grant (ESG) competition must have an internal written policy and procedure to address grievances. The following outlines the minimum requirements for an agency's internal grievance policy and procedure:

- The internal agency grievance policy and procedure must be posted in a place conspicuous and accessible to participants, at minimum in English and Spanish.
- The complaints and grievance process focuses on preventing the escalation of conflicts and improving program environments for clients and staff. To this end, programs must strive to maximize the use of informal avenues for resolving disputes whenever possible.
- Agencies must provide an explanation of the grievance process to participants upon program admission and upon issuing a warning or discharge notice (unless there are exceptional mitigating circumstance relating to safety or emergency), verbally and in written form in a language that they understand and accessible to individuals with hearing or visual impairments.
- The internal grievance policy and procedure **and** the verbal and written explanation must:
 - specifically inform participants of their right to file a grievance without fear of retaliation or discrimination; and provide participants with the procedures for addressing grievances within the agency and ability to file a grievance with the CoC if the agency is unable to resolve the grievance internally.
- In addition, the internal grievance policy and procedure must:

- include a policy regarding the confidentiality of the grievance and that information regarding the grievance will only be shared with participant and necessary staff and will be documented outside of participant supportive services files;
- include an anti-retaliation and discrimination policy explaining that the participant will not receive punitive treatment as a result of filing the grievance;
- allow the participant to be represented by a third-party advocate in the grievance process. Reasonable efforts must be made to coordinate with participant's advocate during the grievance process; and
- to the extent possible, allow participants the opportunity to present their case before a neutral decision-maker.

Agencies must maintain documentation of all grievances for a period of at least two years and such documentation is subject to monitoring by CoC staff.

CoC Grievance Process

1. **Complete Agency Grievance Process:** The individual filing a grievance against an agency must first file a grievance directly with the agency in which the incident(s) occurred. If they are not satisfied with the results of the internal grievance process, or if the internal grievance process is not appropriate based on the circumstances, a grievance with the CoC may be filed as outlined below.
 - a. If the grievant is an agency filing a grievance against another agency OR an individual or agency filing a grievance regarding the Coordinated Entry system or HMIS, skip directly to step 2.
2. **File Grievance with the Continuum of Care:** To file a grievance, the individual or their designee, will need to complete the Continuum of Care Grievance Form (attached) that will be submitted to CoC staff by email, online form, or phone.
 - a. The grievance may be written by the impacted individual or by someone on behalf of the individual.
 - b. Grievances may be submitted via online: <insert link here>
 - c. Grievances may be submitted via email to: info@housingforhealthpartnership.org
 - d. Grievances may be submitted by phone: (831) 454-7312. If submitted by phone, the Grievance Form will be completed on behalf of the impacted individual by CoC staff, and sent to the impacted individual for review, correction if needed, and for their records.
 - e. Please note, the online template, email, and phone will be monitored by designated CoC staff. If the grievance is directed at a CoC staff member involved in the grievance process, steps 3 and 4 will be overseen by an ad hoc Grievance Panel of three non-conflicted CoC Operations Workgroup members.
3. **Investigation of Grievance:** The investigation of grievances will be led by designated CoC staff and involve a series of meetings and interviews.
 - a. Designated CoC staff will first determine if the grievance states a reviewable issue on

its face, and if not will notify the impacted individual in writing and will close the matter. An issue is “reviewable” only when a substantial problem is stated in the grievance, the agency or program was correctly identified, and the agency or program has legal capacity or authority over the problem. Issued handled through the grievance process must represent a policy, legal violation, or gross misconduct or negligence associated with a program that receives funding from a source that requires CoC involvement or that utilizes the Homeless Management Information System (HMIS) for recordkeeping and reporting.

- b. If there is a reviewable issue, designated CoC staff will acknowledge it and start an investigation of the grievance within five business days of receiving the grievance. If the grievance is in a health or safety issue that has not been resolved by the agency (e.g., pest infestation, violence against a client), designated CoC staff will acknowledge and start an investigation within two business days of receiving the grievance.
 - c. Designated CoC staff will contact the individual or agency filing the grievance to determine if the dispute can be resolved without a formal investigation.
 - d. If a formal investigation is necessary, designated CoC staff will: (1) provide written notice to the agency in question that a grievance has been filed with the CoC and will request the agency to respond to the grievance using part two of the Grievance Form, and (2) attempt to contact and interview the parties with knowledge of the circumstances of the grievance, which may include the agency or program named in the grievance, Coordinated Entry System staff, and/or a member of the HMIS administrative team, depending on the nature of the grievance.
 - e. If the grievance is about a specific provider within the CoC, the designated CoC staff will confirm that the provider attempted to resolve the grievance through its internal grievance process and will seek documentation from that process.
 - f. Following the investigation, CoC designated staff and any other appropriate party, will review, and decide how best to resolve the grievance.
 - g. Note: If the grievance is filed against the Coordinated Entry System or HMIS, to avoid a conflict of interest the matter will be referred immediately to an ad hoc Grievance Panel as described under 5 below; the Grievance Panel will then carry out the investigation and resolution in place of designated CoC staff.
4. **Resolution of Grievance:** Within 30 days of completing the investigation, designated CoC staff will complete and send out part three of the Grievance Form to document the grievance, recommendations for resolving the grievance, and when appropriate, recommended actions to prevent similar negative incidents in the future.
- a. Grievances regarding pressing health and safety needs will be prioritized and may be resolved on a faster timeline.
 - b. Resolutions may include recommending options on how the agency should resolve the issue directly with the impacted individual, that the individual have an opportunity for reassessment or reprioritization for housing or services, the

agency follow a corrective action plan, referrals to appropriate resources (e.g., Environmental Health), the agency being required to adjust its internal policies to prevent issue recurrence, and if necessary, censuring an agency, or withdrawing funding.

5. **Escalation of Grievance:** If the impacted individual is unsatisfied with the resolution presented by designated CoC staff or if the grievance directly involves CoC staff or processes, the impacted individual may request that the grievance be escalated and the CoC staff not involved in the grievance will convene an ad hoc Grievance Panel of three non-conflicted members of the CoC Operations workgroup.
 - a. The Grievance Panel will review the grievance, investigation and steps taken to date, resolution documentation, and provide recommendations on the solution to appropriate CoC staff or in some cases, supervisors of CoC staff members.
 - b. Grievance Panelists will be non-conflicted, to reduce the chance of bias. Panelists should have no personal or professional stake in the decision being considered.
 - c. The Panel will identify a Chair who will coordinate Panel meetings, investigative activities, and recommended actions.
 - d. The Grievance Panel will keep participant and program information learned through grievance proceedings confidential.
 - e. If the impacted individual is still dissatisfied after 15 additional business days of additional investigation, the matter will be closed.

CoC staff will keep grievance forms on file internally for two years. Additionally, designated CoC staff will share grievance trends including grievance types, grievances pending resolution, corrective action plans, and needs for system wide training or activities with the Operations Workgroup at least annually to inform ongoing system design and quality improvement. Designated CoC staff will follow up with the impacted individual(s) involved in the grievance, when possible, with the completed Grievance Form, to determine if the grievance has been appropriately resolved.

Retaliation and Nondiscrimination Policy

The Watsonville/Santa Cruz City & County CoC provides agencies and clients who wish to file a grievance with the opportunity to do so without fear of retaliation or discrimination from the party accused or any representative associated. Retaliation includes, but is not limited to harassment, intimidation, violence, program dismissal, service denial, use of profane or derogatory language to or in reference to the grievant, or breach of contract. Discrimination may involve exclusion of individuals from opportunities, unequal and harmful treatment, and other forms of differential treatment after the filing of a formal grievance.

The Watsonville/Santa Cruz City & County CoC will take immediate steps to stop retaliation and discriminatory activities. These steps will include, but are not limited to:

- Technical assistance,
- Corrective Action Plan or Monitoring Plan,

- Written report of grievance and retaliation to program funder(s) (decision made at the discretion of the Operations Workgroup), and/or
- Discontinuing CoC funding (decision made at the direction of the CoC Policy Board).

Designated CoC staff will request supporting documentation from the alleged victim of retaliation or harmful discrimination to substantiate all claims. Supporting documentation may include police reports, emails, and eyewitness statements.

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Watsonville/Santa Cruz City & County Continuum of Care (CoC) Grievance Form

Instructions: To be completed by an individual impacted by a policy or legal violation, or gross misconduct or negligence associated with a program that receives funding from a source that requires CoC involvement or that utilizes the Homeless Management Information System (HMIS) for recordkeeping and reporting. For questions about the form or process, please contact info@housingforhealthpartnership.org or (831) 454-7312.

Step 1. – Complete Agency Grievance Process

If you are an individual submitting a grievance against an agency or organization, the CoC Grievance Policy asks that grievances first go through the grievance process at the agency involved in the incident. Did this grievance go through the grievance process at the agency involved in the incident already?

Yes No

If no, please file grievance with the agency. All others complete Step 2

Step 2. – File Grievance with the Continuum of Care (To be completed by the Grievant)

Print Name: [Click or tap here to enter text.](#)

If you are filing this grievance on behalf of an agency, please list the agency name: [Click or tap here to enter text.](#)

Preferred contact method: Phone Email Other

Phone Number: [Click or tap here to enter text.](#)

Email: [Click or tap here to enter text.](#)

Other: [Click or tap here to enter text.](#)

Instructions: If you have previously submitted a grievance regarding this issue using another form, please feel free to attach that form and/or copy your applicable responses below.

Name and agency/organization that is the subject of the grievance:

What is your relationship to this agency/organization?

- Currently or Previously Receiving Housing or Services
- Employee of this Agency/Organization
- I am a filing a grievance against Coordinated Entry.
- I am filing a grievance against HMIS.
- Other (please specify): _____

Please explain in your own words what happened. Please be as specific as possible, include date of appointment or conversations, staff names, or programs. You may use additional pages if needed: [Click or tap here to enter text.](#)

When did the incident above happen? [Click or tap here to enter text.](#)

Has this happened before? If so, did you report it? Who did you report it to? What was the outcome?
Click or tap here to enter text.

What do you want done to resolve your concern(s)?
Click or tap here to enter text.

Is this grievance regarding an immediate health or safety issue (e.g., restricted access to needed medications, violence against a program participant)?

- Yes (please describe): _____
- No

If you are an individual submitting a grievance against an agency or organization, the CoC Grievance Policy asks that grievances first go through the grievance process at the agency involved in the incident. Did this grievance go through the grievance process at the agency involved in the incident already?

- Yes No

If no, are we able to share this information with the agency to go through their grievance process?

- Yes No

I certify that the information is true and correct to the best of my knowledge.

Grievant Signature: _____ Date: _____

Step 3a. or 3b. - Investigation of Grievance – Agency Response (to be completed by agency that is the subject of the grievance)

Print Name: _____

Title: _____

Agency: _____

Preferred contact method: Phone Email

Phone Number: _____

Email: _____

Please explain in your own words what happened. Please be specific as possible, include date of appointment or conversations, staff names, or programs. You may use additional pages if needed: [Click or tap here to enter text.](#)

Have you received this grievance before? If so, by whom and what was the outcome: [Click or tap here to enter text.](#)

What steps have been taken already to resolve the issue? Click or tap here to enter text.

What actions do you recommend to resolve this issue? Click or tap here to enter text.

I certify that the information is true and correct to the best of my knowledge.

Agency Staff Signature: _____ Date: _____

Step 4. - Resolution (to be completed by the CoC designated staff or Chair of Ad Hoc Grievance Panel of Non- Conflicted Operations Workgroup Members and shared with the impacted individual)

CoC Staff Designee or Chair of Panel Name: _____

Date Grievance Received: _____

Description of the Grievance: Click or tap here to enter text.

Has a similar grievance against this agency on this topic been received by the CoC before? If so, what was the outcome? Click or tap here to enter text.

What steps were taken to investigate this grievance? Click or tap here to enter text.

What is your recommended resolution for this grievance?

- Re-assessment and/or re-prioritization for housing or services.
- Referral to appropriate health and safety resources.
- Agency will be asked to complete and follow a Corrective Action Plan.
- Agency will be asked to adjust internal policies.
- CoC Board should consider withdrawing CoC funding for this project.
- No resolution recommended – no reviewable issue stated in the grievance.
- No resolution recommended – grievance lacks sufficient evidence or is otherwise unsubstantiated.
- Other (please describe): _____

Please describe the recommended resolution, if any, in greater detail:

To be completed by impacted individual:

Date response recorded: _____

Please complete the following statement. I am:

- Satisfied with the proposed resolution.
- Dissatisfied with the proposed resolution and would like to request further investigation by a non-conflicted Panel of Operations Workgroup members.

If you are dissatisfied with the proposed resolution, please describe the additional information or steps you would like the Panel to consider: [Click or tap here to enter text.](#)

I certify that the information is reflective of the proposed resolution conversation between the designated CoC staff member or Chair of the Panel and the impacted individual to the best of my knowledge.

CoC designated staff or Chair of Panel Signature: _____

Impacted Individual Signature: _____

Date of Meeting: _____

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Step 5. – Escalation of Grievance (to be completed by the Ad Hoc Grievance Panel of Non-Conflicted Operations Workgroup members, if necessary)

Ad Hoc Grievance Panel Members reviewing grievance:

Name: _____

Name: _____

Name: _____

Name: _____

Date Grievance Received: _____

Date of Oversight Panel Review: _____

What further steps, if any, were taken to investigate this issue? [Click or tap here to enter text.](#)

What is the Panel's recommended resolution for this grievance?

- The Panel agrees with and upholds the proposed resolution.
- The Panel would recommend changes to the proposed resolution, detailed below: [Click or tap here to enter text.](#)

To be completed by impacted individual:

Date response recorded: _____

Please complete the following statement. I am:

- Satisfied with the final resolution.
- Dissatisfied with the final resolution.

If you are dissatisfied with the final resolution, please describe your specific areas of dissatisfaction: [Click or tap here to enter text.](#)

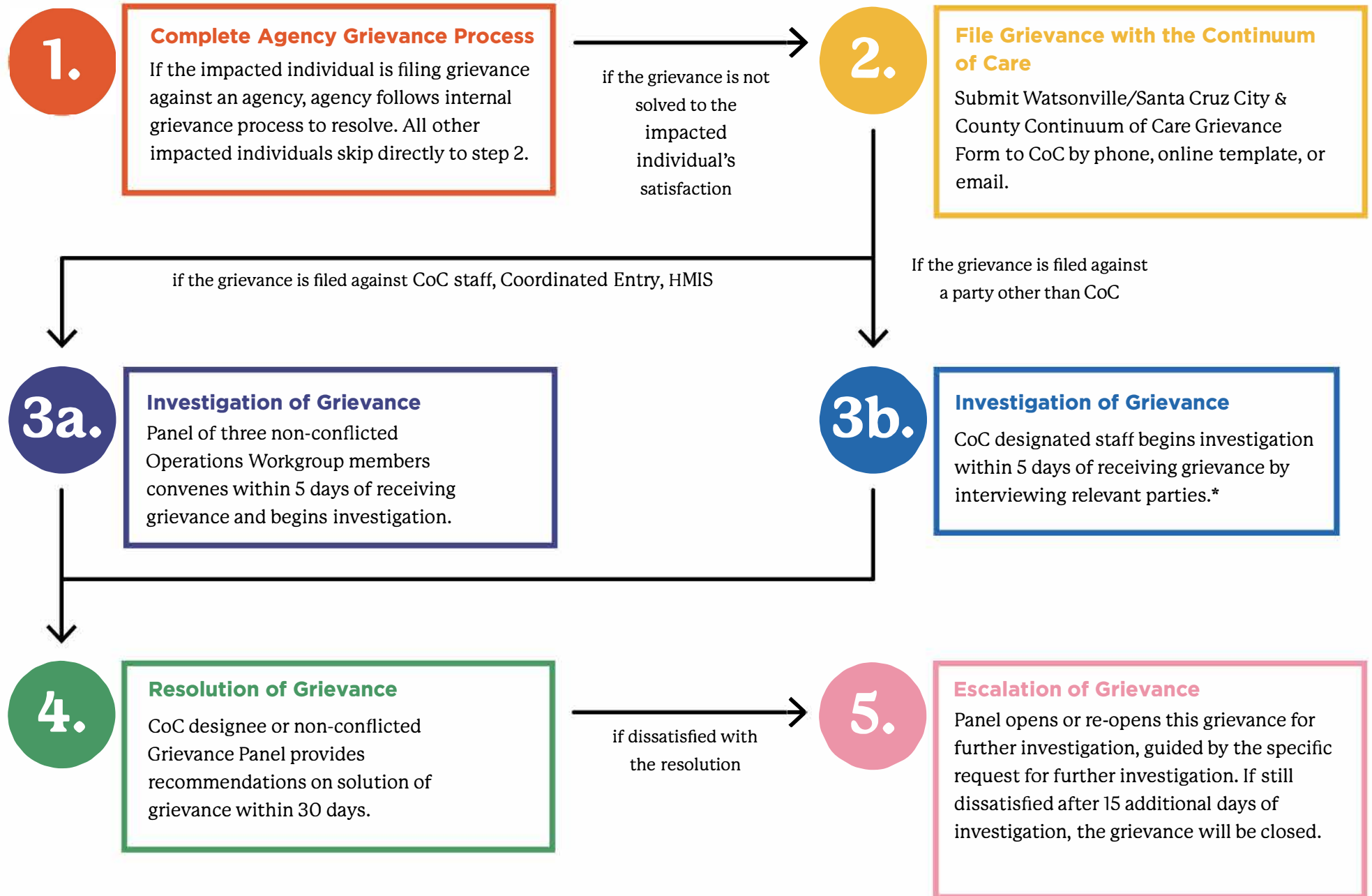
I certify that the information is reflective of the final conversation between the CoC designee or Chair of the Panel and the impacted individual to the best of my knowledge.

Panel Representative Signature: _____

Impacted Individual Signature: _____

Date: _____

Standard System of Care Grievance Process Flow Chart



*If the grievance is regarding an immediate health or safety issue (e.g., preventing access to essential medications, violence against a client in a program), H4HP will acknowledge the grievance within 2 business days and provide next steps or referrals to other County agencies within 5 business days.



Information Items 4-6

Item 4: Lived Expertise Action Workgroups - Updates

Housing for Health Division staff and consultants have helped launch two lived expertise action workgroups. The Central California Alliance for Health provided some funding to help launch these groups. HUD Continuum of Care (CoC) planning grant funds will help sustain them. Participants in these groups have gone through employment orientations and are now going through a general orientation and training from the National Coalition on Homelessness. CoC staff will provide additional updates on the status of the workgroups at the Policy Board meeting.

Item 5: Central California Alliance for Health – Housing Investment Opportunities

The Central California Alliance for Health, a local Medi-Cal managed care plan, continues to invest in housing as a health care issue. The Alliance is utilizing earned Housing and Homelessness Incentive Program (HHIP) funding to support the development of new permanent and interim housing opportunities for their members through the “Alliance Housing Fund.” Applications for funding for specific projects are due June 30, 2024. More details can be found at this website: [Alliance Housing Fund - Central California Alliance for Health \(thealliance.health\)](https://thealliance.health/alliance-housing-fund).

In addition to this investment, the Alliance has set aside \$5 million of HHIP funding in Santa Cruz County to establish a revolving supportive housing loan investment fund in partnership with a Community Development Financial Institution (CDFI). A copy of this solicitation is included in the Board materials. Applications for this opportunity must come from CDFIs and are due by June 30, 2024.

Item 6: Housing for Health Vendor Pool – Behavioral Health Bridge Housing Opportunity

In 2023, the Santa Cruz County Board of Supervisors approved the Human Services Department to create a Housing for Health (H4H) [Vendor Pool](https://santacruzhumanservices.org/vendor-pool) of pre-qualified individuals and organizations interested in contract opportunities related to housing and homelessness. More information about the vendor pool can be found here - [Housing for Health Vendor Pool \(santacruzhumanservices.org\)](https://santacruzhumanservices.org/vendor-pool). Individuals and organizations interested in becoming part of this contract opportunity network can apply to get added to an existing list of approved vendors. Applications for new vendors are due on July 24, 2024.

The current group of approved vendors recently received an announcement regarding an opportunity to become the operator of a new low-barrier navigation center (service-enriched shelter) for individuals experiencing homelessness with behavioral health challenges. The new center and services are being funded by a one-time Behavioral Health Bridge Housing (BHBH) grant and will be located at 2202 Soquel Ave. Vendor responses to this solicitation are due on June 28, 2024.

Alliance Housing Fund

Funding Opportunity for Community Development Financial Institutions (CDFIs)



Background

In May 2024, the Alliance launched the Alliance Housing Fund to provide capital funds to build, purchase, renovate and/or furnish permanent housing units, recuperative care facilities and short-term post-hospitalization housing units.

At the Alliance, we believe that housing is health care. The Alliance Housing Fund will help expand temporary and permanent housing opportunities for Medi-Cal members across the Alliance service area.

Funding Opportunity

In Santa Cruz County, the Alliance is planning to allocate \$5,000,000 from the Alliance Housing Fund budget to pilot a revolving loan fund for housing to be administered by a third-party Community Development Financial Institution (CDFI). Proposals are currently being accepted from CDFIs interested in managing the revolving loan fund for site-specific projects in Santa Cruz County.

Funding Requirements

- Eligible applicants are certified Community Development Financial Institutions (CDFIs).
 - Preference will be given to applicant organizations operating as a 501(c)(3) nonprofit, or other nonprofit entity.
- Applicants must utilize revolving loan fund for housing to implement site-specific housing projects within Santa Cruz County.
 - Preference will be given to applicant organizations also willing to, should additional funds become available, expand the revolving loan fund for housing into at least one additional county in the Alliance service area (Mariposa, Merced, Monterey and/or San Benito County).
- Funded projects should designate, at minimum, 80% of units developed with Housing Fund dollars to Medi-Cal eligible individuals.
- CDFI must designate a seat on the revolving loan fund for housing decision board to an Alliance staff member.
- Applicant organizations must be free from any debarment and/or suspension, declared ineligibility or voluntarily exclusion by any federal department or agency.
- Funding will be designed as a one-time \$5,000,000 investment in a revolving loan fund for housing to be administered by the selected third-party CDFI.

Ineligible Expenses

Funding is not intended for physical infrastructure projects such as building new playgrounds, parks, or roads.

Funding Application Instructions

- Applications must include the required three (3) elements below.
- Applications must be submitted via email to pdincentives@ccah-alliance.org by June 30, 2024.

Alliance Housing Fund

Funding Opportunity for Community Development Financial Institutions (CDFIs)



Proposal Elements

1. Contact Information

Please include name, title, email address, and phone number of the primary contact for the proposal.

2. Narrative Statement

Please submit answers to the following elements in one document and attach them as part of your application. Please limit to **maximum of three (3) pages with no less than one (1) inch margins and 11-point font.**

Summary

- A description of your organization, including at minimum, a mission statement and an overview of programs and services.
- A statement of need.
- Your methodology and/or an achievable solution to the need, including proposed loan terms.
- How would your organization:
 - develop and launch the revolving loan fund for housing?
 - manage the requirement that funded projects should designate, at minimum, 80% of units developed with Housing Fund dollars to Medi-Cal eligible individuals?
 - manage the requirement that the CDFI must designate a seat on the revolving loan fund for housing decision board to an Alliance staff member?
 - plan to incorporate local health care stakeholders into long-term planning and decision-making processes?

Experience

- Has your organization operated a revolving loan fund for housing? Please describe.
- Has your organization partnered with a Medi-Cal Managed Care Plan (MCP)? Please describe.
- Please share relevant examples of similar projects.
- Please include biographies of proposed staff to be assigned to project.

Milestones

- Provide no more than three (3) concise milestones/goals that your organization and/or partners will achieve related to the development of the revolving loan fund for housing within 24 months after contract execution (e.g., establish the fund, identify additional contributors to the fund, post a Request for Proposals, identify and award projects, etc.).
- Applicants are encouraged to format milestones as SMARTIE Goals (i.e., Specific, Measurable, Achievable, Relevant, Time-Framed, Inclusive and Equitable).

3. Financials

Please provide the most recent version of each of the following financial documents:

- A balance sheet or statement of financial position.
- An income statement or statement of activities.
- A statement of cash flow.

Report/Discussion Item 7: CoC Project Monitoring Update

(Presentation) – Tony Gardner and Sheryl Norteye

Background

HUD requires Continuums of Care (CoC) to carry out local monitoring of CoC-funded projects. HUD recommends this be done at least annually and encourages CoCs to use and adapt the monitoring tools HUD uses when it monitors projects. Until last year, the only type of monitoring carried out by our CoC was the annual project rating and ranking process, which includes a review of project performance and compliance.

Last year, Housing for Health (H4H) Division staff and our CoC consultant began to develop and implement an annual local CoC monitoring program. In 2023, we developed risk assessment tools and conducted remote risk assessments of ongoing CoC projects that had been operational for at least a year. In May 1, 2023, we sent letters to each agency informing them of their risk assessment results and requesting that they correct any issues identified. We also provided a risk assessment summary report to the rating and ranking committee at its May 8, 2024, meeting and presented the results to the H4H membership at its 5/17/23 meeting.

This year, we have expanded the program to include in-depth, on-site local monitoring of CoC projects using monitoring tools H4H staff and our CoC consultant have adapted from HUD's monitoring tools. The tools are used to assess and track compliance across core program and fiscal areas of interest to HUD and H4H, such as grant and program management, participant homeless status and eligibility, program requirements, HMIS and Coordinated Entry, match funding, and financial management.

Each year, our intent is to conduct a remote risk assessment of all ongoing CoC projects and to select three or more projects to receive in-depth, on-site monitoring. In selecting three projects for on-site monitoring, we consider factors such as a high-risk designation, known compliance issues, under performance, under spending, and having never been monitored.

Status of 2024 Monitoring

This year, we are currently in the process of completing risk assessments of 14 ongoing CoC projects and on-site, in-depth program monitoring of three projects as follows:

1. Community Action Board's (CAB) Youth Homelessness Response Team (YHRT)
2. Walnut Avenue Family and Women's Center's (WAFWC) Housing and Employment Program (HEP)
3. Monarch Services' (Monarch) Domestic Violence (DV) Bonus Project.

To date, we have completed drafts of the risk assessments, carried out three site visits (CAB, WAFWC, and Monarch), and completed the CAB report. We expect to be done by June 30.

Initial Summary of Issues and Problems

While we have not completed the process and do not yet have project-by-project results, we can identify the following issues and problems that have appeared during our review:

Risk Assessments

- Spending less than 95% of award – 10 of 14 projects
- Poor HMIS data quality (less than 95% accurate for key data elements) – 9 of 14 projects
- Not submitting the APR on time – 7 of 14 projects
- Not drawing down funds at least once per quarter – 7 of 14 projects.

On-Site Monitoring

Grant and program management:

- Not drawing down funds at least once per quarter.
- Not properly managing and overseeing funding subrecipients.
- Insufficient client termination procedures (e.g., not providing notice of the possible reasons for termination or of the termination process prior to the beginning of services).
- Exceeding the HUD standard of two persons per bedroom, or not prohibiting older children of opposite sexes to occupy the same bedroom.
- No homeless or formerly homeless persons on the agency Board of Directors, or equivalent policymaking body.
- Not involving clients experiencing homelessness in agency activities through employment or volunteer opportunities.
- Not submitting APRs on time.

Participant homeless status and eligibility:

- Poor procedures and forms for assessing homelessness status at program entry.
- Not prioritizing verification methods (3rd party certification should be first choice).
- Lack of sufficient documentation of homelessness in the client file.
- Possibly serving clients who are not verifiably homeless in a few cases.

Program requirements:

- Not conducting an annual re-assessment of client service needs.
- Client leases that are not for at least one year as HUD requires.
- Lack of a separate rental assistance agreement between the agency and landlord.
- Potential misspending of program funds on non-eligible costs, including rental assistance, supportive service, HMIS, and project admin funds.
- Potential spending of program funds on the wrong activity (e.g., spending HMIS or program admin funds on supportive services).

HMIS and Coordinated Entry:

- Poor HMIS data quality.
- Lack of evidence of client being assessed, prioritized, and referred through CES.

Match requirements:

- Lack of documentation of cash or in-kind match.
- Lack of clarity on the program year being matched.
- Lack of evidence of match being spent on the project.
- Insufficient documentation of in-kind match (e.g., volunteer hours and value).

Financial management:

- Lack of an annual project budget.
- Financial system that does not provide for a comparison of the budget with actual expenditures.
- Financial system that does not breakout expenditures by HUD eligible activity classifications (e.g., rental assistance, supportive services, HMIS, and project admin).
- Financial system that does not track awards, budgets, amounts expended, amounts remaining, assets, income, interest, and match.
- Insufficient source documentation for verifying the eligibility and amount of expenditures, especially in the areas of supportive services, HMIS, and project admin.
- Lack of an annual self-assessment of internal controls.

Assisting Agencies to Identify and Resolve Problems

The above initial summary of the on-site, in-depth program monitoring shows significant compliance issues among agencies that are effective service providers but are relatively new to the HUD CoC program. If not fixed, the problems could lead to HUD monitoring findings or concerns; indeed, where eligible match cannot be documented, HUD could even request the return of some CoC funds. Therefore, H4H is providing an issue-by-issue corrective action plan to each of the three agencies monitored and will be following up to make sure each issue or problem is resolved.

H4H will also step-up efforts to help our CoC-funded agencies better understand and comply with HUD requirements. This may include:

- Providing access to HUD-approved or similar tools and templates (e.g., tool for verifying homeless status, model rental assistance agreement, and rent calculation checklist).
- Furnishing one-on-one technical assistance to agencies with a unique issue.
- Making available training opportunities on key topics, such as match requirements and program requirements.

- Eliminating grants or reducing funds to agencies that remain non-compliant or consistently underspend.

Thank you very much for your attention to this update. If you have any questions or would like any further information, please hesitate to contact H4H Senior Human Services Analyst Sheryl Norteye at 831.454.7329 or Sheryl.norteye@santacruzcountyca.gov, or CoC Consultant Tony Gardner at 415.717.9336 or tonygardnerconsulting@yahoo.com.

Report/Discussion Item 8: CoC NOFO Scoring Improvement Memo

(Presentation) – Tony Gardner

Background

The annual national HUD Continuum of Care (CoC) funding process is highly competitive. Competitive points are based upon data and narrative responses in the CoC Application portion of the consolidated submission (which also includes the Project Priorities listing and all the Project Applications). The higher a CoC scores, the more likely it is that its new and bonus projects and lower ranking renewal projects will receive an award. Our CoC has typically scored in the top 20% or higher), had most or all our projects awarded, and steadily and systematically increased our overall CoC funding.

Each year, after the conclusion of the competition, HUD sends each CoC a detailed report of its CoC scores and holds a webinar debriefing of the national competition open to all CoCs.

Summary of 2023 Scores for Our CoC

As in previous years, we did quite well, scoring 163 out of 200 possible points. This is considerably higher than the national median score of 151.5. The following chart breaks out our scores by scoring category:

Scoring Category	Maximum Points	Santa Cruz CoC Points
Coordination & Engagement–Inclusive Structure/Participation	5	5
Coordination & Engagement–Coordination with Federal, State, Local, Private & Other Organizations	29	27
Coordination and Engagement–Coordination with Federal, State, Local, Private & Other Organizations (cont.)	51	41
Project Capacity, Review, and Ranking–Local Competition	27	25
HMIS-Implementation	9	6
Point-in-Time (PIT) Count	5	5
System Performance	60	47
Coordination with Housing and Healthcare	14	7
Total Score	200	163
Median CoC Total Score Nationally – 151.5		

What Can We Improve?

A review of HUD’s detailed report on our scores shows that almost all our point losses were from data and performance responses that are reported out of HMIS. Our narrative (non-data) responses mainly got perfect or near-perfect scores. This means we must improve data and performance to score significantly higher. Since so many of the points lost are from data, we

may need to involve BitFocus in double checking HMIS-reported data before submitting it to HUD. They are correctly focused on getting the data right but may not be equally aware of CoC point consequences where there is a data judgment call or where data might benefit from correction.

Also, we might be able to attain some smaller point increases from a few improvements we are already making in program activities (e.g., racial equity, lived experience steps, healthcare leveraging) and corresponding changes to narrative responses.

The following details key point losses and provides suggestions for improving:

Lost 9 of 9 points for the number of RRH beds due to reduction in RRH beds as reported out of HMIS in the Housing Inventory Chart (HIC). Steps to improve:

- Prioritize and fund more RRH units/beds
- Work with BitFocus to correct and improve the annual RRH bed/unit count.

Lost 3 of 4 points for HMIS coverage based on less than 85% of homeless beds participating in HMIS as reported out of HMIS in the HIC. Steps to improve:

- Convince more faith-based agencies and agencies that do not receive CoC funds to participate in HMIS and enter their clients into the system.
- Convince the VA's HUD-VASH program (with 350+beds) to participate in HMIS and enter their clients into the system.

Lost 8 of 13 points for length-of-time homeless performance based upon an increased average length-of-time homeless as reported out of HMIS in the System Performance Report. Steps to improve:

- Fund and prioritize more housing-focused case management.
- Fund and prioritize more housing.
- Improve the effectiveness of CES by training and funding more connectors.

Lost 3 of 10 points for exits to permanent housing (PH) based on the percentage of persons who exited to PH destinations from emergency shelter, safe havens, transitional housing, and RRH programs as reported out of HMIS in the System Performance Report. Steps to improve:

- Fund and prioritize more housing-focused case management.
- Fund and prioritize more housing.
- Reduce exits to non-PH destinations (e.g., shelter, jail, streets) by enforcing agency compliance with Housing First and low-barrier policies.
- Have agencies check HMIS data to make sure that all actual PH exits are captured.

Lost 2 of 7 points for increasing employment income based on a decline in the rate of persons who had increased employment income between program entry and exit as reported out of HMIS in the System Performance Report. Steps to improve:

- Set annual performance targets for increasing employment income for CoC projects.
- Fund homeless-targeted employment programs which offer supportive employment environments that often are the first step toward a future of employment.
- Provide paid jobs with training opportunities for persons experiencing homelessness.
- Prioritize grants and projects that provide job opportunities for clients.

Lost 4 of 21 points for the ranking process likely for not advancing racial equity enough in the CoC project ranking process (e.g., percentage of Rating and Ranking Committee members representing diverse groups) as enumerated and described in narrative response. Steps to improve:

- Recruit persons to the Rating and Ranking Committee from diverse groups including racial minorities and members of groups over-represented in the homeless population.

Lost 1 of 5 points for involving persons with lived experience of homelessness in service delivery and CoC decision-making because we not attach a letter signed by a LEAB member describing and verifying how the CoC involves by persons with lived experience. The LEAB had not yet been formed. Steps to improve:

- Obtain letter next year from member of the newly formed LEAB.

Lost 2 of 29 points in the first coordination and engagement section, though it is not certain why. It is likely they were lost due to the lack of a CoC domestic violence (DV) emergency transfer plan attached to the application, or possibly the lack of evidence of a mandatory training on ensuring families are not separated due to program rules. Steps to improve:

- Develop and approve a CoC DV emergency transfer plan and attach it next year.
- Hold mandatory training on ensuring families are not separated and attach evidence next year.

Lost 7 of 14 points for evidence of housing and healthcare leverage in a new PSH project submitted this year. It appears the 7 points for housing leverage were received, but the 7 points for healthcare leverage were not. It's likely that that the evidence of healthcare leverage (Housing Matters' CalAIM agreement) was insufficient because it only funds community supports, not actual health services. Steps to improve:

- Find a way to document healthcare services leverage.

Thank you very much for your attention to this update. If you have any questions or would like any further information, please hesitate to contact CoC Consultant Tony Gardner at 415.717.9336 or tonygardnerconsulting@yahoo.com.