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## EMERGENCY SOLUTIONS GRANT DESK GUIDE 2020

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Division of Aging and Adult Services  
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## **SECTION 1: PROGRAM OVERVIEW AND OBJECTIVES**

### **Background Information**

This NC ESG Desk Guide is provided by the North Carolina Department of Health and Human Services Division of Aging and Adult Services (NC DHHS DAAS), for the purpose of informing NC ESG subrecipients on grant management and administration as required by the NC ESG program.

Included in this guide are the procedures and process each grant subrecipient must follow to be in compliance with the federal, state and local NC ESG standards and regulations. The NC DHHS DAAS encourages each grant subrecipient to share this guide with their employees and members of the organization involved in administering or overseeing the NC ESG funded programs. This NC ESG Desk Guide does not supersede federal regulations related to the NC ESG grant or homeless programs.

On an average night, roughly 9,000 people in North Carolina are experiencing homelessness. This includes more than 500 families with children. The programs NC DHHS DAAS funds through the NC ESG program provide critical services to families and individuals experiencing homelessness or at risk of becoming homeless. The NC ESG program is a reimbursable grant program established by the McKinney-Vento Homeless Assistance Act (Public Law 100-77, Public Law 100-628) as amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act). The HEARTH Act authorized the Emergency Solutions Grant (NC ESG) Program for providing assistance to persons and families who are homeless or at risk of homelessness.

These programs and services are carried out by community organizations that apply for, and are awarded, NC ESG funds. These funds are a formula grant appropriated by Congress to the United States Department of Housing and Urban Development with the intention to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly rehouse homeless individuals and families, and (6) prevent families and individuals from becoming homeless. NC ESG funds are intended to be used as part of a crisis response system, using a low barrier, housing-focused approach to ensure that homelessness is rare, brief, and non-recurring.

The NC ESG program is further broken down into two primary functions: (1) Emergency Response Activities, including emergency shelter operations and services as well as street outreach; (2) Housing Stability Activities including Rapid Rehousing and Homelessness Prevention. NC ESG funds can also be used for Homeless Management Information System (HMIS)/DV comparable database participation and administration.

## **Purpose**

The NC ESG program is designed as a first step in the continuum of assistance to prevent homelessness and to enable the homeless population to move steadily toward independent living. The North Carolina Department of Health and Human Services (DHHS), Division of Aging and Adult Services (DAAS) is responsible for administering North Carolina's Statewide annual allocation of funds, herein referred to as NC ESG, from the United States Department of Housing and Urban Development (HUD).

NC ESG funds are intended to be used as part of a crisis response system using a low barrier, housing-focused approach to ensure that homelessness is rare, brief, and one time. Activities can include:

- Engaging homeless individuals and families living on the street;
- Improving the number and quality of emergency shelters for homeless individuals and families;
- Helping operate emergency shelters;
- Providing essential services to emergency shelter residents,
- Rapidly rehouse homeless individuals and families, and
- Preventing families and individuals from becoming homeless.

## **Funding Priorities**

- **Emergency Response**

The NC ESG Program requires subrecipients support the Housing First model that prioritizes rapid placement and stabilization in permanent housing that does not have service participation requirements or preconditions (such as sobriety or a minimum income threshold).

The State strongly encourages use of emergency shelter funds to support facilities linked to rapid rehousing programs within a CoC.

Applicants that request Emergency Response funds may allocate all dollars for Emergency Shelter Operations or allocate no less than 60% of the funding for Shelter Operations and no more than 40% for Shelter Services.

- **Housing Stabilization**

For the purpose of this grant, the NC ESG priority for Housing Stabilization funds is rapid rehousing. Rapid Rehousing Services and Rapid Rehousing Financial Assistance should be linked to an emergency shelter or street outreach program to ensure coordination/prioritization of clients in obtaining and maintaining permanent housing.

Applicants that request Rapid Rehousing funds may allocate all stabilization dollars for Rapid Rehousing Financial Assistance or allocate no less than 60% of the funding for financial assistance and no more than 40% for services.

## NC ESG Program Contacts

Below are the NC ESG contacts. Please direct all questions, concerns, updates, and submission of documents to the NC ESG Homeless Programs Coordinators, except for requisition requests. Requisition requests must be submitted electronically to the NC ESG email ([NCESG@dhhs.nc.gov](mailto:NCESG@dhhs.nc.gov)).

<p><b>Kim Crawford</b>  NC ESG Homeless Programs Coordinator  Division of Aging and Adult Services  North Carolina Department of Health and Human Services  919-855-4991 office  <a href="mailto:Kim.Crawford@dhhs.nc.gov">Kim.Crawford@dhhs.nc.gov</a>  2101 Mail Service Center Raleigh, NC 27699-2101</p>	<p><b>Chris Battle</b>  NC ESG Homeless Programs Coordinator  Division of Aging and Adult Services  North Carolina Department of Health and Human Services  919-855-4984 office  <a href="mailto:Chris.battle@dhhs.nc.gov">Chris.battle@dhhs.nc.gov</a>  2101 Mail Service Center Raleigh, NC 27699-2101</p>	<p><b>Lisa Worth</b>  NC ESG Homeless Programs Coordinator  Division of Aging and Adult Services  North Carolina Department of Health and Human Services  919-855-4993 office  <a href="mailto:Lisa.Worth@dhhs.nc.gov">Lisa.Worth@dhhs.nc.gov</a>  2101 Mail Service Center Raleigh, NC 27699-2101</p>
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All information, updates, news and forms pertaining to NC ESG’s program can be found on the following website: <https://www.ncdhhs.gov/divisions/aging-and-adult-services/nc-emergency-solutions-grant/nc-emergency-solutions-grant-%E2%80%93>

## NC ESG 2020 Timeline

The following timeline lists the key dates for the 2020 grant year, which are also detailed in the grant agreement. Subrecipients are responsible for knowing these dates as well as communicating them to all applicable staff.

<b>Grant Year Begins:</b>	<b>January 01, 2020</b>
Quarter 1 (Q1):	January 01, 2020 – March 31, 2020
<b>Quarter 1 Reports Deadline:</b>	April 30, 2020, 12:00pm
Quarter 2 (Q2):	April 01, 2020 – June 30, 2020
<b>Quarter 2 Reports Deadline:</b>	July 31, 2020, 12:00pm
Quarter 3 (Q3):	July 01, 2020 – Sept. 30, 2020
<b>Quarter 3 Reports Deadline:</b>	October 30, 2020, 12:00pm
Quarter 4 (Q4):	October 1, 2020 – Dec. 31, 2020
Last Day to Expend Funds:	December 31, 2020
<b>Quarter 4 Report Deadline:</b>	January 29, 2021, 12:00pm
Final Payment Request Deadline:	February 15, 2021, 12:00pm (noon)
2020 CAPER submission by NC ESG	February 15, 2021, 12:00pm (noon)
Subrecipients via SAGE	
<b>2020 NC ESG Office CAPER Submission Deadline:</b>	March 31, 2021

### **State Governing Authority**

NC DHHS DAAS has audit oversight, with respect to grant funds received by the subrecipient, pursuant to Article 5A of Chapter 147 of the General Statutes, of every subrecipient that receives, uses, or expends grant funds. A subrecipient must, upon request, furnish to the State for audit all books, records, and other information necessary for the State to account fully for the use and expenditure of grant funds received by the subrecipient. The subrecipient must furnish any additional financial or budgetary information requested by the State, including audit work papers in the possession of any auditor of a subrecipient directly related to the use and expenditure of grant funds. (§ 143C-6-23. State grant funds: administration; oversight and reporting requirements, DAAS\_NCAC 190PQ).

In addition to the Federal regulations governing the NC ESG program, subrecipients must familiarize themselves with the State NC ESG guidelines including The Desk Guide and Performance Standards, RFA and application materials, which can be found at <https://www.ncdhhs.gov/divisions/aging-and-adult-services/nc-emergency-solutions-grant/nc-emergency-solutions-grant-%E2%80%93>

### **Federal Governing Authority**

The Emergency Solutions Grant (ESG) program is a HUD funded program administered by the Department of Health and Human Services (DHHS) Division of Aging and Adult Services (DAAS). The funds are part of a larger entitlement disbursement from HUD, overseen by the NC Department of Commerce. DHHS receives approximately \$5,000,000. per year in ESG funding.

Each year there is a competitive grant process to award funds. After funds are awarded NC DHHS DAAS administers the grant, including monitoring fiscal and programmatic responsibilities of each subrecipient. HUD regulations allow the State flexibility in administering the NC ESG program.

All subrecipients are expected to use NC ESG funds in accordance with HUD guidelines (including, but not limited to: 24 CFR 576, 24 CFR 578, 2 CFR Part 200, 24 CFR 84 & 85, OMB Circular A-133). These regulations can be found on the HUD Exchange web site: <https://www.hudexchange.info/programs/esg/esg-law-regulations-and-notices/>

The following are key federal requirements of the NC ESG program. This list is not all inclusive of the required regulations and authority.

- **Written Standards**

The U.S. Department of Housing and Urban Development requires (24 CFR 576.400) subrecipients to adhere to the Written Standards developed and approved by their CoC for programs provided through the Emergency Solutions Grant Program. Standards for emergency shelter programs will be different than Standards for Rapid Rehousing and Homeless Prevention. Subrecipients must ensure that the Standards are appropriate for the programs offered.

- **Centralized Coordinated Entry**

HUD requires (24 CFR 576.400) that all CoC's establish and operate a fully functional Centralized Coordinated Entry system that all NC ESG funded activities and subrecipients must utilize. This system must serve all homeless and at risk of homeless populations and subpopulations. All NC ESG funded organizations are required to follow the Coordinated

Entry process adopted by their CoC. All housing referrals received by the ESG funded organization, must come from the Coordinated Entry process, regardless of what funding source the organization chooses to utilize (ESG, CoC, private funds, etc.)

NC ESG funded subrecipients must be able to provide the NC ESG Office with a report of the referrals received through the Coordinated Entry system adopted by their CoC.

- **Coordination with Other Targeted Homeless Services**

HUD requires (24 CFR 576.400) Subrecipients, to the maximum extent practicable to coordinate and integrate NC ESG activities with mainstream housing, health, social services, employment, education, and youth programs, as well as programs targeted to homeless people in its service area to provide a strategic, community-wide system to prevent and end homelessness.

- **Data Collection**

HUD requires (24 CFR 575.500(n)) Subrecipients to use a Homeless Management Information System (HMIS), to ensure that all required data elements are collected and required reports are available for review at any time during the program year. Failure to do so may result in suspension of funding or payback of NC ESG funds.

- Agencies that are exempt from the HMIS participation requirement (i.e. Domestic Violence / Victim Service Provider agencies) must meet the same reporting requirements, using a comparable database, that produces electronic reports including, but not limited to, the Consolidated Annual Performance Evaluation Report (CAPER), as well as other data request for all State and Federal reporting and evaluations.

- **Environmental Reviews**

Per 24 CFR 576.407(d), HUD-assisted projects are required to comply with the National Environmental Policy Act (NEPA) by conducting an environmental review to determine the potential environmental impacts of a project or, if applicable, by documenting its categorical exclusion or exemption from this requirement.

The NC ESG Office will provide each Subrecipient with an Environmental Review form prior to awarding funds. The Subrecipient must complete and return the form to the NC ESG Office before the contract can be executed and funds can be awarded. This is the only action the Subrecipient is required to take in order to be in compliance with the Environmental Review requirement.

- **Homeless Participation**

HUD requires (24 CFR 576.405) Subrecipients involve homeless or formerly homeless persons on the board of directors or other policy/decision making body regarding NC ESG assistance. Subrecipients unable to meet this requirement must develop and implement a plan to consult with homeless or formerly homeless persons in considering and making policies regarding NC ESG assistance.

- **Matching Funds**

Not required for the FY2018-19 grant cycle

- **Faith-Based Activities**

The provisions listed under 24 CFR 576.406. Faith-based organizations are eligible, on the same basis as any other organization, to participate in HUD programs and activities. Provided that the organization does not use ESG funds to support or engage in any explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization), or in any other manner prohibited by law.

If an organization engages in explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization), the explicitly religious activities must be offered separately, in time or location, from the programs or activities supported by direct Federal financial assistance and participation must be voluntary for the beneficiaries of the programs or activities that receive direct Federal financial assistance.

- **Involuntary Family Separation**

The provisions listed under 24 CFR 576.102 4(b). 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 emergency shelter that uses ESG funding or services and provides shelter to families with children under age 18.

- **Violence Against Women Reauthorization Act of 2013 (“VAWA”):**

On November 16, 2016, the U.S. Department of Housing and Urban Development published the Violence Against Women Act (VAWA) final rule regarding housing protections for victims of domestic violence, dating violence, sexual assault, or stalking (Federal Register Document #2016- 25888). This final rule prohibits an applicant for assistance or tenant assisted with NC ESG from being denied assistance under, denied admission to, terminated from participation in, or evicted from housing on the basis or as a direct result of the fact that the applicant or tenant is or has been a victim of domestic violence, dating violence, sexual assault or stalking, so long as the applicant otherwise qualifies for admission, assistance, participation or occupation (24 CFR 5.2005 (b)(1)).

In addition, the VAWA Final Rule requires that each housing provider produce a detailed emergency transfer plan, which ensures that a tenant receiving rental assistance through or residing in a unit subsidized under an NC ESG housing program who is a victim of domestic violence, dating violence, sexual assault, or stalking qualifies for an emergency transfer within the criteria stated in 24 CFR 5.2005 (e)(2). All NC ESG housing providers must maintain records on emergency transfers requested under 24 CFR 5.2005(e). Data must include the outcomes of each request and must be provided to the NC ESG Office upon request.

All NC ESG RRH activities must provide applicants and participants the following HUD forms, or a comparable form developed by the CoCs:

- HUD Form 5380
- HUD Form 5381
- HUD Form 5382
- HUD Form 5383

Rental assistance programs must provide copies of the HUD Forms to the property owner or manager at the time of lease-up and every re-certification as part of the lease renewal.

Any contract between the subrecipient and a Landlord must include:

- The requirement to comply with VAWA provisions in 24 CFR part 5, subpart L;
- A commitment from the Landlord to provide the HUD Forms 5380 and 5382 or comparable forms, to the program participant with any notification of eviction and comply with VAWA's confidentiality requirements;
- The requirement on the Landlord to include
  - (1) a lease provision that includes all requirements that apply to tenants, the owner or the lease under VAWA, including the prohibited bases for eviction and restrictions on construing lease terms under 24 CFR 5.2005(b) and (c), and
  - (2) language in the lease that permits the program participant to terminate the lease, sublease or occupancy agreement without penalty if the program participant qualifies for an emergency transfer.

### **Training**

NC ESG subrecipient project staff, including housing stability managers, case management supervisors, grant managers, emergency services case managers, HMIS data entry, and financial processors must attend all relevant NC ESG trainings, tutorials and webinars provided during the program year. Trainings will be conducted via webinar and/or conference call when feasible. Some trainings may require face to face participation.

## **SECTION 2: PROGRAM OPERATIONS MANUAL**

Subrecipients are required (24 CFR 576.500) to maintain a separate NC ESG Program Operation Manual that details how the NC ESG program operates and, outlines the NC ESG program specific rules and policies provided to program participants. **Note: this operations manual is not the organization's personnel manual or employee handbook. These operations are component specific, although there is a possibility of overlap.**

The program operations manual must address all the NC ESG program elements below. **Subrecipients should have one manual for all NC ESG program activities; this document should not contain information on other grants, programs, or operations.**

- HUD continues to encourage Continuums of Care (CoCs) and providers to implement and strengthen Housing First. This is the commitment to end homelessness and is the most effective approach to ending chronic homelessness. Housing First offers individuals and families experiencing homelessness immediate access to permanent affordable or supportive housing. This model of housing assistance prioritizes rapid placement and stabilization in permanent housing that does not have service participation requirements or preconditions (such as sobriety or a minimum income threshold).
- Low-Barrier policies where a minimum number of expectations are placed on people who wish to enter the program.
- Fair Housing Policy: This must include the following language. Flyers or posters do not constitute a policy.

*It is illegal to discriminate in the sale or rental of housing, including against individuals seeking a mortgage or housing assistance, or in other housing-related activities. The Fair Housing Act prohibits this discrimination because of race, color, national origin, religion, sex, familial status, and disability. A variety of other federal civil rights laws, including Title VI of the Civil Rights Act, Section 504 of the Rehabilitation Act, and the Americans with Disabilities Act, prohibit discrimination in housing and community development programs and activities, particularly those that are assisted with HUD funding. These civil rights laws include obligations such as taking reasonable steps to ensure meaningful access to their programs and activities for persons with limited English proficiency (LEP) and taking appropriate steps to ensure effective communication with individuals with disabilities through the provision of appropriate auxiliary aids and services. Various federal fair housing and civil rights laws require HUD and its program participants to affirmatively further the purposes of the Fair Housing Act.*
- Anti-Discrimination Policy: This must ensure equal participation opportunity in homeless programs, without discrimination or harassment on the basis of race, color, religion, sex, sexual orientation, gender identity or expression, age, disability, marital status, citizenship, genetic information, or any other characteristic protected. Flyers or posters do not constitute a policy.

*It is illegal to discriminate in the sale or rental of housing, including against individuals seeking a mortgage or housing assistance, or in other housing-related activities. The Fair Housing Act prohibits this discrimination because of race, color, national origin, religion, sex, familial status, and disability.*

- Termination of Assistance Policy. Per 24 CFR 576.402, if a program participant violates program requirements, their NC ESG assistance may be terminated in accordance with a formal process established by the Subrecipient, that recognizes the rights of the individuals affected and allows for due process. The Termination of Assistance policy must include a **grievance** and **appeals process** clearly outlined. This must include with who, how and when the appeal can be filed.
- Confidentiality: The subrecipient must have written procedures to ensure all records containing personally identifying information (as defined in HUD's standards for participation, data collection, and reporting in a local HMIS and 24 CFR 576.500) of any individual or family who applies for and/or receives NC ESG assistance will be kept secure and confidential.
- Program overview, including the program design, intake procedures, the assistance time limit, program eligibility and the specific population served.
- Habitability Standards: Subrecipients of Housing Stabilization, are required (24 CFR 576.403) to conduct a habitability standards inspection on any unit that a participant will be receiving ANY NC ESG financial assistance such as any rental assistance, security deposit, last month's deposit, utility deposit, moving costs. Subrecipients must certify that the unit has passed habitability standards before any NC ESG funds may be released. In addition, an annual habitability standards inspection must be conducted for any unit in which NC ESG funds are being used.

Subrecipients of Emergency Shelter Operations, are required to conduct a habitability standards inspection no less than quarterly. The shelter must pass habitability standards before any NC ESG funds may be released.

Below is a table of contents for the NC ESG Programs Operations Manual. All of the items listed in the table of contents must be included for *each funded component in the specified order*:

**Table of Contents:**

**Overall Organization NC ESG Program Design**

- Organization Mission
- Housing Focus Policy (include Housing First / Low Barrier Policies)
- Fair Housing Policy (Affirmatively Furthering Fair Housing Policy)
- Anti-Discrimination Policy
- Appeals, Grievance Policy and Process
- Termination of Assistance Policy
- Confidentiality Policy

**Program Design / NC ESG Component Policies**

Tab 1 - Street Outreach

- Program Design or Program Overview (Type of NC ESG Assistance Offered)
- Intake Procedures
- Assistance Time Limit
- Eligibility Requirements for Assistance
- Specific Populations Served
- Program Rules for the Participant

Tab 2 - Emergency Shelter

- Program Design or Program Overview (Type of NC ESG Assistance Offered)
- Intake Procedures
- Assistance Time Limit
- Eligibility Requirements for Assistance
- Specific Populations Served
- Minimum Habitability Standards
- Program Rules for the Participant

Tab 3 - Rapid Rehousing

- Program Design or Program Overview (Type of NC ESG Assistance Offered)
- Intake Procedures
- Assistance Time Limit
- Eligibility Requirements for Assistance
- Specific Populations Served
- Minimum Habitability Standards
- Program Rules for the Participant

Tab 4 - Prevention

- Program Design or Program Overview (Type of NC ESG Assistance Offered)
- Intake Procedures
- Assistance Time Limit
- Eligibility Requirements for Assistance
- Specific Populations Served
- Minimum Habitability Standards
- Program Rules for the Participant

Tab 5 - HMIS

- Program Design or Program Overview (Type of NC ESG Assistance Offered)

## **SECTION 3: NC ESG COMPONENTS AND PARTICIPANT ELIGIBILITY**

### **Street Outreach**

Meet the immediate needs of unsheltered homeless people by connecting them with emergency shelter, housing, and/or critical health services. (See Street Outreach section of this desk guide for more detail)

#### **Activities:**

- Contact
- Case Management
- Emergency Health Services
- Emergency Mental Health services
- Transportation Costs
- Services for special populations (homeless youth, homeless persons with HIV/AIDS, etc.)

### **Emergency Shelter**

Intended to increase the quantity and quality of temporary emergency shelters provided to homeless people by supporting the shelters operating expenses and essential services. (See Emergency Shelter section of this desk guide for more detail)

#### **Shelter Operations**

- Minor or routine maintenance
- Rent
- Security
- Fuel
- Insurance
- Utilities
- Food for shelter residents (*not to exceed \$1500, unless prior approval has been obtained from the NC ESG Office*)
- Furnishings (*under \$500 per item*)
- Equipment (*under \$500 per item*)
- Hotel or motel vouchers when no appropriate emergency shelter is available

#### **Essential Services**

- Case management
- Childcare, education, employment, and life skills services
- Legal services
- Mental health,
- Substance abuse services
- Transportation
- Services for special populations

## **Rapid Rehousing**

Move homeless individuals and families quickly into permanent housing through rental assistance and housing relocation and stabilization services. (See Rapid Rehousing section of this desk guide for more detail)

### **Housing Relocation and Stabilization Services include:**

- Housing stability case management
- Housing search and placement
- Mediation
- Legal services
- Credit repair

### **Financial Assistance includes:**

- Rent application fees
- Security and utility deposits
- Last month's rent
- Utility payments
- Moving costs
- Short Term Rental Assistance
- Long Term Rental Assistance
- Arrears

## **Homelessness Prevention**

Prevent households from becoming homeless through rental assistance, and housing relocation and stabilization services. (See Homeless Prevention section of this desk guide for more detail)

### **Housing Relocation and Stabilization Services include:**

- Housing stability case management
- Housing search and placement
- Mediation
- Legal services
- Credit repair

### **Financial Assistance includes:**

- Rent application fees
- Security and utility deposits
- Last month's rent
- Utility payments
- Short Term Rental Assistance
- Long Term Rental Assistance
- Arrears

### **HMIS / Domestic Violence Comparable Database**

Subrecipients will participate in HMIS or DV Comparable Database. Federal law requires that Domestic Violence / Victim Service Provider agencies use systems comparable to HMIS. (See HMIS/DV Database section of this desk guide for more detail)

- Equipment/Hardware and Software
- Service Provider Agency Staff Costs
- License Fees
- Continuum of Care Staff Cost
- HMIS Lead Agency Costs
- HMIS Local System Administrator Costs

## Program Participant Eligibility

Subrecipients must conduct an initial evaluation of eligibility to determine:

- Homeless status under the definition of 24 CFR 576.2 (outlined in the chart below)
- Total household income is below 30 percent AMI (**Homelessness Prevention only**)
- The applicant has not already received more than 24 months of NC ESG assistance within the past three years (**Rapid Rehousing and Homelessness Prevention, only**)

Evaluations must be conducted in accordance with the organization’s operations guidelines, local coordinated entry process and the CoC’s written standards (24 CFR 576.400). Where possible, agencies should attempt to divert households from homelessness, including those seeking shelter who are currently housed but at imminent risk. Households seeking shelter, that are fleeing, or are 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, should not be diverted.

## Eligible Homeless Definitions

Per 24 CFR 576.2, the following chart summarizes the homeless definitions able to be used, by the NC ESG program, to determine program participants eligibility.

<p>Literally Homeless (Category 1)</p>	<p>Individual or family who lacks a fixed, regular, and adequate nighttime residence:</p> <ul style="list-style-type: none"> <li>• Has a primary nighttime residence that is a public or private place not meant for human habitation;</li> <li>• Is living in a publicly or privately-operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, hotels/motels paid for by charitable organizations or federal, state, and local government programs; or</li> <li>• Is exiting an institution where (s)he has 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</li> </ul>
<p>Imminent Risk of Homelessness (Category 2)</p>	<p>Individual or family who will imminently lose their primary residence, provided that:</p> <ul style="list-style-type: none"> <li>• Residence will be lost within 14 days of the date of application for homeless assistance;</li> <li>• No subsequent residence has been identified; and</li> <li>• Lacks resources or support networks needed to obtain other permanent housing</li> </ul>

Homeless Under Other Federal Statutes (Category 3)	<p>Unaccompanied youth under age 25, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:</p> <ul style="list-style-type: none"> <li>• Are defined as homeless under other listed federal statutes;</li> <li>• Have not had a lease, ownership, or occupancy agreement in permanent housing during the 60 days prior to the date of homeless assistance application;</li> <li>• Have moved two or more times in the preceding 60 days; and</li> <li>• Can be expected to continue in such status for an extended period of time due to special needs or barriers</li> </ul>
Fleeing/Attempting to Flee Domestic Violence (Category 4)	<p>Individual or family who:</p> <ul style="list-style-type: none"> <li>• Is fleeing/attempting to flee Domestic Violence / Victim Service Provider;</li> <li>• Has no other residence; and</li> <li>• Lacks resources or support networks needed to obtain other permanent housing</li> </ul>

### Documenting Homeless Status

Per 24 CFR 576.500(b), the Subrecipient must maintain and follow written intake procedures to ensure compliance with homeless definitions and, must include documentation required at intake to verify homeless status in order of HUD preference (1. Third-party observation, 2. Intake worker observation, 3. Self-certification from client seeking assistance). Appropriate homeless status documentation for intake files will vary depending on type of assistance provided and the circumstances of each participant (see Section on Records to Maintain of this desk guide). Lack of third-party documentation should not prevent a household from being immediately admitted to shelter, receiving street outreach services, or from receiving victims' services.

The following chart summarizes which homeless definition each component may serve:

Component	Serving	
	Literally Homeless Individuals and Families	Homeless Individuals and Families at Risk of Homelessness
Street Outreach	X	
Emergency Shelter	X	
Rapid Rehousing	X	
Homeless Prevention		X

## **SECTION 4: STREET OUTREACH**

NC ESG funds may be used for the costs of providing essential services to unsheltered homeless people (24 CFR Part 576.101); 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. NC ESG funds may also be used for no more than 15% overhead.

Costs are considered 'reasonable' if they do not exceed what a prudent person would incur under similar circumstances. All costs must pass the 'rational person' test by meeting all of the following criteria (2 CFR 200.400):

- The cost would be recognized as ordinary and necessary for the operation of the organization and/or project.
- The cost is in accordance with market prices for comparable goods or services as evidenced by cost estimates and documentation.
- The individuals responsible for incurring the cost acted with prudence and for the benefit of the organization and its activities.
- The cost has been incurred after following the established practices of the organization, in accordance with the terms and conditions of the award.

Eligible Activities:

- Contact (Engagement)
- Housing Focused Case Management
- Emergency Health Services
- Emergency Mental Health services
- Transportation Costs
- Services for special populations (homeless youth, homeless persons with HIV/AIDS, etc.)

### **The following services require an HMIS / DV Client identifying number:**

#### **Contact**

Activities designed to locate, identify, and build relationships with unsheltered homeless people to provide immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs, including:

- Making initial assessments of needs and eligibility
- Providing crisis counseling
- Addressing urgent physical needs, such as providing meals, blankets, clothes, or toiletries
- Providing information and referrals to programs targeted to homeless people, mainstream social services and housing programs (including emergency shelter, transitional housing, community-based services, permanent supportive housing and Rapid Rehousing).

When reporting the number of individuals served under the engagement activity, the Subrecipient is required to report unduplicated participants. 24 CFR 580.31(c)

### **Housing-Focused Case Management**

Assessment of the housing and service needs of unsheltered homeless persons, and the arrangement for, coordination of, and monitoring of delivery of services to those persons, including:

- Participation in the centralized or coordinated assessment system of the local CoC
- Initial evaluation, verification and documentation of eligibility
- Counseling
- Developing, securing, and coordinating services
- Helping obtain Federal, state, and local benefits
- Monitoring and evaluating participant progress
- Providing information and referrals to other service providers
- Developing individualized housing and service plans

### **Emergency Health Services**

Direct outpatient treatment of medical conditions by licensed professionals in community-based settings where unsheltered homeless people are living, including:

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

### **Emergency Mental Health Services**

Direct outpatient treatment of mental health conditions by licensed professionals in community-based settings where unsheltered homeless people are living, including:

- Crisis interventions
- Prescription of psychotropic medications
- Explanation for the use and management of medications
- Combinations of therapeutic approaches to address multiple problems

### **Transportation Services**

Travel by outreach workers, social workers, medical professionals, or other service providers during the provision of eligible street outreach services, including:

- Transporting unsheltered homeless individuals and families to emergency shelters or other service facilities
- Cost of a participant's travel on public transit
- Mileage allowance for outreach workers to visit participants
- Cost of staff to accompany or assist participants to use public transportation Costs associated with purchasing or leasing a vehicle are ineligible.

### **Services for Special Populations**

Any of the essential services listed above that have been tailored to address the special needs of homeless youth, victims of Domestic Violence and related crimes/threats, and/or people living with HIV/AIDS who are literally homeless.

## **SECTION 5: EMERGENCY SHELTER**

Emergency shelter means any appropriate facility that has the primary use of providing temporary shelter for the homeless in general or for specific populations of the homeless and the use of which does not require occupants to sign leases or occupancy agreements. NC ESG funds may be used for the costs of operating an emergency shelter and providing essential services to sheltered homeless people (24 CFR Part 576.102).

Costs are considered 'reasonable' if they do not exceed what a prudent person would incur under similar circumstances. All costs must pass the 'rational person' test by meeting all of the following criteria (2 CFR 200.400):

- The cost would be recognized as ordinary and necessary for the operation of the organization and/or project.
- The cost is in accordance with market prices for comparable goods or services as evidenced by cost estimates and documentation.
- The individuals responsible for incurring the cost acted with prudence and for the benefit of the organization and its activities.
- The cost has been incurred after following the established practices of the organization, in accordance with the terms and conditions of the award.

Emergency shelter types may include:

- **Day Shelters:** temporary daytime accommodations and services for individuals and families who meet the definition of literally homeless as described under Client Eligibility and are sleeping on the streets, lack a fixed, regular and adequate nighttime shelter and/or are living in an emergency shelter.
- **Mass Shelters:** high volume, high turnover, emergency shelters where multiple individuals and/or family households sleep in a large room with multiple beds.
- **Hotel/Motel Vouchers:** used as emergency shelter in those areas and times when no emergency shelter is available.

### **All Emergency Shelter activities require an HMIS / DV Client identifying number.**

#### **Shelter Operations**

Per 24 CFR part 576.403, emergency shelters must meet minimum safety, sanitation, and privacy standards related to the following topics. For a full description of the shelter standards, refer to NC ESG Minimum Habitability Standards for Emergency Shelters. In addition:

- **Shelter staff must conduct quarterly on-site inspections to ensure compliance with minimum habitability standards.**
- The shelter must meet all standards for the entire period during which NC ESG funds are provided for operating the emergency shelter.
- If the shelter fails to meet the minimum standards, NC ESG funds may be suspended until the shelter is in compliance with minimum habitability standards.

- If the subrecipient moves the shelter to a new site or structure, that new site or structure must meet all emergency shelter standards (the NC ESG Office must be made aware of the move and the inspection must be provided, before NC ESG funds will be released).

Shelter operations are costs that are used to operate and maintain emergency shelters. They may also provide other emergency shelter lodging when appropriate. Eligible Costs include:

- Minor or routine maintenance
- Rent
- Security
- Fuel
- Insurance
- Utilities
- Food for shelter residents only (not to exceed \$1,500 per requisition, unless prior approval has been obtained from the NC ESG Office.)
- Furnishings (under \$500 per item)
- Equipment (under \$500 per item)
- Hotel or motel vouchers when no appropriate emergency shelter is available

*\*The State of North Carolina's NC ESG program does not allow NC ESG funds to be used to pay for shelter renovation, conversion, or rehabilitation.*

*\*The State of North Carolina's NC ESG program does not allow NC ESG funds to be used to pay for cable television.*

**The following services require an HMIS / DV Client identifying number:**

**Emergency Shelter Essential Services**

Emergency shelter essential services are services to homeless families and individuals in emergency shelters. Program applicants meeting the definition of homeless in Categories 1, 2, 3, and 4 are eligible for emergency shelter services. Costs associated with providing services to individuals and families, including:

- Case management
- Childcare, education, employment, and life skills services
- Legal services
- Mental health,
- Substance abuse services
- Transportation
- Services for special populations

**Case Management** of assessing, arranging, coordinating and monitoring the delivery of individualized eligible services of:

- Using a centralized or coordinated assessment system
- Conducting the initial evaluation including verifying and documenting eligibility
- Counseling
- Developing, securing and coordinating services
- Obtaining Federal, State and local benefits

- Monitoring evaluating program participant progress
- Providing information and referral to other providers
- Providing ongoing risk assessment and safety planning with victims of Domestic Violence, dating violence, sexual assault, and stalking
- Developing an individualized housing and service plan, including planning a path to permanent housing stability

**Child Care** is an allowable cost for children under the age of 13 unless the child is disabled. Disabled children must be under the age of 18. The child care must be licensed by the jurisdiction in which it operates to be eligible.

**Educational Services:** Education is instruction or training to enhance participants' ability to obtain and maintain housing, consumer education, health education, substance abuse prevention, literacy, ESL, GED preparation and various life skills.

**Employment Assistance and Job Training:** Job Assistance services help participants to secure employment and placement in job training programs.

**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. Legal issues would include child support, guardianship, paternity, emancipation, legal separation, orders of protection and other civil remedies for victims of Domestic Violence / Victim Service Provider, dating violence, sexual assault, and stalking, appeal of veterans and public benefit claim denials, and resolution of outstanding criminal warrants.

**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.

**Substance Abuse Treatment** is an eligible component 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.

**Transportation** for costs of travel by program participants to and from medical care, employment, child care, or other eligible essential services facilities.

**Services for Special Populations** to provide services for homeless youth, victim services (assisting program participants who are victims of Domestic Violence, dating violence, sexual assault, or stalking) and for people living with HIV/AIDS, so long as the costs of providing these services are eligible. Victim Services include services offered by rape crisis centers and Domestic Violence / Victim Service Provider shelters and other organizations with a documented history of effective work concerning Domestic Violence, dating violence, sexual assault, or stalking.

**SECTION 6: RAPID REHOUSING (RRH) & HOMELESS PREVENTION (HP)**

**Rapid Rehousing** is to move literally homeless individuals and families (24 CFR 576.104) quickly into permanent housing and achieve stability in that housing. Participants must meet Category 1 or 4 of the homeless definition, at initial evaluation. During reassessment of the participant, which must occur at least every 12 months; at that time the participant must have an annual income at or below 30 percent of the area median income.

**Homelessness Prevention** (24 CFR 576.103) prevents households from becoming literally homeless. Participants must meet Category 2, 3, or 4 of the homeless definitions at initial evaluation and have an annual income below 30 % of area median income. During reassessment of the participant, which must occur at least every 3 months, the participant must have an annual income at or below 30 percent of the area median income. Households may only be assisted under this component as long as the assistance is necessary to regain stability in permanent housing.

	<b>Rapid Rehousing</b>	<b>Homelessness Prevention</b>
Eligible Participants	<p><b>Category 1</b> – Literally Homeless  <b>Category 4</b> – Fleeing/Attempting to Flee Domestic Violence and has no other residence.</p>	<p><b>Category 2</b> – Imminent Risk  <b>Category 3</b> – Other Federal Statutes  <b>Category 4</b> – Fleeing/Attempting to Flee Domestic Violence and has no other residence or at-Risk of Homelessness</p>
Purpose	<ul style="list-style-type: none"> <li>• To help homeless persons living on the streets or in an emergency shelter <u>transition</u> as quickly as possible into permanent housing, and then</li> <li>• To help such persons <u>achieve stability</u> as quickly as possible in that housing and;</li> <li>• Establish connections with mainstream resources</li> </ul>	<ul style="list-style-type: none"> <li>• To <u>prevent</u> persons who are housed from becoming homeless</li> <li>• To help such persons <u>regain stability</u> in their current housing or other permanent housing and;</li> <li>• Establish connections with mainstream resources</li> </ul>
Reassessment	<ul style="list-style-type: none"> <li>• At a minimum, every 12 months AND</li> <li>• Must have income <u>at or below</u> 30% AMI, AND</li> <li>• Establish need based on lack of resources and support network</li> </ul>	<ul style="list-style-type: none"> <li>• At a minimum, every 3 months AND</li> <li>• Must have income <u>at or below</u> 30% AMI, AND</li> <li>• Establish a need based on lack resources and support network</li> </ul>
Eligible Activities	Housing Relocation and Stabilization Services and Financial Assistance	Housing Relocation and Stabilization Services and Financial Assistance
	Short- and Medium-Term Rental Assistance	Short- and Medium-Term Rental Assistance

## **Participant Income Eligibility Requirements / Criteria**

Income requirements do not apply to program participants who are being served under Rapid Rehousing at initial intake or during the first 12 months. After 12 months, program participants must have an annual income at or below 30 percent of the area median income.

Individuals and families applying for NC ESG Homelessness Prevention must have incomes below 30 percent of AMI at initial evaluation.

When determining the annual income of a household, the Subrecipient must refer to the standards for calculating income per 24 CFR 5.609. Current NC ESG Income Limits can be found on HUD's website (<https://www.huduser.gov/portal/datasets/il.html#2019>).

## **Income Inclusions**

- Earned income (wages, salaries, net income from operating of a business or profession)
- Interest and dividend income
- Pension/retirement income
- Unemployment and disability
- TANF/Public Assistance
- Alimony and child support income
- Regular contributions or gifts from organizations or persons not residing in the dwelling
- Armed forces income
- Any other income included in the [HUD Handbook 4350.3, REV-1, Chapter 5, Exhibit 5-1](#)

## **Income Exclusions**

- Income of children (including foster care payments)
- Inheritance and insurance income
- Medical expense reimbursements
- Income of live-in aides
- Certain state payments regarding disability
- Student financial aid
- Armed forces hostile fire pay
- Temporary, non-recurring, or sporadic income
- Certain reparation payments
- Earnings in excess of \$480 for each full-time student who is 18 years old or older (excluding the head of household and spouse)
- Adoption assistance payments in excess of \$480 per adopted child
- Deferred periodic amounts from SSI or social security benefits that are received in a lump sum amount or in prospective monthly amounts
- Refunds or rebates for property taxes
- Amounts paid by the state to offset the cost to allow a developmentally disabled family member to remain in the home. Any other exclusions included in the [HUD Handbook 4350.3, REV-1, Chapter 5, Exhibit 5-1](#)
- Income requirements do not apply to program participants who are being served under Emergency Shelter or Street Outreach activities.

Costs are considered ‘reasonable’ if they do not exceed what a prudent person would incur under similar circumstances. All costs must pass the ‘rational person’ test by meeting all of the following criteria (2 CFR 200.400):

- The cost would be recognized as ordinary and necessary for the operation of the organization and/or project.
- The cost is in accordance with market prices for comparable goods or services as evidenced by cost estimates and documentation.
- The individuals responsible for incurring the cost acted with prudence and for the benefit of the organization and its activities.
- The cost has been incurred after following the established practices of the organization, in accordance with the terms and conditions of the award.

### **Housing Relocation and Stabilization Services**

NC 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 following services require an HMIS / DV Client identifying number:**

- Housing stability case management
- Housing search and placement
- Mediation
- Legal services
- Credit repair

**Housing Stability Case Management:** While providing Homelessness Prevention or Rapid Rehousing Assistance, the following requirements apply:

- HUD Requires (24 CFR 576.105 (2)) assistance not to 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.
- HUD requires (24 CFR 576.401(e)) the subrecipient to meet with the participant not less than once per month to assist the program participant in ensuring long-term housing stability (unless the Subrecipient is exempt from this requirement under the Violence Against Women Act (VAWA) or the Family Violence Prevention and Services Act which prohibit making its shelter or housing conditional on the participant’s acceptance of services); and
  - Subrecipients should not pass this HUD subrecipient mandate onto program participants. This is not a HUD mandate requiring program participants participation.
- Develop a plan to assist the program participant to retain permanent housing after the NC ESG assistance ends (24 CFR 576.105(2)(g)), considering all relevant considerations such as the participant’s current or expected income and expenses; other public or private assistance for which the participant will be

eligible and likely to receive; and the relative affordability of available housing in the area.

**Housing Search and Placement:** NC ESG funds may be used for services or activities designed to assist individuals or families 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 landlords/property owners;
- Assistance with submitting rental applications and understanding leases;
- Assessment of housing for compliance habitability, lead-based paint, and rent reasonableness;
- Assistance with obtaining utilities and making moving arrangements
- Tenant counseling

**Mediation:** NC 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:** NC ESG funds may pay for legal services, as set forth in § 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:** NC 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.

### **Financial Assistance**

- Rent application fees
- Security and utility deposits
- Last month's rent
- Utility payments
- Moving costs

**Rental application fees:** NC ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants

**Security deposits:** NC ESG funds may pay for a security deposit that is equal to no more than 2 months' rent. In concert with the requirements regarding rental assistance payments, security and utility deposits covering the same period in which assistance is being provided through another housing subsidy program are eligible, as long as they cover separate cost types. One example of this would be providing a security deposit for a participant receiving a HUD VA Supportive Housing (VASH) voucher, which provides rental assistance and services.

If a security deposit was paid for a participant who must move, the security deposit refunded to the participant must be considered in developing the subsidy plan for any future assistance provided.

NC ESG funds will pay pet security deposits and/or pet rent. Funds are limited to no more than two pets per household. **Prior approval is required by the NC ESG Office.**

ESG funds may not be used to pay the costs of fees associated with purchasing surety bonds when residents are required to pay these fees to the surety bond company for enrollment in the surety bond program.

**Last month's rent:** If necessary, to obtain housing for a program participant, the last month's rent may be paid from NC 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:** NC ESG funds may pay for a standard utility deposit required by the utility for all customers for the utilities listed under the utility payment section

**Utility payments:** NC 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 cost assistance:** NC 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 for services (housing search & placement and/or case management) and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.

### **Short- and Medium-Term Rental Assistance**

May be provided under rapid rehousing and homeless prevention.

- Short-term: up to three months
- Medium-term: four to 24 months
- Rental Arrears: One-time payment of up to six months rental arrears, including late fees on the arrears

**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.

## **Restrictions**

Rental units must comply with:

- Fair Market Rent (FMR) limits (24 CFR Part 888) and Rent Reasonableness (24 CFR 982.507)
- Rental Assistance Agreements. The subrecipient can make rental assistance payments only to an owner with whom the sub recipient has entered into a rental assistance agreement. The rental assistance agreement must set forth the terms under which rental assistance will be provided, including the requirements that apply under this section. The rental assistance agreement must provide that, during the term of the agreement, the owner must give the sub recipient 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.
- Lead-Based Paint and Minimum Habitability Standards. All housing occupied by NC ESG program participants must be inspected for lead-based paint in accordance with 24 CFR 35. NC ESG funds must be used to help participants obtain or maintain housing that meets minimum habitability standards (24 CFR 576.403).
- Maximum Assistance. The maximum period for which any program participant may receive NC ESG services must not exceed 24 months during any three-year period.
- Late payments. The sub recipient 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 sub recipient is solely responsible for paying late payment penalties that it incurs with non-NC 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, 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.
- 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, as long as the program participant continues to meet the program requirements.
  - The recipient 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 NC ESG rental assistance.

**Lead-Based Paint Requirements**

The Subrecipient is required to follow all lead-based paint requirements. Refer to the Housing Stabilization Habitability Standards checklist for all lead-based paint unit requirements.

## **SECTION 7: HMIS AND COMPARABLE DATABASE**

HMIS or DV comparable database participation is a requirement to receive NC ESG funds, therefore costs associated with contributing data to the HMIS or comparable database are eligible for reimbursement. Activities must comply with HUD's standards on participation, data collection and reporting, including compliance with HUD's "HMIS Data Dictionary" and "HMIS Data Manual" (24 CFR 576.107).

Costs are considered 'reasonable' if they do not exceed what a prudent person would incur under similar circumstances. All costs must pass the 'rational person' test by meeting all of the following criteria (2 CFR 200.400):

- The cost would be recognized as ordinary and necessary for the operation of the organization and/or project.
- The cost is in accordance with market prices for comparable goods or services as evidenced by cost estimates and documentation.
- The individuals responsible for incurring the cost acted with prudence and for the benefit of the organization and its activities.
- The cost has been incurred after following the established practices of the organization, in accordance with the terms and conditions of the award.

### **Eligible Activities for Subrecipients**

- Hardware, equipment and software costs
- Purchasing or leasing computer hardware
- Purchasing software or software licenses
- Purchasing or leasing equipment, including telephones, taxes, and furniture (under \$500 per item)
- Salaries for operating the HMIS/comparable database
- Data collection and reporting
- Completing data entry
- Monitoring and reviewing data quality
- Completing data analysis
- Training staff on using the HMIS or comparable database:
- Implementing and complying with HMIS/comparable database requirements
- Training and overhead
- Obtaining technical support
- Leasing office space (must obtain prior approval)
- Paying charges for electricity, gas, water, phone service and high-speed data transmission necessary to operate or contribute data to the HMIS/comparable database. (must obtain prior approval)
- Paying costs of staff to travel to and attend HUD-sponsored and HUD-approved training on HMIS/comparable database and programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act
- Paying staff travel costs to conduct intake
- Paying participant fees charged by the HMIS/comparable database lead agency

**Eligible Activities for Lead Agencies**

- Hosting and maintaining HMIS/comparable database software or data
- Backing up, recovering, or repairing HMIS/comparable database software or data
- Administering the HMIS/comparable database system
- Providing reports and information to service providers, the CoC, HUD, and/or the NC ESG office
- Conducting training on using the system or a comparable database, including travel
- Assessing if Domestic Violence/ victim services providers databases are HMIS comparable and providing verification to NC ESG

Note – HMIS 2020 Data Standards go into effect October 1, 2019.

## **SECTION 8: OVERHEAD / INDIRECT COSTS (24 CFR 576.109)**

NC ESG funds may be used to pay indirect costs in accordance with OMB Circulars A-87 (2 CFR part 225) and A-122 (2 CFR part 230), as applicable. Indirect costs may be allocated to each eligible component, so long as the allocation is consistent. The indirect costs charged to a component subject to an expenditure limit must be added to the direct costs charged for that component when determining the total costs subject to the expenditure limit.

NC ESG subrecipients may request up to 15% of their NC ESG funds for indirect costs in accordance with OMB requirements.

### **General Management/Oversight/Coordination**

- Other costs for goods and services required for the 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 NC ESG Requirements: Costs of attending trainings on NC ESG requirements and attending HUD- sponsored NC ESG trainings

Note: Staff and overhead costs directly related to carrying out eligible services and operating activities (street outreach, HMIS, Rapid Rehousing and Prevention) are considered program costs, not administration costs, subject to cost principles in OMB Circulars A-87 (2 CFR 225) and A-122 (2 CFR 230). These costs are not subject to the administrative cap, however are limited to 15% of a subrecipient's total grant award.

## **SECTION 9: RECORDS TO MAINTAIN – CLIENT FILES 24 CFR 576.500**

Client files must be created, and forms completed, at entry and maintained throughout the duration, using the most up to date forms from the DHHS\_DAAS\_NC ESG website.

Deviations from the minimum **required** documentation standards *must* be approved by the NC ESG Office prior to use.

NOTE – In each file, the order of the forms are expected to be in the order in the checklist.

### **NC ESG Emergency Shelter Client File Checklist (Shelter)**

This checklist should be included in all shelter client files. It is a list of all forms that should be included in shelter client files and should be used as a guide for the required content and order of shelter client files.

### **NC ESG Emergency Street Outreach Client File Checklist (Street Outreach)**

This checklist should be included in all street outreach client files. It is a list of all forms that should be included in street outreach client files and should be used as a guide for the required content and order of street outreach client files.

### **NC ESG Rapid Rehousing Client File Checklist (RRH)**

This checklist should be included in all Rapid Rehousing client files. It is a list of all forms that should be included in Rapid Rehousing client files and should be used as a guide for the required content and order of Rapid Rehousing client files.

### **NC ESG Prevention Client File Checklist (Prevention)**

This checklist should be included in all prevention client files. It is a list of all forms that should be included in prevention client files and should be used as a guide for the required content and order of prevention client files.

### **NC ESG Ineligible Client File Checklist (Ineligible)**

This checklist should be included in all ineligible client files. It is a list of all forms that should be included in ineligible client files and should be used as a guide for the required content and order of ineligible client files.

### **NC ESG Verification of Homeless Status**

#### **(Shelter, Street Outreach, RRH, Prevention, Ineligible)**

The agency must complete this form to indicate current living situation and provide the appropriate documentation based on category of homelessness. This form is required for requisition reimbursement.

- 24 CFR 576.500 (b) Homeless status. The recipient 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. However, lack of third-party documentation must not prevent an individual or family from being immediately admitted to emergency shelter, receiving street outreach services, or being immediately admitted to shelter or receiving services provided by a victim service provider. 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.

### **NC ESG Street and Shelter Intake**

#### **(Shelter, Street Outreach)**

The agency will conduct a comprehensive intake with the household. The intake gathers required demographic and homelessness data which will function as the basis for creating the housing plan. This serves as the foundation for resource coordination and resolution of the housing crisis.

### **NC ESG RRH and Prevention Intake Form**

#### **(RRH, Prevention)**

The agency will conduct a comprehensive intake with the household. The intake gathers required demographic and homelessness data which will function as the basis for creating the housing plan. This serves as the foundation for resource coordination and resolution of the housing crisis.

### **NC ESG Third Party Verification of Client's Income**

#### **(RRH, Prevention)**

This form is the preferred documentation for client income. For prevention clients, all sources of household income (for all adult members) must be verified and documented at intake and every 3 months to determine program eligibility. To be eligible for assistance, gross household income must be below 30% area median income (AMI) for the county in which the household is residing. This could include pay statements from an employer, statement of income from government agency, statement from SSI or other public assistance agency.

For rapid rehousing clients, all sources of household income (for all adult members) must be verified at the 12-month reassessment.

### **NC ESG Client Self Certification of Income**

#### **(RRH, Prevention)**

If Form 3.5 cannot be obtained, clients may provide income verification through self-certification. Staff must have attempted to obtain third party verification prior to using this form.

### **NC ESG Income Certification**

#### **(RRH, Prevention)**

All income should be included on this form to determine if a household meets the income guidelines for the program. For prevention clients, this form should be completed at intake and every 3 months to determine program eligibility. For rapid rehousing clients, this form should be completed at the 12-month reassessment.

### **NC ESG Housing Barriers Matrix and Initial Housing Stabilization Plan**

#### **(Shelter, Street Outreach, RRH, Prevention)**

This barriers matrix should be completed to determine a client's level and type of housing barriers which will inform the housing plan. The housing plan should be used as a guide for both the household and service agencies to address the housing crisis.

### **NC ESG Stabilization Action Plan Monthly Update**

#### **(RRH, Prevention)**

This form is used for the required monthly updates of the Housing Stabilization Plan. This will document steps that the agency and the household have taken towards obtaining stable housing.

### **NC ESG Rental Assistance Agreement**

#### **(RRH, Prevention)**

This is an agreement between the agency and the landlord to provide detailed information on the rental assistance to be provided by the agency. A copy of the client's current lease and/or new lease must also be included with this form.

### **NC ESG Rent Reasonableness Checklist and Certification**

#### **(RRH, Prevention)**

This form demonstrates that the unit rent is reasonable in relation to rents currently being charged for comparable units in the private, unassisted market and is not more than rents currently being charged by the owner for comparable, unassisted units.

### **NC ESG HUD VAWA Form 5380**

#### **(RRH, Prevention)**

This form notifies clients who have experienced domestic violence of their rights as applicants of the ESG program and as tenants of a housing unit.

### **NC ESG HUD VAWA Form 5381**

#### **(RRH, Prevention)**

This form notifies clients who have experienced domestic violence of their rights regarding an emergency request to transfer from one housing unit to another.

### **NC ESG HUD VAWA Form 5382**

#### **(RRH, Prevention)**

This form notifies clients who have experienced domestic violence of the agency's right to request documentation regarding the incidents of domestic violence.

### **NC ESG HUD VAWA Form 5382**

#### **(RRH, Prevention)**

This form is used when clients who have experienced domestic violence are requesting an emergency transfer from one housing unit to another. It details the requirements of requesting a transfer and the necessary documentation that must accompany the request.

### **NC ESG Housing Stabilization Minimum Habitability Standards Checklist**

#### **(RRH, Prevention)**

This form must be completed to verify that the housing unit identified meets minimum habitability standards established by HUD.

### **NC ESG Emergency Response Minimum Habitability Standards Checklist**

#### **(Shelter)**

This form must be completed to verify that emergency shelters meet minimum habitability standards established by HUD. This form does not need to be kept in the client file.

### **NC ESG Client Exit Form**

#### **(Shelter, Street Outreach, RRH, Prevention)**

The agency will conduct an exit interview with the household. The exit form gathers required demographic and housing data to show client status at the time of exit.

## **SECTION 10: REIMBURSEMENTS REQUESTS**

Subrecipients must submit an NC ESG Requisition on monthly basis, regardless of drawdown of funds (“zero” requisition), until the contracted amount is expended on or before December 31, 2020. January 2020 – October 2020 requisitions must be submitted and approved by December 15, 2020. January – October 2020 requisitions will not be paid in 2021. Additionally, subrecipients must have at least one requisition leading to a disbursement of NC ESG funds per quarter. (24 CFR 576.202(b))

### **Records to Maintain – Costs Incurred**

<b>Type of Cost Incurred</b>	<b>Acceptable Forms of Documentation (both Cost Incurred and Proof of Payment are required)</b>	
	<b>Cost Incurred</b>	<b>Proof of Cleared Payment</b>
<ul style="list-style-type: none"> <li>• Bills paid</li> <li>• Services performed</li> <li>• Materials purchased</li> </ul>	<ul style="list-style-type: none"> <li>• Invoice</li> <li>• Receipt</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of checks, bank statement or check register with NC ESG payments highlighted</li> </ul>
<ul style="list-style-type: none"> <li>• Travel costs</li> </ul>	<ul style="list-style-type: none"> <li>• Travel request which includes date(s) of travel, from/to, purpose of travel, supporting documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of checks, bank statement or check register with NC ESG payments highlighted</li> </ul>
<ul style="list-style-type: none"> <li>• Employee Compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Timesheets</li> <li>• Pay stub listing pay periods, employee listed, last four digits of SSN</li> <li>• Payroll register</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of pay stub</li> <li>• Bank statement with NC ESG payments highlighted</li> </ul>

### **Request for Reimbursement**

NC ESG funds are provided on a reimbursement basis only. Eligible expenses must be incurred and paid, for eligible program participants and activities under an eligible component. **Reimbursements will be made within thirty (30) business days of an approved requisition submission.**

Before Subrecipients can request reimbursement for Program Year 2020, the following criteria must be met:

- All prior year (if applicable) NC ESG funds must be expended or recaptured; and
- All previous and current compliance issues are resolved (i.e., Subrecipient is “in compliance”).

If the above criteria are met and the Subrecipient has expended funds on eligible NC ESG activities, the Subrecipient may request reimbursement using the requisition forms located at <https://www.ncdhhs.gov/divisions/aging-and-adult-services/nc-emergency-solutions-grant/nc-emergency-solutions-grant-%E2%80%93-2>

### **Requisition Submissions**

- Email the requisition to the NC ESG Community email: [NCESG@dhhs.nc.gov](mailto:NCESG@dhhs.nc.gov)
- Requisitions submitted to other email addresses will not be accepted
- Only one email per Subrecipient, per month, will be accepted; exceptions may be made

with prior approval from the NC ESG Office.

- All requisition documents should be sent via one PDF in the order required by the NC ESG Requisition Checklist.
  - **Any payment made by the organization, to a vendor for more than \$2,500, the organization must submit the cancelled check with the invoice.**
  - Include corresponding HMIS # (or client identifying #) on all documents, redacting all personal identifying information to preserve client confidentiality.
- Requisitions are processed in the order received. **Once requisitions are processed, they cannot be recalled.**
- All questions regarding requisitions should be submitted to [NCESG@dhhs.nc.gov](mailto:NCESG@dhhs.nc.gov)

### **Requisition Timeline**

- Requisition submission must be received by the NC ESG Office no later than 45 days after the last billing day of the month, for which the reimbursement is being requested.
- If approved: the requisition will be submitted for reimbursement to the State Controller office.
- If discarded: Subrecipient's financial contact, Executive Director, and/or authorized signer, will receive discard notification and reason for discard by email (see correction process below for resubmission prior to deadline)
- Reimbursements will be made within thirty (30) business days of an approved requisition submission.

### **Discard Process**

(Requisitions should be reviewed prior to submission in order to reduce the risk of discard)

- Requisitions will be discarded if found incomplete, incorrect, or received after the 45-day submission deadline.
- The discarded requisition will be returned by email indicating reason for discard.
- Three discarded requisitions within one program year, will result in a desk monitoring concern notation in the Subrecipient's contract file.

### **Corrections**

- The Subrecipient can correct the discarded requisition. The correction must be made and resubmitted to the NC ESG community email address: [NCESG@dhhs.nc.gov](mailto:NCESG@dhhs.nc.gov) prior to the 45-day submission deadline.

*Keep in mind, if the subrecipient waits until the 45-day submission deadline of the requisition and it is discarded, the subrecipient may not be able to resubmit the requisition or have it processed for reimbursement.*

If the Subrecipient discovers an error or omission after submitting a requisition request:

- Send an email to [NCESG@dhhs.nc.gov](mailto:NCESG@dhhs.nc.gov) requesting the submission be discarded;
- Wait for notification from the NC ESG Office that the requisition has been discarded;
- Resubmit the full requisition including the corrected or additional information

### **Submission Requirements**

Requisition Submissions must be timely, accurate and include the following:

- A submission in order of the NC ESG Checklist
- Include corresponding HMIS / Client Identifying # on all documents. To preserve client

confidentiality, names and other client identifiers (Names, DOB, SS#, etc.) should be redacted.

- Include all client information documentation, including:
  1. Verification of Homelessness/Imminent Risk of Homelessness
    - a. Send in the month opened for services and at start of a new contract year (for continuing clients) – not every month
  2. Signed Lease
    - a. Send in the month that lease is signed for Rapid Rehousing or in the month when the client receiving Homeless Prevention services began, and at start of new contract year (for continuing clients) – not every month
  3. Verification of Income – (Prevention Only)
    - a. Send in the month when the client receiving Homeless Prevention services began and at start of new contract year (for continuing clients) – not every month
- Include all financial information documentation, including:
  1. Corresponding HMIS / Client Identifying # on all documents. To preserve client confidentiality, names and other client identifiers (Names, DOB, SS#, etc.) should be redacted
  2. Copy of the bill or an invoice
  3. Copy of a check or check stub and a copy of the ledger with line items highlighted
    - a. Payroll check stubs are acceptable in lieu of a copy of a check
    - b. Canceled checks and bank statements will be required for monitoring
  4. When a credit card is used, submit the receipt or the credit card bill with the line item highlighted

**A submission of ineligible expenses renders the entire requisition request ineligible.**

If the Subrecipient provides emergency response and/or housing stability activities to ineligible participants using NC ESG funds or NC ESG matching funds, the Subrecipient may be required reimburse the State for those funds from a non-NC ESG funding source.

**Budget Amendments**

- Subrecipients can request a budget amendment in order to change funding amounts within the approved contract. The following examples are acceptable types of budget amendment requests:
  - Movement of funding between budget categories within the same component – for example, from Rapid Rehousing Financial Assistance to Rapid Rehousing services, as long as the Subrecipient moves funds within the 60%-40% requirement.
  - Movement of funding between budgets from one component to another, if the 60% - 40% split is maintained. For example, from Emergency Shelter to Rapid Rehousing.
- One budget amendment is allowed per grant quarter.

- The budget amendment must be submitted to NC ESG Office on the budget amendment request form with the following:
  1. Budget Amendment Request Form
  2. Justification on Subrecipient letterhead
  3. Submit electronically to [NCESG@DHHS.NC.GOV](mailto:NCESG@DHHS.NC.GOV)
- Subrecipients will be unable to request reimbursement using the new budget until the amendment documents are received and executed by both parties.

### **Budget amendments will not be accepted after November 30th**

#### **Requisition Best Practices**

- Review the entire requisition before submission
- Compile all required documents in the order outlined in the NC ESG Requisition Checklist and scan as one PDF file
- Review the scanned file to make sure it is legible
- Ensure adequate prep time for submission, allowing for resubmission of discarded requisition(s) if necessary

#### **Quarterly Reimbursements**

The Subrecipient must submit reimbursement requests once a month (regardless of drawdown of funds / “zero” requisition) and request a minimum of one disbursement of funds per quarter until the contracted amount is expended on or before December 31, 2020.

Based on the amount requisitioned per quarter, the subrecipient will fall into one of the spending tier categories below:

	Quarter 1 April 15, 2020	Quarter 2 July 15, 2020	Quarter 3 November 15, 2020	Year End, December 31, 2020
Tier 1	20%+	40%+	65%+	95%+
Tier 2	12-19%	30-39%	55-64%	65%-94%
Tier 3	0-11%	29% and lower	54% and lower	64% and lower

Subrecipients will be monitored based on their disbursement percentage each quarter. This monitoring will be used to determine performance and future funding opportunities.

Subrecipients are required to exhaust the entire grant award on or before the end of the fourth quarter (December 31, 2020). The NC ESG Office has the discretion to recapture a portion or all remaining NC ESG funds as of this deadline.

The use of other funding sources (i.e. City ESG Entitlement Funds, CoC Funds, CSBG, etc.) cannot be combined with NC ESG funds. It is recommended that NC ESG subrecipients work together to design projects that use funds from one funding source (State, City, County, etc.) to support 100 percent of the NC ESG costs for each household. Other program participants can be assisted with other sources of funds.

**SECTION 11: COMPLIANCE MONITORING**

The NC ESG office will on-site monitor a minimum of 20% of the total NC ESG Subrecipients every year (24 CFR 576.500(z)). New subrecipients will be monitored within the first year of their grant agreement. On-site monitoring visits allow NC ESG program staff to verify program compliance, to review financial records, and to review administrative structures and practices. Results of on-site monitoring visits are shared with the subrecipient organizations. Back-up documentation that is submitted with monthly reimbursement requests is also reviewed throughout the program year.

Program compliance, HMIS / Comparable database usage, and data integrity will also be subject to regular and random monitoring by NC ESG staff. Monitoring of subrecipients may be conducted by the NC ESG Office, local HUD Office of Community Planning and Development, HUD’s Office of Special Needs Assistance Programs, HUD’s Office of Inspector General, HUD’s Office of Fair Housing and Equal Opportunity, or other federal / state agencies to determine whether the subrecipient complied with the requirements of the NC ESG program. NC ESG staff will monitor Subrecipients by conducting on-site compliance reviews and desk audits to track a Subrecipient’s program compliance, ensure accurate spending of NC ESG funds, prevent fraud and abuse, and identify technical assistance needs.

Subrecipients are expected to make available all participant level, financial, and program records for periodic review. Significant deficiencies in file content or quality will result in required Plans of Corrective Action, with possible loss of allocated funds upon discovery of continuing deficiencies. While it is the practice of the NC ESG Office to request randomly selected files prior to a monitoring visit, files must be available on demand and produced within a reasonable amount of time after on-site arrival. The reasonable amount of time will be determined based on the number of files requested, generally between 15–30 minutes.

**Desk Monitoring**

NC ESG program staff will review source documentation for at least one requisition (reimbursement) request per Subrecipient, per quarter. For the quarterly review, staff will review all supporting documentation for accuracy and eligibility. Each Subrecipient will have at least 4 requisition requests per year reviewed. Desk Monitoring may also include the review of client files, program policies and procedures, financial policies, etc.

Points are assigned to each of the contract performance measures, these accumulated points then are used for award determinations.

Fiscal audits =	5 points
Client File Audits =	5 points
QPR (CAPER) Submissions =	10 points
Requisition submissions =	10 points

Findings and Concerns are deducted from the points assigned to the respective category. Findings = 3 point deduction / Concerns = 2 point deduction.

Findings are violations of Federal ESG requirement(s), including HEARTH statute, HUD regulations, or relevant regulations of other federal agencies. If a Finding is identified, Corrective Actions are required. They do not negate the fact that a Finding was identified. The Corrective Action is required to ensure the Finding is corrected. If not corrected, a Finding may result in repayment of HUD funds to the State.

### **On-Site Compliance Visits**

On-site compliance visits will be conducted at the location designated by NC ESG staff.

The four primary goals of the on-site compliance visit are to:

1. Ensure productivity and accountability
2. Ensure compliance with the Emergency Solutions Grant (NC ESG) which includes participant eligibility, eligible activities, unit requirements, financial management, data collection and reporting and other federal requirements;
3. Evaluate organizational and project performance; and
4. Executed NC ESG Contract

### **Announced Visit**

The announced site visit is scheduled by the NC ESG program staff with the Subrecipient. Once the visit is scheduled, the Subrecipient will be provided written guidance which details the expectations for the visit.

### **Unannounced Visit**

NC ESG staff members have the right to conduct unannounced visits. Unannounced site visits are conducted based on certain factors, including but not limited to, agency's prior history with NC ESG, concerns/deficiencies noted in Subrecipient's client files, desk monitors, and/or financial statements, outcome of an announced visit, and fulfilling grant requirements such as timely and accurate requisition submissions. It is the Subrecipient's responsibility to notify the NC ESG Office of changes in business hours or if the Subrecipient will be closed for an extended amount of time. The general time limit to produce these files or other requested materials is 15-30 minutes.

### **Electronic Files**

If the Subrecipient elects to maintain electronic files in lieu of paper files, the Subrecipient will be required to print off all required documentation for compliance visits, including case notes and/or housing stability plans. As with all files, the time limit to produce these files is 15-30 minutes.

### **Habitability Standards**

NC ESG funded emergency shelters and all units receiving housing stabilization financial assistance must meet basic habitability standards as detailed in 24 CFR 576.403. Emergency shelters and identified units will be inspected during on-site visits to ensure compliance with the minimum habitability standards. The NC ESG staff will note any deficiencies found in the post monitoring letter, and the Subrecipient will need to provide documentation/photographs indicating that the issues have been corrected. Prior to the site visit, subrecipients are responsible for notifying clients of the pending inspection.

While NC ESG Emergency Response Minimum Habitability Standards Checklist is not required for inclusion in Shelter Client Files, per 24 CFR part 576.403, emergency shelters must meet minimum safety, sanitation, and privacy standards. Therefore, habitability inspections must occur in April, July, and November of each year.

## **Exit Interview**

At the conclusion of the site visit, NC ESG staff will discuss the findings of the visit with the appropriate Subrecipient staff member(s). The Subrecipient will be given the opportunity to discuss the findings as well as any other questions and concerns with the NC ESG staff.

## **Compliance Violations**

If the Compliance Monitoring results in finding(s) or concern(s) the NC ESG office will record that the Subrecipient is out of compliance per HUD (24 CFR 576.501) in its Monitoring report issued to the subrecipient within 30 business days of the monitoring. Until the NC ESG office has verified that the identified issue(s) has/have been resolved, funding could be suspended. Contract Non- Compliance will be noted in Subrecipient's records, and may affect current and / or future application cycles.

The Subrecipient will have the ability to submit a Corrective Action Plan (CAP). The CAP is one of several tools available to the NC ESG Office to help ensure a subrecipient fulfills their responsibilities under the contract and to ensure the project is completed, in the required manner. Contract provisions, the findings identified, and the nature of the circumstances will help the NC ESG Office determine whether a CAP is appropriate or if other remedial options available per HUD are appropriate.

The CAP must contain the proposed corrective action(s) for the finding(s) identified. The CAP must delineate a clear understanding and ownership of each "root cause" or deficiency related to a finding, a detailed description and ownership of the corrective action(s), the process for tracking and reporting the status of CAP completion, planned effectiveness review activities to ensure successful resolution, and planned prevention activities to avoid a recurrence.

The items to be addressed in a CAP should include:

- Description of all corrective actions / tasks and completion schedules
- Dependencies between corrective actions, if any (i.e. corrective action B cannot begin until corrective action A is complete)
- Resources required (i.e. time, personnel and technology)
- Allocation of responsibility – the individual responsible for overall CAP completion and the individuals responsible for each corrective action / task
- Plans for monitoring, tracking and reporting progress towards completing the CAP
- Corrective action deliverable(s) / measure(s) / indicator(s) that will provide objective evidence that the corrective action is successfully completed
- Process for verifying completion and closure of the corrective action
- Description of the follow-up corrective action effectiveness review to be conducted to ensure successful resolution of the deficiency and prevention of recurrence

## **Fiscal Sponsors**

The NC ESG staff will monitor fiscal sponsors for compliance. Fiscal Sponsors are responsible for ensuring the compliance and reporting of their sub-contractors with all NC ESG program regulations as well as:

- Reimburse NC ESG sub-contractors for eligible NC ESG activities
- Submit reimbursement requests to the State on behalf of its subcontractors
- Serve as the central point of contact for all reporting requirements
- Conduct monitoring visits and training opportunities for subcontractors
- Act as the point of contact for NC ESG Office monitoring visits

## **Appeal Process**

The subrecipient has the right to appeal an adverse decision. The appeal must be filed within 30 business days from notification of the adverse decision. *The appeal must specifically address the adverse decision, must list the reasons for the appeal, and include all proposed solutions.* The NC ESG Office has 30 business days to respond to the Subrecipient's appeal.

The appeal is reviewed by the Division Section Chief, and a decision is rendered. The Subrecipient may request a second appeal request within 30 business days of receipt of the decision.

The second appeal is reviewed by the Deputy Secretary or his/her designee (i.e. the Division Director) The Deputy Secretary has 30 business days to respond. The Subrecipient may request a third appeal within 30 business days of receipt of the Deputy Secretary's decision.

Should a third appeal be requested, the Subrecipient may file an appeal with the NC Office of Administrative Hearings. NC DHHS will notify legal counsel, who will then notify the Attorney General's Office of the appeal. The hearing will be held and the Administrative Law Judge will render a decision. The Subrecipient may request further action by appealing to the North Carolina Superior Court.

## **SECTION 12: NC ESG GRANT CLOSE OUT**

At the end of the contract period or once awarded funds have been exhausted, the Subrecipient will certify the following on the NC ESG approved form, the link to the form can be found in Appendix C.

- The financial requirements as described in the NC ESG contract have been performed in accordance with the terms and conditions of the executed agreement and applicable statutory and regulatory requirements.
- That there are no known outstanding programmatic or financial issues.
- All data provided on the grant close out form fairly and accurately reflect costs and sources of funds that were taken from NC ESG approved reports and other project-related documents.

**SECTION 13: ESG QUARTERLY REPORTS**

NC ESG is dedicated to the goal of ending homelessness across North Carolina. To better understand the progress towards this goal, high quality data is needed from NC ESG funded organizations. The ESG Office expects a report 30 days following the end of each contract quarter.

The chart below indicates the time period and due date for the reports submitted each quarter.

<b>Report</b>	<b>Reporting Time Period</b>	<b>Due Date</b>
Q1	January 1 – March 31, 2020	April 30, 2020
Q2	January 1 – June 30, 2020	July 31, 2020
Q3	January 1 – September 30, 2020	October 31, 2020
Q4	January 1 – December 31, 2020	January 31, 2021

The only quarterly submission at this time is a CAPER. Upon submission, the report(s) submitted is reviewed to ensure accuracy. During the review, the report is/are either accepted or discarded.

**Discard Process**

Reports should be reviewed prior to submission to reduce risk of discard.

- Reports will be discarded, in its entirety, if found to contain Format Errors, Prompt Errors, Missing data / info, or received after the submission deadline.
- The discarded reports must be corrected and resubmitted prior to the submission deadline.
- Reports discarded after the submission deadline will affect NC ESG Contract compliance and Performance Measures.

<b>HMIS/Comparable Database Report Status</b>	
<b>Status</b>	<b>Definition</b>
Useable	Report did not have any prompt or formatting
Format Error	Report was not submitted in PDF format (PDF for CAPER and Excel for other reports)
Prompt Error	Report prompts were not completed correctly (e.g., incorrect dates entered)
Missing	Report was not submitted in Smartsheet by the submission deadline
N/A (Not applicable)	Report was not required for the project type

## **SECTION 14: PERFORMANCE MEASUREMENTS**

### **1. MEASURE DATA**

<u>Measure</u>	Data Entry – 100% of the ESG CAPER, by the designated deadline.
<u>Explanatory note</u>	Subrecipients must collect and ensure data entry into a HMIS/compatible data system.
<u>Compliance</u>	It is a requirement of HUD that all NC ESG subrecipients provide accurate data to the NC ESG Office by the designated deadline.

### **2. MEASURE DATA**

<u>Measure</u>	Program Compliance - On-site or desk monitoring by the NC ESG Office yields 20% or less findings / concerns in cumulative records reviewed during the contract period. (Examples: requisitions, client files, written standard adherence, coordinated entry participation etc.)
<u>Explanatory note</u>	Program compliance must be followed as a condition of funding.
<u>Compliance</u>	Subrecipient must meet or exceed 80% of program compliance.

### **3. MEASURE DATA**

<u>Measure</u>	Spend Down Rate - Subrecipient submitted 1 requisition per month within the 45-day submission period, with at least 1 requisition leading to a disbursement of NC ESG funds per quarter.
<u>Explanatory note</u>	Requests for allocated fund reimbursement must be made monthly and all funds used by the close of the contract period.
<u>Compliance</u>	Subrecipient will assure that all funds allocated are requisitioned monthly and spent within the terms of the contract.

### **4. MEASURE DATA**

<u>Measure</u>	Requisition Submission - 10 or more requisition submissions by the subrecipients were not discarded.
<u>Explanatory note</u>	Reimbursement accuracy is key to assuring programs receive funding in a timely and accurate manner. Incorrect submissions delay reimbursement and effect overall spending.
<u>Compliance</u>	Subrecipient will assure the accuracy of reimbursement submissions 80% of the time

## 5. MEASURE DATA

Measure

Training Attendance - Attendance at trainings held via webinar, conference calls, face-to-face etc.

Explanatory note

The trainings provided by the NC ESG Office enhance compliance, coordinated and effectiveness of program execution.

Compliance

Subrecipient will attend 80% of the NC ESG Office facilitated trainings between January 1 and December 31.

## **SECTION 15: FINANCIAL REQUIREMENTS AND PROCUREMENT**

In accordance with 24 CFR 570.500, each recipient of NC ESG funding must have sound financial management systems in place to ensure the appropriate, accurate and timely financial transactions.

The financial policy should be consistent, it should not allow manipulation of processes and systems. All the staff members should consistently adhere to the financial policy. A consistent policy will ensure better accountability, transparency, better information dissemination and timely reporting.

NC ESG Subrecipient Financial policies should be able to answer the following:

### **1) Internal controls:**

- Does your agency have a written set of policies and procedures that define staff qualifications and duties, lines of authority, separation of functions, and access to assets and sensitive documents?
- Does your agency have written accounting procedures for approving and recording transactions?
- Are financial records periodically compared to actual assets and liabilities to check for completeness and accuracy?
- Does the financial policy include a written process for NC ESG Requisitions and reimbursements?

### **2) Accounting records:**

- Does your agency maintain an adequate financial accounting system, the basic elements of which should include?
  - Chart of accounts
  - General ledger
  - Cash receipts journal
  - Cash disbursements journal
  - Payroll journals
  - Payable and receivable ledgers
- Does your accounting system provide reliable, complete, and up-to-date information about sources and uses of all funds?
- Are “trial balances” performed on a regular basis (at least quarterly)?

### **3) Allowable costs:**

- Does your agency have a clearly defined set of standards and procedures for determining the reasonableness, allowability, and allocability of costs incurred that’s consistent with the basic Federal rules (OMB Circulars A-87 or A-122)?

- Does your agency know which specific types of expenditures are prohibited under the NC ESG program?
- Are costs are considered ‘reasonable’ as they would not exceed what a prudent person would incur under similar circumstances. All costs should pass the ‘rational person’ test by meeting all of the following criteria (2 CFR 200.400):
  - The cost would be recognized as ordinary and necessary for the operation of the organization and/or project.
  - The cost is in accordance with market prices for comparable goods or services as evidenced by cost estimates and documentation.
  - The individuals responsible for incurring the cost acted with prudence and for the benefit of the organization and its activities.
  - The cost has been incurred after following the established practices of the organization, in accordance with the terms and conditions of the award.

**4) Source documentation:**

- Does your agency maintain up-to-date files of original source documentation (receipts, invoices, canceled checks, etc.) for all of your financial transactions?

**5) Budget controls:**

- Does your agency maintain an up-to-date (approved) budget for all funded activities, and perform a comparison of that budget with actual expenditures for each budget category?
- Does your agency regularly compare progress toward the achievement of goals with the rate of expenditure of program funds?

**6) Cash management:**

- Does your agency have a regular procedure for accurately projecting the cash needs of the organization that will serve to minimize the time between the receipt of funds from the grantee and their actual disbursement?

**7) Financial reporting:**

- Is your agency able to provide accurate, current, and complete disclosure of the financial results of each Federally-sponsored project or program in accordance with the reporting requirements of the grantee and HUD?

**8) Audits:**

- When was your last Independent Public Accountant (IPA) audit and what were the results?
- Does your agency have a copy of the management letter?
- If you did not have an independent public accountant audit, what is the process for certifying your organizations financial stability, including roles and duties of those involved in the process.

**Spending Deadline**

Subrecipients are required to exhaust the entire grant award on or before the end of the fourth quarter (December 31, 2018). The NC ESG Office has the discretion to recapture a portion or all remaining NC ESG funds as of this deadline.

**OMB Audit Requirements**

Subrecipients that expend \$750,000 or more in federal funds (as a collective whole from all of their federal awards) in a fiscal year must be audited in accordance with the requirements of 2 CFR 200.501, and provide a copy of such audit to NC ESG Office and to the Federal Audit Clearinghouse.

## **Uniform Administrative Requirements**

Cost Principles, and Audit Requirements for Federal Awards set forth in 2 CFR 200 establishes 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;
- Affirmative efforts to hire minority- and women-owned enterprises;
- Maintenance of selection documentation; and
- Contract administration system that provides sufficient monitoring.

The guidelines on procurement are summarized as follows:

- Subrecipients can use their own procurement procedures as long as those procedures conform to the provisions of the regulations;
- Subrecipients must maintain a system to handle disputes, protests, and other matters arising out of its contracts; maintain a code of conduct to prevent conflicts of interest (personal, financial, and organizational); and use solicitations which are clear and accurately describe the materials, products, or services being procured
- Subrecipients must use some form of cost or price analysis in connection with each of its procurements. They must be able to justify procurements awarded on a non-competitive basis and justify the awarding of procurements by bid on the basis of other than the lowest bid.
- Subrecipients must initiate positive efforts to use small and minority-owned businesses to the maximum extent possible; include all applicable contract provisions in contracts; and not use the cost-plus-percentage of cost contracts.
- If the subrecipient has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the subrecipient must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the subrecipient is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- The subrecipient's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical

## **SECTION 16: OTHER FEDERAL REQUIREMENTS**

### **Conflict of Interest**

- Requirements (24 CFR 576.404) (2 CFR Part 200.112). The provision of any type or amount of NC ESG assistance may not be conditioned on an individual's or family's acceptance or occupancy of emergency shelter or housing owned by 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 homelessness prevention assistance under 24 CFR 576.103.
- **The subrecipient 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.** No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, the subrecipient may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the subrecipient.
- If the subrecipient has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, **the subrecipient must maintain written standards of conduct covering organizational conflicts of interest.** Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the subrecipient is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- HUD Procedure for Individual Conflicts of Interest Conflicts Prohibited. No persons (as described in persons covered) who exercise or have exercised any functions or responsibilities with respect to NC ESG activities or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from the component, or have an interest or benefit from the component, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- Persons Covered - The conflict of interest provisions applies to any person who is an employee, agent, volunteer, consultant, officer, elected official or appointed official of:
  - the State and/or,
  - a unit of general local government and/or,
  - any designated public agencies representative and/or
  - subrecipients receiving NC ESG funds.

### **Nondiscrimination and Equal Opportunity Requirements**

Subrecipients must comply with all applicable fair housing and civil rights requirements in 24 CFR 5.105(a). In addition, subrecipients must make known that NC ESG rental assistance and services are available to all on a nondiscriminatory basis and ensure that all citizens have equal access to information about NC ESG and equal access to the financial assistance and services provided under this program.

Persons who, because of national origin, do not speak English as their primary language and who have limited ability to speak, read, write, or understand English (“limited English proficient persons” or “LEP”) may be entitled to language assistance under Title VI in order to receive a particular service, benefit, or encounter. In accordance with Title VI of the Civil Rights Act of 1964 (Title VI) and its implementing regulations, the subrecipient agrees to take reasonable steps to ensure meaningful access to activities for LEP persons. Any of the following actions could constitute “reasonable steps”, depending on the circumstances: acquiring translators to translate vital documents, advertisements, or notices, acquiring interpreters for face to face interviews with LEP persons, placing advertisements and notices in newspapers that serve LEP persons, partnering with other organizations that serve LEP populations to provide interpretation, translation, or dissemination of information regarding the project, hiring bilingual employees or volunteers for outreach and intake activities, contracting with a telephone line interpreter service, etc.

In addition, all notices and communications shall be provided in a manner that is effective for persons with hearing, visual, and other communication related disabilities consistent with section 504 of the Rehabilitation Act of 1973 and implementing regulations at 24 CFR 8.6. If the procedures that the subrecipient intends to use to make known the availability of the rental assistance and services are unlikely to reach persons of any race, color, religion, sex, age, national origin, familial status, or disability who may qualify for such rental assistance and services, the subrecipient must establish additional procedures that will ensure that such persons are made aware of the rental assistance and services.

### **Affirmatively Furthering Fair Housing**

Under section 808(e) (5) of the Fair Housing Act, HUD has a statutory duty to affirmatively further fair housing. HUD requires the same of its funding recipients. Subrecipients will have a duty to affirmatively further fair housing opportunities for classes protected under the Fair Housing Act. Protected classes include race, color, national origin, religion, sex, disability, and familial status. Examples of affirmatively furthering fair housing include: (1) marketing the program to all eligible persons, including persons with disabilities and persons with limited English proficiency; (2) making buildings and communications that facilitate applications and service delivery accessible to persons with disabilities (see, for example, HUD’s rule on effective communications at 24 CFR 8.6); providing fair housing counseling services or referrals to fair housing agencies; (4) informing participants of how to file a housing discrimination complaint, including providing the toll-free number for the Housing Discrimination Hotline: 1-800- 669-9777; and (5) recruiting landlords and service providers in areas that expand housing choice to program participants.

## **APPENDIX A: NC ESG RESOURCES**

The HUD NC ESG Resources Page is the central hub for all NC ESG information, where you can access NC ESG-applicable laws, regulations, and notices, plus NC ESG Program guides, tools, and webinars. These are all excellent resources to help staff learn or better understand the program.

### **Key Concepts and Requirements**

- [Eligible Activities for NC ESG Rapid Rehousing and Homelessness Prevention Activities](#)
- [Eligible Participants for NC ESG Rapid Rehousing and Homelessness Prevention Activities](#)
- [Requirements for Rental Assistance Agreements and Leases Under NC ESG](#)
- [NC ESG Requirements for Case Management to Help Ensure Housing Stability: Rapid Re- Housing and Homelessness Prevention Assistance](#)
- [Assigning Essential Services to the Appropriate Program Component](#)
- [Emergency Shelters: Distinguishing Between Renovation/Conversion and Maintenance Activities](#)
- [Using Contractors in the NC ESG and CoC Programs](#)
- [NC ESG Minimum Habitability Standards for Emergency Shelters and Permanent Housing](#)
- [NC ESG Rent Reasonableness and Fair Market Rent](#)
- [Applicable Requirements for Rental Assistance and Housing Relocation and Stabilization Services Matrix](#)

### **Eligibility and Documentation**

Understanding the *homeless* and *at risk of homelessness* definitions can be challenging for some communities – especially when it comes to determining and documenting eligibility for NC ESG Rapid Rehousing and Homelessness Prevention assistance. It is critical that recipients and subrecipients are evaluating individuals and families for assistance correctly – not only for compliance purposes but also to ensure that NC ESG funds are being used to serve those most in need of assistance. The following materials can help providers correctly determine and document program participant eligibility:

- [At Risk Status and Income: Recordkeeping Requirements Webinar for NC ESG Grantees](#)
- [Homeless Status: Recordkeeping Requirements Webinar](#)
- [Determining Homeless and At-Risk Status, Income and Disability Webinar](#)
- [The Homeless Definition and Eligibility for SHP, SPC, and NC ESG](#)
- [Criteria and Recordkeeping Requirements for Definition of Homelessness](#)
- [Criteria for Definition of At Risk of Homelessness](#)
- [SNAPS-Shot: Eligible Participants for NC ESG Rapid Rehousing and Homelessness Prevention Activities](#)
- [Homeless Emergency Assistance and Rapid Transition to Housing \(HEARTH\): Defining "Chronically Homeless" Final Rule](#)

- [SNAPS In Focus: Final Rule on Defining "Chronically Homeless" Part II: Policy and Practical Implications of the New Definition](#)

### **Data Collection, Reporting, & Planning**

There are multiple data collection and reporting systems that are relevant for NC ESG recipients and subrecipients, including the Homeless Management Information System (HMIS), and the Sage HMIS Reporting Repository (Sage). The following materials can help recipients and subrecipients understand these various data collection and reporting system requirements:

#### **HMIS**

- [NC ESG Program HMIS Manual](#)
- [CoC APR and NC ESG CAPER HMIS Programming Specifications](#)

#### **Sage**

- [Sage NC ESG CAPER Guidebook for NC ESG-funded Programs](#)
- [NC ESG CAPER: Sage HMIS Reporting Repository Template](#)
- [Sage Guidance for NC ESG subrecipients Webinar](#)
- [Sage Guidance for NC ESG Subrecipients Webinar](#)

### **Important Cross-Cutting Concepts**

Some cross-cutting programmatic practices are required by the NC ESG regulations, such as consultation with Continuums of Care (CoCs) and participation in coordinated entry. HUD strongly encourages recipients and subrecipients to adopt other key program elements, such as emphasizing Rapid Rehousing, implementing a low-barrier approach to emergency shelter, and using a Housing First model. While not all are NC ESG Program-specific, the following resources can assist recipients and subrecipients to understand and incorporate these important practices into their communities' efforts to end homelessness:

- [SNAPS In Focus: Rapid Rehousing As a Model and Best Practice](#)
- [NAEH Low Barrier Emergency Shelter Series](#)
- [HUD and USICH: Core Principles of Housing First and Rapid Rehousing Webinar](#)
- [Coordinated Entry Policy Brief](#)
- [Coordinated Entry Requirements and Checklist of Essential Elements](#)
- [SNAPS In Focus: Improving our Crisis Response System](#)
- [Coordination and Collaboration for CoCs and Con Plan Jurisdictions Guide and Video](#)
- [Emergency Solutions Grants State Recipient Consultation with Continuums of Care](#)
- [FY 2016 CoC-Con Plan Jurisdiction and NC ESG Recipient Crosswalk](#)
- [Disaster Recovery Homelessness Toolkit](#)
- [Disease Risks and Homelessness](#)

### **NC ESG FAQs**

Through the publication of Frequently Asked Questions (FAQs), HUD offers clarifying information and guidance that may not be stated as explicitly elsewhere. All NC ESG Program FAQs are available on the [NC ESG Program FAQs](#) page.

## APPENDIX B: WRITTEN STANDARDS CHECKLIST

The U.S. Department of Housing and Urban Development requires (24 CFR 576.400) subrecipients to adhere to the Written Standards, developed and approved by their CoC for programs provided through the Emergency Solutions Grant Program. The following guidelines must be followed when developing these Standards. Standards for emergency shelter programs will be different than Standards for Rapid Rehousing and homeless prevention. Subrecipients must ensure that the Standards are appropriate for the programs offered.

ALL PROGRAMS
1. Standards include the area of service where assistance shall be offered.
2. Standards include all type(s) of assistance that will be offered through the NC ESG program.
3. Standards summarize the procedure in place that defines how program participants will be evaluated for eligibility of assistance under the NC ESG program. (Note: DV shelters must follow the requirements of the Violence Against Women Act and the Family Violence Prevention and Services Act which prohibits agencies from making its shelter or housing conditional on the participant's acceptance of service)
4. Standards include procedures describing the coordination (coordinated entry) emergency shelter providers, essential services providers, homelessness prevention, and Rapid Rehousing assistance providers, other homeless assistance providers, and mainstream service and housing providers.
5. Standards include a list of available programs that program participants will be referred, including all programs reflected in 576.400 (b) and (c) such as Shelter + Care, VASH Voucher, Section 8, Emergency Food and Shelter program, etc. if available to program participants in the agency's area of service.
6. Standards describe the formal termination process established by the agency that recognizes the rights of individuals affected. The agency 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.
7. Standards describe the program participant's formal grievance process. Included shall be the right for the participant to contact the agency's Director, the Housing Division or HUD.
8. Standards include summaries regarding the requirement that clients served and activities provided with NC ESG funds will be entered into HMIS (or comparable database if a DV shelter), the timeframe for data to be entered, and the process for ensuring confidentiality of client records.
9. Standards include steps used to ensure clients receiving NC ESG assistance are provided all applicable HMIS releases, forms, client complaint process, etc. as required by HMIS regulations.

**STREET OUTREACH/ EMERGENCY SHELTER-OPERATIONS/EMERGENCY SHELTER-ESSENTIAL SERVICES**

1. Standards include a summary of how agency staff will target and provide services related to street outreach.
2. Standards include steps for admission, diversion, referral, and discharge by emergency shelters assisted under NC ESG, including standards regarding length of stay limits, if any, and safeguards to meet the safety and shelter needs of special populations, such as victims of Domestic Violence / Victim Service Provider, sexual assault, etc.
3. Standards include steps for admission, diversion, referral and discharge by emergency shelters assisted under NC ESG for individuals and families who have the highest barriers to housing and are likely to be homeless the longest.
4. Standards include assessing, prioritizing, and reassessing individuals and families' needs for essential services related to emergency shelter.

**HOMELESS PREVENTION AND RAPID REHOUSING**

1. Standards shall include definitions of who is considered to be homeless and at-risk of homelessness, as defined in 576.2.
2. Standards include a process for determining and prioritizing which eligible families and individuals will receive homeless prevention or Rapid Rehousing assistance.
3. Standards include standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re- housing assistance.
4. Standards include process for evaluating and documenting income eligibility since program participant's income must be **below 30% of area median income** as established by HUD for the area in which the participant lives when entering the program. Agencies must follow guidelines found under 24 CFR 5.609 when calculating income.
5. Standards include the steps to determine the eligibility of rental assistance, including steps to determine that rent + utilities do not exceed Fair Market Rents for the area of service.
6. Standards include how agency staff will document FMR and rent reasonableness standards, lead based paint inspections, and housing inspections. Included shall be procedures to verify and document the age of the units built before 1978 may contain lead-based paint.
7. Standards include steps for determining how long a program participants will be provided rental assistance and whether or not (and how) the amount of that assistance will be adjusted over time, if applicable.
8. Standards include steps 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 homelessness prevention or Rapid Rehousing assistance that each program participant may receive, such as the maximum amount of assistance, the maximum number of months the program participant receives assistance, or the maximum number of times the program participant may receive assistance.

<p>9. Standards that includes the requirements of program participants to meet with a case manager not less than once per month to assist the program participant in ensuring long-term housing stability (and be documented in client case file and HMIS). Included shall be the agency’s plan to assist the program participant to retain permanent housing after the NC ESG assistance ends, taking into account all relevant considerations such as the program participant’s current or expected income and expenses, other public or private assistance for with the program participant will be eligible and likely to receive, and the relative affordability of available housing in the area. (Note DV shelters must follow the requirements of the Violence Against Women Act or the Family Violence Prevention and Services Act which prohibits agencies from making its shelter or housing conditional on the participants acceptance of service.)</p>
<p>10. Standards include requirements that clients will be re-evaluated for program eligibility and the types and amounts of assistance the program participant needs. This re-evaluation process shall be conducted not less than once every 3 months for program participants receiving homelessness prevention assistance and not less than once annually for program participants receiving rapid re-housing assistance. Income limits shall not exceed 30% of AMI; the participants still lacks the resources and support networks necessary to retain housing.</p>
<p>11. Standards shall include any requirements the agency may have regarding the requirement of the program participant to notify the agency of any change in income, stability, support circumstances that would affect the program participant’s need for assistance under the NC ESG program. If applicable, when notified of the relevant change, the agency shall include steps to re-evaluate the program participant’s eligibility and amount and types of assistance the program participant needs.</p>
<p>12. If the program participant receives rental assistance or housing relocation and stabilization services, the Standards shall include the formal process for terminating a program participant that includes: 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 participant is given the opportunity to present written or oral objections before a person other than the person who made or approved the termination decision; and 3) prompt written notice of the final decision to the program participant. <b><i>Included shall be language stating that termination does not bar the program participant from receiving assistance at a later date if the issue that caused the termination is resolved.</i></b></p>

## **COORDINATED ENTRY (24 CFR 576.400)**

CoC's coordinated entry process meets the requirements (below) established by the CoC Program interim rule.

- CES covers the entire geographic area claimed by the CoC.
- CES is easily accessed by individuals and families seeking housing or services.
- CES is well-advertised.
- CES includes a comprehensive and standardized assessment tool(s).
- CES provides an initial, comprehensive assessment of individuals and families for housing and services.
- CES includes a specific policy to guide the operation of the centralized or coordinated assessment system to address the needs of individuals and families who are fleeing, or attempting to flee, Domestic Violence / Victim Service Provider, dating violence, sexual assault, or stalking, but who are seeking shelter or services from non-victim specific providers.

## **APPENDIX C: EMERGENCY TRANSFER PLAN CHECKLIST**

The Continuum of Care is required to have an Emergency Transfer Plan in place in cases of domestic violence, dating violence, sexual assault, or stalking where a household deems their current unit an unsafe living situation. A victim may request an emergency transfer from their current unit to another unit. The ability to request a transfer is available regardless of sex, gender identity, or sexual orientation. Providers shall publicly post the Emergency Transfer Plan on its website and in a conspicuous location on its premises.

The Plan should include the following definitions:

- **Internal Emergency Transfer:** refers to an emergency relocation of a tenant to another unit where the tenant would not be categorized as a new applicant; that is, the tenant may reside in the new unit without having to undergo an application process.
- **External Emergency Transfer:** refers to an emergency relocation of a tenant to another unit where the tenant would be categorized as a new applicant; that is the tenant must undergo an application process in order to reside in the new unit.
- **Safe Unit:** refers to a unit that the victim of domestic violence, dating violence, sexual assault, or stalking believes is safe.

Aside from these definitions, the Emergency Transfer Plan must include the following elements:

1. A tenant receiving rental assistance through, or residing in a unit subsidized under, a covered housing program who is a victim of domestic violence, dating violence, sexual assault, or stalking qualifies for an emergency transfer if:
  - a. The tenant expressly requests the transfer; and
  - b. The tenant reasonably believes there is a threat of imminent harm from further violence if the tenant remains within the same dwelling unit that the tenant is currently occupying; or
  - c. In the case of a tenant who is a victim of sexual assault, either the tenant reasonably believes there is a threat of imminent harm from further violence if the tenant remains within the same dwelling unit that the tenant is currently occupying, or the sexual assault occurred on the premises during the 90-calendar-day period preceding the date of the request for transfer.
2. The plan must detail the measure of any priority given to tenants who qualify for an emergency transfer under VAWA in relation to other categories of tenants seeking transfers and individuals seeking placement on waiting lists.
  - a. Tenant Selection Plans (TSPs) should be amended to include any VAWA preference (this does not require HUD approval).
3. The plan must incorporate strict confidentiality measures to ensure that the housing provider does not disclose the location of the dwelling unit of the

- tenant to a person who committed or threatened to commit an act of domestic violence, dating violence, sexual assault, or stalking against the tenant.
4. The plan must allow a tenant to make an internal emergency transfer under VAWA when a safe unit is immediately available.
    - a. The plan should define the term “immediately available.” For example, “a vacant unit, ready for move-in with a reasonable period of time.”
    - b. Include time frames, possible internal transfer locations, and priority status relative to other tenants seeking an internal transfer.
  5. The plan must describe policies for assisting a tenant in making an internal emergency transfer under VAWA when a safe unit is not immediately available, and these policies must ensure that requests for internal emergency transfers receive, at a minimum, any applicable additional priority that housing providers may already provide to other types of emergency transfer requests (e.g., transfers based on disability).
  6. The plan must describe reasonable efforts the housing provider will take to assist a tenant who wishes to make an external emergency transfer when a safe unit is not immediately available. The plan must include policies for assisting a tenant who is seeking an external emergency transfer under VAWA out of the housing provider’s program or project, and a tenant who is seeking an external emergency transfer under VAWA into the housing provider’s program or project. These policies may include:
    - a. Arrangements, including memoranda of understanding, with other housing providers to facilitate moves (such documents should be attached to the plan); and
    - b. Outreach activities to organizations that assist or provide resources to victims of domestic violence, dating violence, sexual assault, or stalking.
  7. Nothing may preclude a tenant from seeking an internal emergency transfer and an external emergency transfer concurrently if a safe unit is not immediately available. *It is recommended that this policy be clearly stated in the plan.*
  8. The plan should state that a request does not guarantee continued assistance or an external transfer to other HUD housing.
  9. Where applicable, the plan must describe policies for a tenant who has tenant-based rental assistance (e.g., voucher) and who meets the requirements of #1 above to move quickly with that assistance.
    - a. Housing providers should coordinate with local providers of the tenant-based assistance (e.g., local PHA).
  10. The plan may require documentation from a tenant seeking an emergency transfer, provided that:
    - a. The tenant’s submission of a written request to the housing provider, where the tenant certifies that they meet the eligibility requirements

- to request a VAWA transfer, shall be sufficient documentation of the requirements necessary to request an emergency transfer;
- b. The housing provider may, at its discretion, ask an individual seeking an emergency transfer to document the occurrence of domestic violence, dating violence, sexual assault, or stalking, in accordance with 24 CFR §5.2007, for which the individual is seeking the emergency transfer, if the individual has not already provided documentation of that occurrence; and
  - c. No other documentation is required to qualify the tenant for an emergency transfer.
11. The housing provider must make its emergency transfer plan available upon request and, when feasible, must make the plan publicly available.
  12. Nothing in the plan may supersede any eligibility or other occupancy requirements that may apply under any other covered housing program.

With regard to #9 above, housing providers are not required to require documentation from a tenant claiming VAWA protection. Verbal requests may be accepted. However, if documentation will be required, the requirement (as outlined above) must be included in the plan.

The housing provider must keep a record of all emergency transfers requested under its plan, and the outcomes of such requests, and retain these records for a period of three years, or for a time period as specified in program regulations. Requests and outcomes of such requests must be reported to HUD annually.

## **APPENDIX D: NC ESG FORMS & INFORMATION**

[NC ESG Client File Form Link](#)

[NC ESG Requisition Forms Link](#)

[NC Emergency Solutions Subrecipient Documents](#)

- **NC ESG Desk Guide**
- **Webinars / Tutorials**
- **Grant Close Out Form**
- **Corrective Action Forms**
- **Mileage Log**

## **APPENDIX E: NC ESG PROGRAM ACRONYMS**

<b>NC ESG Acronyms</b>	
AH	Affordable Housing
AHAR	Annual Homeless Assessment Report
AMI	Area (Annual) Median Income
APR	Annual Performance Report
CAPER	Consolidated Annual Performance Evaluation Report
CE	Coordinated Entry
CH	Chronic Homeless
CoC	Continuum of Care
DAAS	Division of Aging and Adult Services
DHHS	Department of Health and Human Services
DV	Domestic Violence
ES	Emergency Shelter
NC ESG	Emergency Solutions Grants
eSNAPS	Electronic data system for SNAP (see SNAP)
FMR	Fair Market Rent
HEARTH	Homeless Emergency and Rapid Transition to Housing
HIC	Housing Inventory Chart
HMIS	Homeless Management Information Systems
HP	Homeless Prevention
HSP	Homeless Service Provider
HUD	U.S. Dept. of Housing and Urban Development
PIT	Point In Time
PSH	Permanent Supportive Housing
QPR	Quarterly Performance Report
RHY	Runaway & Homeless Youth
RRH	Rapid Rehousing
SH	Safe Haven
SHP	Supportive Housing Program (includes TH, S+C, SPC and SRO)
SOAR	SSI/SSDI Outreach, Access, and Recovery Program
SRO	Single Room Occupancy
SSDI	Social Security Disability Income
SSO	Supportive Services Only
SSVF	Supportive Services for Veteran Families Program
SNAP	Special Needs Assistance Programs
TA	Technical Assistance
TANF	Temporary Assistance to Needy Families
TBRA	Tenant Based Rental Assistance
UDE	Universal Data Elements
USICH	U.S. Interagency Council on Homelessness
VASH	HUD-VA Supportive Housing Program
VAWA	Violence Against Women Act
VI-SPDAT	Vulnerability Index Service Prioritization Decision Assistance Tool
VSP	Victim Service Provider

## **APPENDIX F: NC ESG RENT REASONABLENESS AND FMR**

### OVERVIEW

The ESG program Interim Rule allows short- and medium-term rental assistance to be provided to eligible program participants only when the rent, including utilities (gross rent<sup>1</sup>), for the housing unit:

1. Does not exceed the Fair Market Rent (FMR) established by HUD for each geographic area, as provided under 24 CFR 888 and 24 CFR 982.503; **and**
2. Complies with HUD's standard of rent reasonableness, as established under 24 CFR 982.507.<sup>2</sup>

This requirement is in the ESG program Interim Rule at 24 CFR 576.106(d).

#### **HPRP & ESG: Key Difference**

**HPRP:** Rent must meet rent reasonableness standards.

**ESG:** Rent must meet rent reasonableness standards **and** cannot exceed HUD's published FMRs for the area.

In some communities, the reasonable rent for a specific unit may be lower than the FMR that has been established for the community.

**Bottom line:** The rent for the unit assisted with ESG funds must not exceed the **lesser** of the FMR or the rent reasonableness standard.

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<sup>1</sup> Gross rent is the sum of the rent paid to the owner plus, if the tenant pays separately for utilities, the monthly allowance for utilities established by the public housing authority for the area in which the housing is located. For purposes of calculating the FMR, utilities include electricity, gas, water and sewer, and trash removal services but not cable or satellite television service, or internet service. If the owner pays for all utilities, then gross rent equals the rent paid to the owner.

<sup>2</sup> The rent must be reasonable when compared to other units of similar location, type, size, and amenities within the community.

## DETERMINING IF RENT IS ACCEPTABLE FOR ESG RENTAL ASSISTANCE

Whether a household is seeking to maintain its current housing or relocate to another unit to avoid homelessness (Homelessness Prevention), or exiting homelessness into new housing (Rapid Re-Housing), the process for determining acceptable rent amounts is the same:

- The recipient or subrecipient first compares the gross rent (see box below) for the current or new unit with current FMR limits, which are updated annually.
- If the unit's gross rent is at or below FMR, the recipient/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:

1. to pay for financial assistance and services to help the eligible program participant stay in the unit, or
2. 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 **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.

### **Calculating the GROSS RENT AMOUNT**

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

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

**\*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.

## WHAT IS THE FMR REQUIREMENT?

HUD establishes FMRs to determine payment standards or rent ceilings for HUD-funded programs that provide rental assistance, which it publishes annually for 530 metropolitan areas and 2,045 non-metropolitan county areas. 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 [www.huduser.org/portal/datasets/fmr.html](http://www.huduser.org/portal/datasets/fmr.html) and clicking on the current “Individual Area Final FY20\_ FMR Documentation” link. This site allows recipients/subrecipients to search for FMRs by selecting their state and county from the provided list. The site also provides detailed information on how the FMR was calculated for each area.

Recipients/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.

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.

### Determining and Documenting FMR

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

Determining FMR standards is straight forward; no geographic area has more than one FMR standard. However, if a recipient/subrecipient covers multiple cities or counties, they must use the appropriate FMR for the geographic area in which the assisted rental unit is located. Recipients/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.

### Example:

A case manager is looking 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 tenant’s responsibility). The utility allowance established by the PHA 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 family cannot be assisted with ESG in this unit because the gross rent exceeds the FMR.

## WHAT IS THE RENT REASONABLENESS REQUIREMENT?

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, as long as all other program requirements are met.

### Determining and Documenting Rent Reasonableness

Recipients are responsible for determining what documentation is required in order to ensure the rent reasonableness standard is met. Recipients and 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.

#### Caution

Comparable rents vary over time with market changes, so it is important to ensure that the comparison you are using is up-to-date and appropriate for each prospective unit.

Recipients 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. A recipient may require all subrecipients to use a specific form or a particular data source. Use of a single form to collect data on rents for units of different sizes and locations will make the data collection process uniform. A sample "Rent Reasonableness Checklist and Certification" form is available at:

[www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablechecklist.doc](http://www.hud.gov/offices/cpd/affordablehousing/library/forms/rentreasonablechecklist.doc)

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

Before conducting its own study of rent levels in its community, a recipient/subrecipient should consult existing sources of rental housing data that can be used to establish comparable rents. The section below describes some different sources of information on rental units to help recipients and subrecipients meet rent reasonableness requirements. Each recipient must determine which approach is appropriate for its jurisdiction, given the size of its program, other housing programs it administers, local staff capacity, and other resources available within the community.

## Rental Housing Data Sources

**Public sources of data:** There may be organizations within the recipient’s jurisdiction that collect and aggregate data on the rental housing stock, such as a state or local Public Housing Agency (PHA) or the local Chamber of Commerce.

**Real estate advertisements and contacts:** Ads in newspapers or online are simple ways to identify comparable rents. The following are potential sources of information:

- Newspaper ads (including internet versions of newspaper ads);
- Weekly or monthly neighborhood or “shopper” newspapers with rental listings;
- “For Rent” signs in windows or on lawns;
- Bulletin boards in community locations, such as grocery stores, laundromats, churches, and social service offices;
- Real estate agents;
- Property management companies that handle rental property; and
- Rental Listing websites like:  
[www.apartmentguide.com](http://www.apartmentguide.com)  
[www.apartments.com](http://www.apartments.com)  
[www.forrentmag.com](http://www.forrentmag.com)  
[www.move.com/apartments/main.aspx](http://www.move.com/apartments/main.aspx)

**Tip:** Real estate ads and contacts might not provide all the information the recipient requires to determine rent reasonableness. In such instances, a follow-up call to obtain the missing information may be required. Newspaper and internet listings often contain either the lowest rent or the range of rents when there is variation among units with the same number of bedrooms. The recipient should follow up to determine what causes the rents to vary (e.g., unit size, location within the development, number of bathrooms, amenities), and then document these factors.

**Rental market study:** A rental market study is an in-depth analysis of a particular rental market that is often prepared by independent organizations for specific communities. Commercial firms will frequently conduct these studies before developing rental housing in a particular location. They can provide a good source of data to use as the basis of a rent reasonableness policy.

However, some rental market studies may be narrowly focused on a particular type of rental housing (such as housing for seniors or rental condominiums) and might be useful only for certain housing units assisted with ESG funds.

**Rental market survey:** A rental market survey provides a comparison of various landlords and property management companies in the area. Some local governments conduct surveys to assist with planning activities. Additionally, local associations of rental owners and managers may survey their members periodically and publish the results. Many of these surveys report average rents and/or rent ranges by the number of bedrooms and submarket location. However, such surveys frequently do not contain the detailed information required for rent reasonableness comparisons, such as amenities (free parking, laundry, etc.) or additional fees that must be paid. Rental market surveys are designed to show the overall picture of the rental market and may not be useful in evaluating the rent for a particular unit type.

**Tip:** When using either a market study or a market survey, it is very important to understand what is and is not included in the rent reported. For example, surveys/studies may report rents with all, some, or no utilities included. When comparing unassisted market units with ESG-assisted units, it is important to consider whether utilities and other amenities are included in the rent.

**Rental database:** For HPRP, some grantees found it useful to build their own rental database in order to perform more efficient searches for comparable rents. Building a rental database allows the majority of work to be completed on the front end, which increases the efficiency of making

rent reasonableness determinations and allows assistance to be provided more quickly. However, there are serious resource issues to consider for this option, including updating the data and maintaining the database, which can be labor-intensive and costly. If choosing this option, ESG recipients in close proximity to one another may choose to collaborate on a regional database.

### *Rural Housing Data Sources*

While there may be fewer rental units in rural areas than in urban and suburban areas, it is possible to find comparable rents for different unit types located in these areas using various data sources, including:

- **U.S. Department of Agriculture’s Rural Development Agency (USDA):** USDA provides direct and guaranteed loans for single and multi-family housing development in rural areas and for farm laborers. Contact information for Rural Development State and Local Offices or USDA Service Centers is available at [www.rurdev.usda.gov/recd\\_map.html](http://www.rurdev.usda.gov/recd_map.html). Each Rural Development Office, if it has a Rural Housing component, should provide information on the types of rental housing available in communities throughout the state, and include unit sizes and rental rates.
- **PHAs:** If a rural community is also under the jurisdiction of a PHA, the PHA may be a source of comparable rent data.
- **Real estate agents:** Local real estate agents are not only knowledgeable about real estate prices but often are a source of information on rental housing in the area. They may be able to extrapolate rent estimates based on the general cost of housing in the area. To find real estate agents active in particular communities, recipients can consult the National Association of Realtors on the web at [www.realtor.org](http://www.realtor.org). For demographic information on the housing stock, market trends, etc., recipients should access [www.realtor.org/research](http://www.realtor.org/research).

### COMPONENTS OF AN EFFECTIVE POLICY

For monitoring purposes, HUD will determine whether the recipient/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.

Recipients’/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 recipient 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 recipient’s policy—but rent could only be paid if it is **also** at or below the FMR.

#### STAFF ROLES AND RESPONSIBILITIES

Recipients/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.