



## **EMERGENCY SOLUTIONS GRANTS PROGRAM**

**2019**

## **POLICIES & PROCEDURES APPLICATION MANUAL**

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## OVERVIEW

The Emergency Solutions Grants program was designed to improve administrative efficiency and enhance response coordination and effectiveness in addressing the needs of homeless persons. The ESG program will provide funding to non-profits to assist individuals experiencing homelessness or persons at risk of homelessness to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

## BACKGROUND

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH ACT), consolidates three of the separate homeless assistance programs administered by the Department of Housing and Urban Development (HUD) under the McKinney-Vento Homeless Assistance Act into a single grant program, revised the Emergency Shelter Grants program (ESG) and renamed the program the Emergency Solutions Grants program (ESG). The HEARTH Act also codifies into law the Continuum of Care (CoC) planning process. The Continuum of Care program established by the HEARTH ACT and the new consultation requirements found in 24 CFR Part 91 states that ESG recipients consult with CoCs when allocating ESG funds to carry out eligible activities.

The change in the program's name, from Emergency Shelter Grants to Emergency Solutions Grants, reflects the change in the program's focus from addressing the needs of homeless people in emergency shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

The Department of Housing and Urban Development (HUD) allocates funds by formula grant to eligible states and units of general-purpose local government for the administration of the Emergency Solutions Grants (ESG) program. ESG funds will be distributed statewide to eligible local units of government that operate existing homeless shelters and private non-profit organizations that demonstrate the capacity to provide homelessness prevention and rapid rehousing assistance. **Local units of government are not eligible to submit applications on behalf of non-profit agencies.**

HUD provides general oversight of the regulatory guidance and directions the program should follow. This allows recipients to create their own rules required to implement a program if those rules do not violate the overall intent of the program. Mississippi Home Corporation has chosen to implement stricter regulations based on the funds allocated and timeliness necessary for implementation of the program. **Organizations interested in applying for ESG funds must adhere to the directives that MHC has provided.**

The Governor designated Mississippi Home Corporation ("MHC" or "Corporation") to administer the Emergency Solutions Grant in Mississippi, effective July 1, 2015.

## STRATEGIC GOALS/PRIORITIES

MHC collaborated with the CoCs and developed strategic goals guiding the use of FY 2019 ESG funds.

These goals and priorities are:

A. Achieve Home, Together: *The Federal Strategic Plan to Prevent and End Homelessness* and accomplish ambitious goals related to the U.S. Supreme Court decision in *Olmstead vs L.C.*:

1. End homelessness among veterans (funding sources have been defined by VA and SSVF but needs in this population may be addressed using HOME, CoC, and ESG, though could be eligible)
2. End chronic homelessness among people with disabilities (the partnerships between ESG, HOME, National Housing Trust Fund, CoC and CHOICE could help achieve this goal while also accomplishing *Olmstead* goals as the populations often overlap homeless persons living with mental illness)
3. End homelessness among families with children, unaccompanied youth and among all other individuals (CoC resources, HOME TBRA, HOME units, National Housing Trust Fund, ESG shelter operations for domestic violence shelters, shelters for women and children, runaway and homeless youth programs, and children's shelters willing to address trafficking, ESG rapid re-housing and prevention coupled with appropriate services)
4. Create a system to ensure that all homelessness is rare, brief, and non-reoccurring (ESG outreach services, navigation services under rapid rehousing, HMIS activities, coordinated entry)

B. Create standards within the CoCs to ensure that ESG and CoC programs align with the goals, utilize evidence-based practices, and promote coordination. Outcomes expectations will be defined and measured by HMIS and site visits. The CoCs will get together to create statewide CoC expectations and standards.

C. In awarding ESG funding to applicants, MS Home Corp will consider measurable outcomes proposed, service delivery standards and models used, and clearly stated actions by a grantee to meaningfully collaborate with the CoC, and other service organizations in local communities whether funded by ESG or other sources. Grantees will be expected to participate in local coordinated entry, HMIS, PIT, and CoC committee work.

D. The CoCs will lead the outreach activities as a way to promote coordinated entry, maintain a by-name list, and make appropriate community referrals. Navigators will assist people who are literally homeless and identified through outreach to access services and housing.

E. The CoCs' HMIS systems will continue to coordinate efforts and provide data to the community, HUD, and MS Home Corp. The HMIS data over time coupled with the PIT counts will inform the goals and strategies to achieve those goals at a local level. Funding will align with the data-driven goals.

F. MHC, CoCs and ESG funded agencies will coordinate with the Department of Mental Health and Community Mental Health Centers regarding Assertive Community Treatment Teams (ACT Teams) and other community-based services with newly created housing options.

## OBJECTIVES

**Purpose** - The Emergency Solutions Grants Program (ESG) Application Policies and Procedures Manual contains information, guidance and instructional materials, forms, requirements, and other documentation necessary to develop a more comprehensive understanding of the ESG program. This manual should also assist with the creation of a successful funding opportunity.

**Objectives** - The objectives of the program are to assist the recipient in accomplishing the following:

- a. Aiding homeless persons and families with children;
- b. Meeting the needs of special groups within the homeless population;
- c. Providing essential services through an effective case management process; and
- d. Supporting Shelter operations.

The ESG program is focused on assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. This program broadens existing emergency shelter and homelessness prevention activities and adds short-and medium-term rental assistance and services to rapidly re-house homeless people.

**Expenditure limits.** The 2019 ESG program significantly changes amounts that can be expended within certain program categories:

- Not more than 60% of the fiscal year grant may be used for emergency shelter and street outreach activities.

- Not less than 40% of the fiscal year grant must be used for homelessness prevention, rapid rehousing and/or HMIS activities.
- Subject to the cost principles in OMB Circulars A-87 (2 CFR 225) and A-122 (2 CFR 230) and other requirements in this part, employee compensation and other overhead costs directly related to carrying out emergency shelter, homelessness prevention, rapid re-housing and HMIS are eligible costs of these program components. These costs are not subject to the expenditure limit for administrative activities.

### **ESTIMATED ALLOCATION/ELIGIBLE ACTIVITIES**

The 2019 One-Year Action Plan is based on the allocation of \$2,280,468. Mississippi Home Corporation published in the Federal Register. This allocation is from the U. S. Department of Housing and Urban Development (HUD).

#### **ESG 2019 Estimated Allocation Categories**

<b>PROGRAM CATEGORIES</b>	<b>APPROXIMATE %</b>	<b>ALLOCATION*</b>
<b>Emergency Shelters**</b>	<b>Not more than 60%</b>	<b>\$ 684,140</b>
<b>Street Outreach</b>		<b>\$ 91,219</b>
<b>Rapid Re-Housing Assistance</b>	<b>Not less than 40%</b>	<b>\$ 954,808</b>
<b>Homelessness Prevention</b>		<b>\$ 342,070</b>
<b>HMIS</b>		<b>\$ 148,231</b>
<b>Administration</b>		<b>\$ 60,000</b>
<b>TOTAL ALLOCATION</b>		<b>\$ 2,280,468</b>

*\* MHC reserves the right to adjust the amount designated for any program category based on the demand created by the applications and to meet programmatic budgetary requirements.*

*\*\* Emergency Shelter Category funds may be awarded to non-profit (sub-recipient) that does not own (or run) a shelter for the purpose of paying for hotel/motel vouchers when no appropriate emergency shelter is available with caveats.*

*\*\*\* No administrative costs are allowed for grant recipients.*

*\*\*\*\* There is no maximum or minimum grant size.*

## ESG Recaptured Funds

The Corporation may recapture funds previously awarded to an ESG recipient. The Corporation may reallocate any recaptured funds in any eligible category and reallocate to any eligible applicant. Requests for supplemental funds will be considered on a case-by-case basis with funds granted only in those instances where the Corporation can readily determine that additional funding is justified. Grant award limits are not applicable when considering the allocation of these funds.

## Application Submission Date

The ESG application submission date is on or before the **June 28, 2019 no later than 4:00 p.m.** Applications must be submitted to Mississippi Home Corporation, Attn: Faye McCall or Erica Fell, 735 Riverside Drive, Jackson, Mississippi 39202. No applications will be accepted after 4:00 p.m. MHC's time clock will be used for meeting the submission deadline.

## ELIGIBLE APPLICANTS

The three Continua of Care (Mississippi Balance of State (BOS) CoC, Open Doors Homeless Coalition, Central Mississippi CoC) and their member homelessness services provider organizations (to include faith-based organizations), and non-entitlement local units of government that operate existing homeless shelters, are eligible to submit applications in the ESG Program. Local units of government are not eligible to submit applications on behalf of non-profit agencies. The City of Jackson, as an entitlement community, receives a direct annual allocation of ESG funds from HUD and will not be eligible to apply with MHC. **Non-profit organizations within the City of Jackson will be eligible to submit applications in the homelessness prevention and/or rapid rehousing categories only.**

Pursuant to 24 CFR 576.406, faith-based activities, organizations that are religious or faith-based are eligible, on the same basis as any other organization, to receive ESG funds. Neither the Federal Government nor a State or local government receiving funds under ESG shall discriminate against an organization based on the organization's religious character or affiliation. Organizations that are directly funded under the ESG program **may not** engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services funded under ESG. If the organization conducts these activities, the activities must be offered separately, in time or location, from the programs or services funded under ESG, and participation **must** be voluntary for program participants. Any religious organization that receives ESG funds retains its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that the religious organization does not use direct ESG funds to support any inherently religious activities.

## MATCH REQUIREMENTS

Applicants must provide “dollar for dollar” matching funds. Pursuant to 24 CFR Part 576.201 and 42 U.S.C. 11375, the ESG program requires that ESG funds provided by HUD be matched (cash and in-kind) with an equal amount of funds from other sources.

Matching contributions may be obtained from any source, including any Federal source other than the ESG program, as well as state, local, and private sources.

- In order to meet the matching requirement, the matching contributions **must** meet all requirements that apply to the ESG funds provided by HUD.
- The matching contributions **must** be provided after the date that HUD signs the grant agreement.
- To count toward the required match for the recipient’s fiscal year grant, cash contributions must be expended within the expenditure deadline in 24 CFR Part 576.203.
- Contributions used to match a previous ESG grant **may not** be used to match a subsequent ESG grant.
- Contributions that have been or will be counted as satisfying a matching requirement of another Federal grant or award may not count as satisfying the matching requirement of this section.

Requirements for using cash and noncash contributions to match ESG grant.

- Cash expended for allowable costs as defined in OMB Circulars A-87 (2 CFR Part 225) and A-122 (2 CFR Part 230) of the recipient or sub-recipient.
- Cash donations and cash receipts from sale of donated items (thrift store), however, there may not be any duplication of this transaction, i.e. clothing donated and then sold through Thrift Store would be a duplication if counted both times.
- Noncash contributions may include but are not limited to: real property, equipment, goods, or services. The value of any real property, equipment, goods, or services is determined by the cost, -the recipient or sub-recipient had to pay for them with grant funds, or if the activity represents indirect costs; and value may also include the purchase value of any donated building.

Calculating the amount of noncash contributions:

- Calculating noncash contributions: the value or fair market value of any donated material or building (this source can only be utilized as match one time), the value of any lease on a building.



- Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the sub-recipient's organization. If the sub-recipient does not have employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market (at a **minimum rate of \$7.25 per hour**).

### THRESHOLD REQUIREMENTS

1. Applications submitted by a non-entitlement local unit of government must include a copy of the Resolution authorizing submission of their application. The Resolution must be adopted by the local unit of government and must be signed and dated by the local unit of government's Chief Elected Official.
2. Applications submitted by private non-profit organizations that are operating **existing** homeless shelters must include a copy of the authorizing Resolution. The Resolution must be adopted by the non-profit organization's Board and must be signed and dated by the President of the Board.
3. Applications from private non-profit organizations that are operating existing homeless shelters must also include a letter from the local unit of government approving the submission of the application. The letter must refer to the current ESG program year for which the application is being submitted and is signed by the Chief Elected Official.
4. **Match requirement must be documented in the application. The matching amount must be equal to the amount of ESG funds being requested.** Matching contributions may be obtained from any source, including any Federal source other than the ESG program, as well as state, local, and private sources: the value or FMV of any donated material or building (this source can only be utilized as match one time); the value of any lease on a building; any salary paid to staff to carry out the program and the value of the time and services (at a **minimum rate of \$7.25 per hour**) contributed by volunteers to carry out the program.

If match includes funds from other services or the value of the time and services contributed by volunteers to carry out the program, applicants must provide a copy of the Memorandum of Understanding, or an Agreement, or a letter of support from the entities providing match. This documentation must identify the **match type, match amount**, and must cover the **current grant program year** time period for this application cycle.

If a facility is used as match, a current appraisal (less than two years) of the facility must be included with the application.

If the value of any lease on a building is used as match funds, a copy of the lease showing the lease amount must be included.

If donated materials are utilized as match, documentation from the donor indicating the type of materials and their value and the date or proposed date of the donation must be submitted in the application.

5. Applicants **must not have any unresolved audit or monitoring findings associated with the ESG program.**
6. Applicants must disclose any loan or grant received from MHC for which MHC has issued a letter of **findings associated with use of an** MHC operated program. Applicants must provide evidence that findings have been resolved. MHC may disqualify the applicant from consideration in funding based on this information. Findings may include, but is not limited to, failing to submit required reports.
7. Any application that has been prepared by an application preparer that is involved in a pending debarment or suspension proceeding before a state or federal agent **shall not** be reviewed until such time as the debarment proceeding has been finally resolved. No person who is involved in a suspension or debarment proceeding shall be allowed to administer an ESG project until such time as the suspension or debarment process finding is resolved.
8. Homeless participation. If a sub-recipient is unable to meet the participation of homeless individuals requirement in section 416(d) of the McKinney-Vento Act, the sub-recipient need not obtain approval of a formal waiver so long as the sub-recipient develops a plan to consult with homeless or formerly homeless individuals in considering and making policies and decisions regarding any facilities, services or other assistance that receive ESG funding.
9. Applicants that have demonstrated through experience the ability to provide rapid rehousing and homelessness prevention services to program participants within their service areas will be given additional consideration for funding.

Section 416(f) of the McKinney-Vento Act, as amended by the HEARTH Act requires that projects receiving funding under the ESG program must participate in the Homeless Management Information System (HMIS). The data collected is essential to measuring what works and what doesn't. Accurate HMIS data will enable HUD to gain a more informed understanding of the problems of homelessness in our communities; the Continuum(s) of Care will assist in the participation of HMIS. Any applicant submitting an application without the HMIS confirmation will be ineligible for the 2017 ESG funding cycle, with no exceptions. Domestic Violence (DV) service providers must use a comparable database that meets Data Standards and must collect all of the Universal Data Elements.

The CoCs are eligible applicants for any services that can be provided in all ESG categories. ESG applicants must be an active participating member in good standing of a Continuum of Care and documented as such in the application. Consultation with the CoCs will occur through not only standard means of public hearings and public comment solicitation, but also one-on-one communications during the public comment period as well as throughout the year.

## APPLICATION REVIEW PROCESS

### A. Eligibility Prescreening Review

MHC will review applications to determine if all required documentation is included in the application packet. Failure to submit all required documentation by the deadline will result in elimination from consideration of funding.

### B. Deficiencies

Applications that meet the prescreening eligibility requirements will be reviewed for completeness. Applicants may be contacted for clarification of the information presented in the application.

### C. Ranking of Applications

Applications will be evaluated and scored based on the Grant Review Scoring Guide.

**Applicant Self-Scoring:** As a part of the Application documents, the Applicant must “self-score” and submit a scoring sheet using the scoring guide indicating the scores it believes are supported through the Application’s supporting documentation. Going through the self-scoring process will help the applicant evaluate the strength of its application in advance, giving it the opportunity to correct missing or unclear narratives before submitting the application. The scoring guide submitted by the Applicant will assist MHC in its review of the Application and will demonstrate the Applicants’ priorities and goals. MHC will determine the final points to be awarded based on the questions answered in the Application and the evidence provided through supporting documentation.

Site visits will be conducted to verify information submitted in the application. A site visit does not imply or denote that an applicant will be funded. MHC will make the final determination on the Habitability Standards of the shelter/facility. The shelters must meet HUDs’ Habitability Standards to receive funding.

## SELECTION PROCESS

The ESG funds will be awarded based on the final points of ESG Grant Review Scoring Guide. **Applicants must score at least 75% out of 120 points.** MHC reserves the right to adjust the amount awarded, based on the amount of funds available, and based on the demand created by the applications submitted. MHC will mail all applicants a letter with the funding decision. Proposed outputs and outcomes will be incorporated

into contracts as performance outcome measurements for applicants selected as sub-recipients.

## **SHELTER AND HOUSING STANDARDS**

Pursuant to 24 CFR 576.403, HUD requires the following for lead-based paint and minimum standards:

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

Listed below are the **minimum standards** that an emergency shelter **must** meet for an applicant to receive funding according to the shelter and housing standards.

**Structure and Materials:** The shelter building **must** be structurally sound to protect residents from the elements and not pose any threat to health and safety of the residents.

**Access:** The shelter **must** be accessible in accordance with Section 504 of the Rehabilitation Act (20 U.S.C. 794) and implementing regulations at 24 CFR part 8; the Fair Housing Act (42 U.S.C. 3601 et seq.) and implement regulations at 24 CFR part 100; and Title II of the Americans with Disabilities Act (42 U.S.C. 1213 et seq.) and 28 CFR part 35; where applicable and there **must** be a second means of exiting the facility in the case of an emergency or fire.

**Space and Security:** Except where the shelter is intended for day use only, the shelter **must** provide each program participant in the shelter with an acceptable place to sleep and adequate space and security for themselves and their belongings.

**Interior Air Quality:** Each room or space within the shelter/facility **must** have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents.

**Water Supply:** The shelter's water supply **must** be free of contamination.

**Sanitary Facilities:** Each program participant in the shelter **must** have access to sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste.

**Thermal-Environment:** The shelter/facility **must** have any necessary heating/ cooling facilities in proper operating condition.

**Illumination and Electricity:** The shelter/facility **must** have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the shelter.

**Food Preparation:** Food preparation areas, if any, **must** contain suitable space and equipment to store, prepare and serve food in a safe and sanitary manner.

**Sanitary Conditions:** The shelter **must** be maintained in a sanitary condition.

**Fire Safety-Sleeping/Common Areas:** There **must** be **at least one** working smoke detector in each occupied unit of the shelter facility. Where possible, smoke detectors **must** be located near sleeping areas. The fire alarm system **must** be designed for hearing-impaired residents. All public areas of the shelter **must** have **at least one** working smoke detector. There **must** also be a second means of exiting the building in the event of fire or another emergency.

## **PROGRAM COMPONENTS**

The Emergency Solutions Grant is comprised of five (5) program components: emergency shelter, street outreach, homelessness prevention, rapid re-housing assistance and Homeless Management Information System (HMIS).

Mississippi Home Corporation has elected to make funding available in all components for ESG:

- Emergency Shelter
- Street Outreach
- Homelessness Prevention
- Rapid Rehousing, and
- HMIS

### **A. Emergency Shelter Component**

ESG funds may be used for costs of providing maintenance (including minor repairs), rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter. ESG funds may also be used to provide *essential services* and *case management* to homeless families and individuals in emergency shelters. Case management includes the cost of assessing, arranging, coordinating and monitoring the delivery of individualized services to meet the needs of the program participant is an eligible expense. The maximum allowable case management/staff cost will be reimbursed up to **fifty percent (50%) of the total amount of the grant award**.

The transportation costs of travel by outreach workers, social workers or other service providers are eligible, provided this travel takes place during the provision of services. If service workers/case managers use their own vehicle, travel is reimbursable at the current **federal mileage rate**; the cost of gas, insurance, taxes, and vehicle maintenance is also an eligible expense for agency vehicles used for ESG purposes. Another eligible cost includes program participant's travel on public transportation.

## **B. Street Outreach**

ESG funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent, non-facility based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility. Case management is essential to assessing housing and service needs, arranging, coordinating and monitoring the delivery of individualized services to meet the needs of program participants. These essential services and staff cost are maximized at **fifty percent (50%) of the total amount of the grant award**.

## **C. Homelessness Prevention Component**

ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family who is "at risk" of moving into an emergency shelter or other place as described in the homeless definition. Case management is a critical element in the delivery of this service, the maximum allowable case management/staff cost will be reimbursed up to **fifty percent (50%) of the total grant award**. Travel for case management is reimbursable at the current **federal mileage rate**. This assistance may be provided under the "at risk of homelessness" criteria and **the program participant must have an annual income below 30 percent of median family income for the area as determined by HUD**. The costs of homelessness prevention are eligible because the assistance is necessary to help the program participant regain stability in the program participant's current housing or move into other housing and achieve stability in that housing. Homelessness prevention must be provided in accordance with the housing relocation and stabilization requirements. These requirements are for short-term rental assistance up to three (3) months. Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent. Payment of rental arrears consists of a one-time payment for up to six (6) months in arrears, including any late fees on those arrears. Case managers must reassess eligibility monthly.

Eligibility for this service requires that a current signed lease between the program participant and the landlord or property owner be in place. The program participant must also have a signed **typed eviction notice** from the landlord or property owner.

In other words, the eviction notice can be a letter/notice from the landlord, property owner or an official legal court document. The document must minimally:

- ✓ Identify the ESG applicant and unit where the applicant is the leaseholder,
- ✓ Indicate the date applicant must leave their housing; and
- ✓ Be signed and dated by the owner/landlord or court.

The MHC also requires the following documentation be provided in addition to the eviction notice:

- ✓ An affidavit of arrears (MHC form) completed and signed by the owner/landlord and
- ✓ A rental payment ledger must be provided by the landlord or property manager.

The ESG applicant (program participant) and the lessee (tenant) must be the same. A person who is listed as “in the household” cannot make application for ESG assistance, unless that person is a party to the lease agreement and utilities.

#### **D. Rapid Re-Housing Component**

ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. Case management is a critical element in the delivery of this service, the maximum allowable case management/staff cost will be reimbursed up to **50% of the total grant award**. Travel for case management is reimbursable at the current **federal mileage rate**. This assistance may be provided to program participants who meet the criteria under the homeless definition or are living in an emergency shelter or other place as described in the homeless definition. Rapid re-housing must be provided in accordance with the housing relocation and stabilization requirements. These requirements are for short-term rental assistance up to three (3) months. Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent. Payment of rental arrears consists of a one-time payment for up to six (6) months in arrears, including any late fees on those arrears. Case managers must reassess eligibility monthly.

#### **E. HMIS Component**

Section 416(f) of the McKinney-Vento Act, as amended by the HEARTH Act requires that projects receiving funding under the ESG program must participate in the Homeless Management Information System (HMIS). The data collected is essential to measuring what works and what doesn't. Accurate HMIS data will enable HUD to gain a more informed understanding of the problems of homelessness in our communities; the Continuum(s) of Care will assist in the participation of HMIS. **Any applicant submitting an application without the HMIS confirmation will be ineligible for the 2019 ESG funding cycle, with no exceptions.** Also, in accordance with Sections



402(f) and 413(b) of the McKinney-Vento Act, ESG recipients are to consult with CoCs on procedures for the administration and operation of HMIS.

## **PROGRAM REQUIREMENTS**

### **A. But For**

One of the most significant factors in determining a households' level of need for receiving ESG is the concept of “**but for**”. In order to establish eligibility for ESG, an initial consultation with a case manager is to be conducted and an assessment made as to whether the household will require emergency shelter or be literally homeless “**but for**” this assistance. The case manager will have to make the determination that the household has no other available housing options or financial resources (including no family support or other social support networks) that would prevent them from becoming homeless.

The initial consultation conducted by the case manager should make the necessary determination of the range of services that may be required for the program participant. The structure of the new ESG program is designed to provide and promote comprehensive services to the program participant. This is in an effort to assist the program participant with gaining and maintaining stability in all facets of life, not just housing. The case manager must be knowledgeable of all services that are available in a particular community in order to effectively service the program participant.

Additionally, each program participant receiving homelessness prevention or rapid re-housing assistance must be required to meet regularly with a case manager (except where prohibited by the Violence Against Women Act (VAWA) and the Family Violence Prevention Act (FVPSA). The assistance provider must develop an individualized plan to help that program participant retain permanent housing after the ESG assistance ends.

### **B. Conflicts of Interest**

HUD guidance states “no person who exercises or has exercised any functions or responsibilities with respect to activities under the ESG program, or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have any financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure”. MHC issued guidance which expanded the definition of relative to include a “spouse, child, parent or any person related by blood or marriage within the third degree”. This definition is based on the Ethics in Government Act and the state nepotism statute. It is the responsibility of the Grant Administrator to properly disclose the conflict of interest provision to interested participants. If it is found that a conflict of



interest has occurred, the grant recipient may be required to repay program funds, using non-federal funds. Failure to repay the funds may result in termination of participation in any future HUD funded programs. **There will be no exceptions to this guidance granted by MHC.**

### **C. Eligible Costs**

Administrative costs are not eligible costs for grant recipients.

ESG funds can be used to pay housing owners, utility companies, and other third parties for the following costs:

- Rental application fees that are charged by the owner to all applicants.
- Security deposits that is equal to no more than two (2) months' rent.
- Last months' rent if it is necessary to obtain housing for a program participant. The last months' rent may be paid to the housing owner at the time the owner is paid the security deposit and the first months' rent. This assistance must not exceed one month's rent and must be included in calculating the program participant's total rental assistance.
- Prior rental arrears may be paid to a previous landlord if the arrears negatively impact the program participants' ability to get new housing. In order to pay this service, the old lease must be provided and the affidavit of arrears must be completed and signed by the prior landlord.
- Utility deposits may be paid as required by the utility company for all customers. The eligible utility services are gas, electric, water and sewage.
- Utility payments may be paid per program participant, per utility service, including utility arrears.
- Moving costs may be paid for truck rental or hiring a moving company. Temporary storage fees for up to three (3) months are allowable provided the fees are accrued after the program participant begins receiving assistance and before he/she moves into housing. **Payment of temporary storage fees that are in arrears is not an eligible expense.**
- Housing search and placement may be paid for services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing.

**Under no circumstances should any funds be paid directly to the program participant, if so, the responsible agency will be required to repay the funds.**

#### **D. Short-term and medium-term rental assistance**

ESG funds may be used to provide a participant with up to twenty-four (24) of rental assistance during any 3-year period. This assistance may be short-term or medium-term rental assistance, payment of rental arrears or any combination of this assistance.

- Short-term rental assistance may be provided for up to three (3) months. Case manager must reassess the program participants' circumstances at least monthly. Case manager must provide reasonable timelines for program participant to submit information necessary to determine program eligibility.
- Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent. Case managers must reassess eligibility monthly.
- Payment of rental arrears consists of a one-time payment for up to six (6) months of rent in arrears including any late fees if paid prior to rental assistance agreement being signed.
- Discretion to set caps and conditions. The sub-recipient may set a maximum amount of rental assistance that a program participant may receive. The sub-recipient may also decide if the program participant will share in the cost of payments. This will be determined based on the standards created by the sub-recipients and issued through contract modifications.
- Program participants who are receiving tenant-based rental assistance (section 8) or living in a housing unit receiving project-based rental assistance or operating assistance through other public sources are **eligible for security and utility deposits only**.
- Rental assistance cannot be provided for a unit that exceeds the Fair Market Rent established by HUD. Rent must be in compliance with HUD's standard of rent reasonableness (comparable like units).
- Rental assistance payments may only be paid to the property owner with whom the sub-recipient has entered into a rental assistance agreement. The rental assistance agreement must be very specific and set forth the terms under which the assistance will be provided (i.e., when the assistance begins and ends). The agreement must also provide that, during the term of the agreement, the owner must give the program participant a copy of any notice to vacate the housing unit, or any complaint used under state or local law to commence an eviction action against the program participant. The rental assistance agreement must be signed by the landlord or property manager and the non-profit representative working with the program participant. This agreement should also serve as a waiver of late fees. If any late fees have occurred since the signing of the document, then the assisting non-profit agency will have to be responsible for paying the fees with non-ESG funds.

- Each program participant must have a **legally binding type written lease** agreement for the rental unit. The lease must be between the property owner or landlord and the program participant (tenant). The lease must be signed by the landlord and the tenant (program participant) or tenants and must clearly provide a full and complete address for the rental property. **If the lease agreement is between parent and child, siblings or other relatives, it is not valid, and will not be reimbursed. Additionally, if an employee or spouse of the ESG program has rental property, that employee cannot receive rental reimbursement through the ESG program.**

### **E. Mandatory Documentation for Implementation**

Determination of eligibility of a program participant for ESG financial services must be conducted by the sub-recipient through an initial consultation with a case manager. The case manager should be able to determine the amount and types of assistance the individual or family needs to regain permanent housing stability. These evaluations must be conducted in accordance with a centralized or coordinated assessment system.

The sub-recipient must re-evaluate the program participant's eligibility and the types and amounts of assistance needed monthly. At a minimum, each re-evaluation must establish that: (a) the program participant does not have an annual income that exceeds thirty percent (30%) of the median family income for the area, as determined by HUD; and (b) the program participant lacks sufficient resources and support networks necessary to retain housing without ESG assistance. The sub-recipient may also require each program participant receiving homelessness prevention or rapid re-housing assistance to provide notification of changes in income or other circumstances (household composition) that affect the program participant's need for assistance under ESG.

The program participant is required to provide the circumstances that resulted in him/her becoming homeless or being at risk for homelessness. A program participant must be able to provide valid documentation for requesting the financial assistance in the form of:

1. **Documentation of Homelessness.** This document is to be completed and signed by an agency representative. Refer to the definition of Homelessness defined by HUD.
2. **Application.** This document is to be completed by the case manager and signed by the program participant. All information provided in the application should be certified as true and correct to the best of the parties' knowledge. Any application that is not signed by both the case manager and the program participant is not a valid document and therefore not eligible. The ESG assistance application must be typed; handwritten applications are not acceptable. This application must not be altered in any manner.

3. **Income verification.** HUD defines income as “any money that goes to, or on behalf of, the head of household or spouse (even if temporarily absent) or to any other household member”. Annual income includes the current gross income of all adult household members and unearned income attributable to a minor. The types of income to be counted include:

- Earned Income
- Self-Employment/Business Income
- Interest & Dividend Income
- Pension/Retirement Income
- Unemployment & Disability Income
- TANF/Public Assistance
- Alimony, Child Support and Foster Care Income
- Armed Forces Income

Annual income is used to determine program eligibility and the level of assistance a household can receive. The annual income definition found at 24 CFR Part 5 is used by a variety of Federal programs. The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated during the coming 12-month period. Case managers must use a household’s expected ability to pay, rather than past earnings, when estimating housing assistance needs. Annual income must be calculated through the use of HUDs income calculation worksheet (form #: ESG-206

4. **Asset verification.** Assets are defined as cash or material items that can be converted to cash quickly. They include real and/or personal property and investments that a household may possess, including assets that are owned by more than one person, but allow unrestricted access to the applicant. Assets include:

- ✓ Amounts in checking and saving bank accounts.
- ✓ Stocks, bonds, savings certificates, money market funds, and other investment accounts.
- ✓ The cash value of trusts that may be withdrawn by the household.
- ✓ IRA, Keogh and similar retirement savings accounts, even when rly withdrawal will result in a penalty.
- ✓ Lump sum receipts of cash received and accessible by household, such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.

Household assets generally are not counted as income, with the exception of interest and dividend income. However, household assets should be taken into consideration when determining whether a household has other financial resources sufficient to obtain or maintain housing.

5. **Lease Agreement.** This document must clearly list all of the parties to the lease; must provide terms and conditions; must have a beginning and ending date and must be signed by all involved parties. If the lease has expired, it must have a clause addressing the continuance of the agreement on a month to month arrangement unless State law dictates that the lease automatically continues under a month-to-month or annual arrangement until the lease is renewed or is otherwise terminated. In the event the lease is extended on a month to month agreement, the landlord must still provide a written statement which clearly indicates this is month to month.

6. **Eviction Notice (homeless prevention only).** This document must indicate the amount of rent due, the amount of time tenant has failed to pay rent and the length of time he/she has to pay the delinquent rent or vacate the property. It must be signed and dated by the landlord or provided in a court order.

7. **Rental Assistance Agreement.** The rental assistance agreement must be very specific and set forth the terms under which the assistance will be provided (i.e., when the assistance begins and ends).

8. **Rent Reasonableness checklist.** Rent reasonableness should be determined by considering the following: (1) the reasonableness in relation to rents being charged for comparable unassisted units, taking into account the location, size, type, quality, amenities, management, and maintenance of each unit; and (2) the rent should not be in excess of the rent currently being charged by the same owner for properties (if comparable to the unit in which the participant will be leasing) as well as those actual rents charged. Rent reasonableness must be determined for all units for which ESG rental assistance and/or security deposit assistance is being provided. **If the rent for the unit does not meet the rent reasonableness, then ESG funds cannot be used to assist the household in that unit. Furthermore, ESG funds cannot be used to pay the rent up to the rent reasonableness standard, while the tenant pays the remainder.**

9. **Habitability Standards.** These standards apply when a program participant is receiving financial assistance and moving into a new (different) unit, as well as, homelessness prevention. Inspections must be conducted upon initial occupancy and then on an annual basis for the term of ESG assistance.

10. **Lead-Based Paint checklist, if applicable.** This document is intended to guide grantees through the lead-based paint inspection process to ensure compliance with regulations found at 24 CFR 35, Parts A, B, M and R in order to prevent lead-poisoning in young children. ESG staff can use this checklist to document any exemptions that may apply, whether any potential hazards have been identified, and if safe work practices and clearance are required and used. This document should be kept in each program participants' file.

11. **Affidavit of Arrears, if applicable.** This document must be signed and

dated by the landlord and provide the specific amounts and the number of months that the tenant has failed to pay rent.

12. **Rental Payment Ledger, if applicable.** This document must come from the apartment management and must be in agreement with the affidavit of arrears. If tenant is renting from a homeowner, this information may not be available so the affidavit of arrears will be sufficient.

13. **Termination of Assistance, if applicable.** If a program participant violates program requirements, the sub-recipient may terminate the assistance in accordance with a formal process established by the sub-recipient that recognizes the rights of individuals affected. To terminate rental assistance or housing relocation and stabilization services to a program participant, the required formal process, at a minimum, must consist of:

- ✓ Written notice to the program participant containing a clear statement of the reasons for termination.
- ✓ A review of the decision, in which the program 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:
- ✓ Prompt written notice of the final decision to the program participant.

**The only acceptable documents to be used are those provided by MHC located at <https://www.mshomecorp.com/>. Any other documents used will result in ineligible cost for reimbursement.**

## **RECORDKEEPING**

All records for the ESG program must be retained for the greater of five (5) years or for the period specified below. Copies made by microfilming, photocopying, or similar methods may be substituted for the original records.

- ✓ Documentation of each program participants' qualification as a family or individual at risk of homelessness or as a homeless family or individual and other program participant must be retained for five (5) years after the expenditure of all funds from the grant under which the program participant was served.

### **Access to records**

The HUD Office of the Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, must have the right of access to all books, documents, papers, or other records of the recipient and its sub-recipients that are pertinent to the ESG grant, in order to make audits, examinations, excerpts, and transcripts. These rights of access are not limited to the required retention period but last as long as the records are retained.

## REMEDIAL ACTIONS AND SANCTIONS

Remedial actions and sanctions for failure to meet the ESG program requirement will be designed to prevent a continuation of the deficiency; mitigate, to the extent possible, its adverse effects or consequences; and prevent its recurrence through the following actions:

- MHC may instruct the recipient to submit and comply with proposals for action to correct, mitigate, and prevent noncompliance with ESG requirements including:
  - ✓ Preparing and following a schedule of actions for carrying out activities affected by the noncompliance, including schedules, timetables, and milestones necessary to implement the affected activities;
  - ✓ Establishing and following a management plan that assigns responsibilities for carrying out the remedial actions;
  - ✓ Canceling or revising activities likely to be affected by the noncompliance, before expending ESG funds for the activities;
  - ✓ Reprogramming ESG funds that have not yet been expended from affected activities to other eligible activities;
  - ✓ Suspending disbursement of ESG funds for some or all activities;
  - ✓ Reducing or terminating the remaining grant of sub-recipient and reallocating those funds to other sub-recipients; and
  - ✓ Requiring match contributions before or as withdrawals are made from the recipients' ESG grant.
- MHC may suspend payments to the extent HUD deems it necessary to preclude further expenditure of funds for affected activities.
- MHC may remove the recipient from participation in reallocations of funds.
- MHC may deny matching credit for all or part of the cost of the affected activities and require the recipient to make further matching contributions to make up for the contribution determined ineligible.
- MHC may place conditions on future grants.
- MHC may take other remedies that are legally available.



## GENERAL REQUIREMENTS

Sub-recipients are required to carry out their projects in accordance with the regulations for the Emergency Solutions Grants Program, McKinney-Vento/HEARTH Act, Title IV (42 U.S.C. 11371) and 24 CFR 576.

The ESG program shall be governed by MHC's 2019 application package; the Program Description; and any subsequent changes, additions, clarifications, requirements, or assurances issued by MHC or HUD that relate to the program.

If questions or interpretation of any rule, requirement, or regulation arise, MHC's or HUD's decision shall be final.

During the review of the applications, MHC shall verify information for accuracy and determine feasibility and readiness of the project. This review may result in disqualification of an application.

During the review of the 2019 ESG application, MHC reserves the right to adjust the amount of the request. This adjustment will be based on verification of cost, availability of other funds and the availability of ESG funds.

### **A site visit does not imply that an applicant will be funded.**

Exceptions to minimum and maximum grant amounts may be allowed by MHC.

Anyone receiving ESG funds must comply with 24 CFR Part 570, Equal Opportunity and Fair Housing, Affirmative Marketing and MBE/WBE requirements. In order to comply, the applicant must at a minimum meet the requirements set forth in the regulations and/or MHC's plan.

MHC may recapture funds previously awarded to an ESG recipient for reasons such as failure to satisfy timeliness of the implementation of the project, failure to comply with contractual conditions, or failure to complete project closeout. Recaptured or de-obligated ESG funds may be used to supplement Administration, supplement existing projects which may require additional funds, fund other eligible applicants, or fund ESG eligible activities.

In order to minimize displacement in accordance with 24 CFR Part 576.408, Displacement, Relocation and Acquisition, applications which include permanent displacement of any resident **will not** be accepted.

Applications must contain documentation evidencing a firm commitment of matching funds. The matching amount must be equal to the amount of ESG funds being requested. The match amount may include funds from other sources; the value or fair rental value of any donated material or building (**this source can only be utilized as match one time**); the value of any lease on a building; any salary paid to staff to carry out the program of the recipient; and the value of the time and services (**at a minimum**



**rate of \$7.25 per hour**) contributed by volunteers to carry out the program of the recipient. If match includes funds from other sources or the value of time and services contributed by volunteers to carry out the program, applicants must provide a copy of the Memorandum of Understanding or Agreement, or a letter of support from the entities providing match. This documentation must identify the match type, match amount and must cover the grant Program Year period for the 2019 application cycle.

If a facility is to be used as matching funds, a recent appraisal (**less than two years**) of the facility must be included with this application package. If the value of any lease on a building is to be used as matching funds, a copy of the lease information indicating the lease amount must be included with this application. If donated materials are to be utilized as match, documentation from the donor indicating the type of materials and their value and the date or proposed date of the donation must be submitted in the application.

## FEDERAL REQUIREMENTS

All sub-recipients will be required to comply with certain federal and state requirements. The following briefly describes major requirements that may apply:

### **McKinney-Vento Act, as amended by the HEARTH ACT: 24 CFR Parts 91 and 576**

This Act authorized the ESG Program, all applicable provisions of the Act shall be adhered to by recipients. The ESG Program broadens existing emergency shelter and homelessness prevention activities and to add short- and medium-term rental assistance and services to rapidly re-house homeless people.

- ESG funds from each federal fiscal year (i.e. the allocation and any reallocated funds from the particular federal fiscal year appropriated) will be closed out when all program requirements have been met.
- Each applicant must establish and maintain sufficient records to enable MHC and HUD to determine whether the ESG requirements are being met of **24 CFR Part 576.500, Recordkeeping and Reporting Requirements**.
- Applicants must comply with the requirements of **24 CFR Part 576.404, Conflict of Interest**. The conflict-of-interest provisions under this section (24 CFR Part 576.404(b) (1) apply to any person who is an employee, agent, consultant, officer, or elected or appointed official of the recipient or its sub-recipients. No person just mentioned who exercises or has exercised any functions or responsibilities with respect to activities assisted under the ESG program, or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either

for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure. **MHC has no waiver under the conflict of interest provision.**

- The federal requirements of **24 CFR Part 576.408, Displacement, Relocation, and Acquisition**, concerning relocation must be followed at all times when a unit to be rehabilitated is occupied prior to the beginning of construction of rehabilitating the unit.
- Affirmative outreach. The recipient or sub-recipient must make known that use of the facilities, assistance, and services are available to all on a nondiscriminatory basis. If it is unlikely that the procedures that the recipient or sub-recipient intends to use to make known the availability of the facilities, assistance, and services will be to reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for those facilities and services, the recipient or sub-recipient must establish additional procedures that ensure that those persons are made aware of the facilities, assistance, and services. The recipient and its sub-recipients must take appropriate steps to ensure effective communication with persons with disabilities including, but not limited to, adopting procedures that will make available to interested persons. Consistent with **Title VI and Executive Order 13166**, recipients and sub-recipients are also required to take reasonable steps to ensure meaningful access to programs and activities for Limited English Proficiency (LEP) persons.

**HEARTH ACT** – This Act consolidates and amends three separate homeless assistance programs carried out under Title IV of the McKinney-Vento Homeless Assistance (42 U.S.C. 11371) into a single grant program designed to improve administrative efficiency and enhance response coordination and effectiveness in addressing the needs of homeless persons and revises the Emergency Shelter Grants program and renames it as the Emergency Solutions Grants (ESG) program.

**The Civil Rights Act** – This Act provides that no person in the United States shall on the grounds of race, color or national origin, be excluded from participation, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity for which the recipient receives federal financial assistance. The recipient shall also administer all programs and activities relating to housing and community development in a manner to affirmatively further fair housing.

**Age Discrimination Act of 1975** – This Act states that no person on the basis of age shall be subject to discrimination, be excluded from participation in, or be denied the benefits of any program or activity for which the recipient receives federal funds.

**Section 504 of the Rehabilitation Act of 1973** – This Act provides that no person shall be denied due to physical or mental handicap, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity for which the recipient receives federal funds. **HUD's regulations at 24 CFR part 8** apply to the ESG program accessibility requirements under Subpart C – Program

Accessibility. Grantees are required to provide reasonable accommodations for persons with disabilities in order to enable program participants with a disability to have an equal opportunity to participate in the program or activity.

**National Environmental Policy Act and 24 CFR Part 58** – This act provides for the identification of environmental impacts of proposed projects utilizing federal funds. This includes the preparation of environmental assessments and, where necessary, environmental impact statements.

**Lead-Safe Housing Regulation** – Under this Act the construction or rehabilitation of residential structures or non-dwelling facilities commonly used by children under seven (7) years of age with federal assistance is subject to regulations contained in 24 CFR Part 58.

**Government-Wide Restriction on Lobbying** – This Act ensures that no federal funds will be paid for influencing or attempting to influence an office or employee of any agency or Member of Congress in conjunction with awarding of any federal contracts, grants, loans, etc.

**Executive Order 11246** – This Order and the regulations issued pursuant to 24 CFR Part 130 and 41 CFR Chapter 60, provides that no person shall be discriminated against on the basis of race, color, religion, sex or national origin in all phases of employment during the performance of federal and federally assisted construction contracts.

**Section 3** – Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701(u) and implementing regulations at 24 CFR part 135 apply, **except that homeless individuals have priority over other Section 3 residents in accordance with Section 576.405(c)**. To the maximum extent practicable, the recipient or sub-recipient **must** involve homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under ESG, in providing services assisted under ESG, and in providing services for occupants of facilities assisted under ESG. This involvement may include employment or volunteer services.

**Confidentiality** – 24 CFR 500(x)(i)(2) The recipient and its sub-recipients must development and implement 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) of any individual or family who applies for any/or receives ESG assistance will be kept secure and confidential;
- ✓ The address or location of any domestic violence, dating violence, sexual assault, or stalking shelter project assisted under the ESG will not be made public, etc.
- ✓ The address or location of any housing of a program participant will not be made public, etc.

- ✓ The confidentiality procedures of the recipient and its sub-recipients must be in writing and must be maintained in accordance with this section.  
**Period of record retention for each fiscal year of ESG funds is the greater of 5 years or as specified in this section 24 CFR 576.500(y)(1)(2)(3).**

**Audit Requirements** - The OMB's Circular A-133 requires that a state, local government or non-profit organization expending \$500,000 or more a year in total cumulative Federal funds must have a Single Audit made in accordance with the Single Audit Act. A copy of the audit report must be received by MHC no later than nine months following the end of the grant recipient's fiscal year in which the Federal funds were expended.

If less than \$500,000 in total cumulative Federal funds were expended within the fiscal year, and any of the funds were received through MHC, an acceptable MHC Funding Certification Form (for that year only) shall be submitted. It must be received by MHC no later than nine months following the end of the grant recipient's fiscal year in which the Federal funds were expended, and no sooner than the end of the same fiscal year.

**Cost Principles** - Subject to the cost principles in OMB Circulars A-87 (2 CFR 225) and A-122 (2 CFR 230) and other requirements in this part, employee compensation and other overhead costs directly related to carrying out emergency shelter, homelessness prevention, rapid re-housing and HMIS are eligible costs of these program components. These costs are not subject to the expenditure limit for administrative activities.

**Procurement** – 24 CFR 85 outlines the 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

**Procurement of Recovered Materials** – The recipient and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.