

## Emergency Solutions Grant (ESG) Eligible and Ineligible Costs

The Emergency Solutions Grant (ESG) Program Rule (24 CFR Part 576) outlines the costs that are eligible under the ESG program. This reference document summarizes the eligible cost guidance from the Rule and augments that information with clarifications from HUD and other funders. We will continue to update this document and post it on MHC's website as we receive additional guidance.

If you have a question about whether a cost not listed here is eligible, please contact MHC (Tamara Stewart [tamara.stewart@mshc.com](mailto:tamara.stewart@mshc.com)).

EMERGENCY SHELTER (24 CFR 576.102) – Provide essential services to homeless families and individuals in emergency shelters, renovating buildings to be used as emergency shelter for homeless families and individuals, and operating emergency shelters.	
Eligible Costs	Notes and Resources
Case management	<p>The cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant, including:</p> <ul style="list-style-type: none"> <li>&lt; Using the centralized or coordinated assessment system</li> <li>&lt; Conducting the initial evaluation, including verifying and documenting eligibility</li> <li>&lt; Counseling</li> <li>&lt; Developing, securing, and coordinating services</li> <li>&lt; Obtaining Federal, State, and local benefits</li> <li>&lt; Monitoring and evaluating program participant progress</li> <li>&lt; Providing information and referrals to other providers</li> <li>&lt; Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking</li> <li>&lt; Developing an individualized housing and service plan, including planning a path to permanent housing stability</li> </ul>
Child care	<p>The costs of child care for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities. This cost is only available to shelters that operates a child care program.</p> <p>The children must be under the age of 13, unless they are disabled. Disabled children must be under the age of 18.</p>
Education services	<p>When necessary for the program participant to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible, including:</p> <ul style="list-style-type: none"> <li>&lt; Instruction or training in consumer education</li> <li>&lt; Health education</li> <li>&lt; Substance abuse prevention</li> <li>&lt; Literacy, English as a Second Language, and GED</li> <li>&lt; Screening, assessment and testing</li> <li>&lt; Individual or group instruction</li> </ul>

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	<ul style="list-style-type: none"> <li>&lt; Tutoring</li> <li>&lt; Provision of books, supplies and instructional material</li> <li>&lt; Counseling</li> <li>&lt; Referral to community resources</li> </ul>
Employment assistance and job training	<p>The costs of employment assistance and job training programs, including classroom, online, and/or computer instruction; on-the-job instruction; and services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential.</p> <ul style="list-style-type: none"> <li>&lt; The cost of providing reasonable stipends to program participants in employment assistance and job training programs is eligible.</li> <li>&lt; Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates.</li> <li>&lt; Services that assist individuals in securing employment consist of employment screening, assessment, or testing; structured job skills and job-seeking skills; special training and tutoring, including literacy training and prevocational training; books and instructional material; counseling or job coaching; and referral to community resources.</li> </ul>
Outpatient health services	<p>Direct outpatient treatment of medical conditions provided by licensed medical professionals. ESG funds may be used only for these services to the extent that other appropriate health services are unavailable within the community.</p> <p>Eligible treatment consists of:</p> <ul style="list-style-type: none"> <li>&lt; Assessing a program participant's health problems and developing a treatment plan</li> <li>&lt; Assisting program participants to understand their health needs;</li> <li>&lt; Providing directly or assisting program participants to obtain appropriate medical treatment, preventive medical care, and health maintenance services, including emergency medical services</li> <li>&lt; Providing medication and follow-up services</li> <li>&lt; Providing preventive and non-cosmetic dental care</li> </ul>
Legal services	<p>Hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association of the State and by person(s) under the supervision of the licensed attorney, regarding matters that interfere with the program participant's ability to obtain and retain housing.</p> <p>ESG funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community.</p> <p>Eligible subject matters are:</p> <ul style="list-style-type: none"> <li>&lt; child support</li> <li>&lt; guardianship</li> <li>&lt; paternity</li> <li>&lt; emancipation</li> <li>&lt; legal separation</li> <li>&lt; orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking</li> </ul>

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	<ul style="list-style-type: none"> <li>&lt; appeal of veterans and public benefit claim denials</li> <li>&lt; resolution of outstanding criminal warrants</li> </ul> <p>Component services or activities may include client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling.</p> <p>Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are eligible.</p> <p>If the subrecipient is a legal services provider and performs the services itself, the eligible costs are the subrecipient's employees' salaries and other costs necessary to perform the services.</p>
Life skills training	<p>The costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, substance use, and homelessness. These services must be necessary to assist the program participant to function independently in the community.</p> <ul style="list-style-type: none"> <li>&lt; Budgeting and managing money</li> <li>&lt; Managing a household</li> <li>&lt; Resolving conflict</li> <li>&lt; Shopping for food and needed items</li> <li>&lt; Improving nutrition</li> <li>&lt; Using public transportation</li> <li>&lt; Parenting</li> </ul>
Mental health services	<p>Direct outpatient treatment by licensed professionals of mental health conditions.</p> <p>ESG funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community.</p> <p>Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances, including family and marital relationships, parent-child problems, or symptom management. Eligible treatment consists of:</p> <ul style="list-style-type: none"> <li>&lt; Crisis interventions</li> <li>&lt; Individual, family, or group therapy sessions</li> <li>&lt; Prescription of psychotropic medications or explanations about the use and management of medications</li> <li>&lt; Combinations of therapeutic approaches to address multiple problems</li> </ul>
Substance abuse treatment services	<p>Services designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals.</p> <p>ESG funds may only be used for these services to the extent that other appropriate substance abuse treatment services are unavailable or inaccessible within the community. Eligible treatment consists of:</p> <ul style="list-style-type: none"> <li>&lt; Client intake and assessment</li> <li>&lt; Outpatient treatment for up to 30 days</li> <li>&lt; Group and individual counseling</li> <li>&lt; Drug testing</li> </ul>

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Transportation	<p>Transportation costs of a program participant’s travel to and from medical care, employment, child care, or other eligible essential services facilities, including:</p> <ul style="list-style-type: none"> <li>〈 The cost of a program participant’s travel on public transportation</li> <li>〈 If service workers use their own vehicles, mileage allowance for service workers to visit program participants</li> <li>〈 The cost of purchasing or leasing a vehicle for the recipient or subrecipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes, and maintenance for the vehicle</li> <li>〈 The travel costs of recipient or subrecipient staff to accompany or assist program participants to use public transportation</li> </ul>
Services for special populations	<p>Services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible.</p> <p>The term victim services means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking.</p>
Renovation	<p>Labor, materials, tools, and other costs for renovation (including major rehabilitation of an emergency shelter or conversion of a building into an emergency shelter). The emergency shelter must be owned by a government entity or private nonprofit organization.</p> <p>Each building renovated with ESG funds must be maintained as a shelter for homeless individuals and families for not less than a period of 3 or 10 years, depending on the type of renovation and the value of the building.</p> <p>If the rehabilitation cost of an emergency shelter exceeds 75 percent of the value of the building before rehabilitation, the minimum period of use is 10 years.</p> <p>If the cost to convert a building into an emergency shelter exceeds 75 percent of the value of the building after conversion, the minimum period of use is 10 years.</p> <p>In all other cases where ESG funds are used for renovation, the minimum period of use is 3 years.</p> <p>Renovations require the appropriate Environmental Clearance before activities are performed.</p>
Shelter operations	<p>Maintenance (including minor or routine repairs), rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter.</p> <p>Where no appropriate emergency shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individual.</p>
Assistance required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)	<p>Costs of providing URA assistance under § 576.408, including relocation payments and other assistance to persons displaced by a project assisted with ESG funds. Persons that receive URA assistance are not considered “program participants” for the purposes of this part, and relocation payments and other URA assistance are not considered “rental assistance” or “housing relocation and stabilization services” for the purposes of this part.</p>

**Emergency Solutions Grant (ESG) Eligible and Ineligible Costs**

Staff costs	The costs of labor, supplies, and materials incurred by the sub-recipient in directly providing services to program participants. The salary and benefit packages of staff who deliver the services.
	Work-related telephone, cell phone, and internet services for staff who deliver services. Community meeting expenses directly related to service provision.
<b>Ineligible Costs</b>	<b>Notes and Resources</b>
Legal services	Immigration and citizenship matters Issues relating to mortgages Retainer fee arrangements and contingency fee arrangements Eviction costs, including landlord eviction fees
Substance abuse treatment services	Detoxification and other inpatient drug or alcohol treatment
Costs that were incurred outside the contract period.	

**Emergency Solutions Grant (ESG) Eligible and Ineligible Costs**

## Emergency Solutions Grant (ESG) Eligible and Ineligible Costs

RAPID RE-HOUSING (24 CFR 576.104 576.105, 576.106, 576.400) – Housing 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.	
Eligible Costs	Notes and Resources
Financial assistance	<p>Payment to housing owners, utility companies, and other third parties for:</p> <ul style="list-style-type: none"> <li>&lt; Rental application fees</li> <li>&lt; Security deposits equal to no more than 2 months' rent</li> <li>&lt; Last month's rent paid with the security deposit and first month's rent, not to exceed the cost of one month's rent</li> <li>&lt; Utility deposits</li> <li>&lt; Utility payments for gas electric, water, and sewage, including up to 6 months of utility payments in arrears, per service, for utilities in the program participant's name.</li> <li>&lt; Moving costs, including temporary storage fees for up to 3 months</li> </ul>
Rental assistance	<p>Assistance can be tenant-based or project-based.</p> <p>Each program participant must have a binding, legal lease between the owner and the participant. The lease must be at least 6 months for tenant-based rental assistance and 12 months for project-based rental assistance.</p> <p>Project-based programs can identify a unit that meets ESG requirements before the client is identify. The program can reserve the unit with a rental assistance agreement and pay up to the first month's rent provided that the applicant moves in and sign a lease before the end of the month. See 576.106(i) for additional requirements.</p> <p>Rent and utilities can exceed the federal Fair Market Rent, with CSB approval.</p> <p>Rent and utilities must be reasonable in relation to other rents in the area.</p> <p>Rental assistance must be paid to the landlord, not the program participant.</p> <p>Participants must be able to sustain rent and utilities after rental assistance ends.</p> <p>Payment of rental arrears is eligible, limited to one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears</p> <p><a href="#">HUD FMRs</a></p>

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<p>Habitability and lead-based paint inspections</p>	<p>Units must meet minimum inspection requirements. Lead-based paint visual assessments are required for units built before 1978 and where a child under the age of 6 or a pregnant woman can be living or spending time.</p>
<p>Housing search and placement</p>	<p>Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, including:</p> <ul style="list-style-type: none"> <li>&lt; Assessment of housing barriers, needs, and preferences</li> <li>&lt; Development of an action plan for locating housing and housing search</li> <li>&lt; Outreach to and negotiation with owners</li> <li>&lt; Assistance with submitting rental applications and understanding leases</li> <li>&lt; Assessment of housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness</li> <li>&lt; Assistance with obtaining utilities and making moving arrangements</li> <li>&lt; Tenant counseling</li> </ul>
<p>Housing stability case management</p>	<p>Assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing.</p> <ul style="list-style-type: none"> <li>&lt; Using the centralized or coordinated assessment system to evaluate individuals and families applying for or receiving homelessness prevention or rapid re-housing assistance</li> <li>&lt; Conducting the initial evaluation, including verifying and documenting eligibility</li> <li>&lt; Conducting re-evaluations of eligibility and service needs every 90 days for homeless prevention and annually for rapid rehousing.</li> <li>&lt; Counseling</li> <li>&lt; Developing, securing, and coordinating services and obtaining Federal, State, and local benefits</li> <li>&lt; Monitoring and evaluating program participant progress</li> <li>&lt; Providing information and referrals to other providers</li> <li>&lt; Developing an individualized housing and service plan, including planning a path to permanent housing stability</li> </ul> <p>Program participants must meet with a case manager not less than once per month.</p>
<p>Mediation</p>	<p>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.</p>



## Emergency Solutions Grant (ESG) Eligible and Ineligible Costs

### Legal services

Hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association of the State and by person(s) under the supervision of the licensed attorney, regarding matters that interfere with the program participant's ability to obtain and retain housing.

ESG funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community.

Eligible subject matters are:

- < child support
- < guardianship
- < paternity
- < emancipation
- < legal separation
- < orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking
- < appeal of veterans and public benefit claim denials
- < resolution of outstanding criminal warrants
- < landlord/tenant matters

Component services or activities may include client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling.

Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are eligible.

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

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Credit repair	Credit counseling and other services necessary to assist participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving credit problems.
Staff costs	The costs of labor, supplies, and materials incurred by the sub-recipient in directly providing services to program participants. The salary and benefit packages of staff who deliver the services. Work-related telephone, cell phone, and internet services for staff who deliver services.
<b>Ineligible Costs</b>	<b>Notes and Resources</b>
Rental assistance	Total rental assistance, including first and last months' rent, if applicable, cannot exceed 24 months during any 3-year period for any program participant. Partial rent payments count as 1 month. Rental assistance to a program participant who is receiving rental assistance from other publicly funded programs.
Utilities	Total utility assistance cannot exceed 24 months during any 3-year period for any program participant. Partial utility payments count as 1 month.
Moving costs	Temporary storage fees accrued prior to the date the program participant began receiving assistance Temporary storage fees in arrears
Housing stability case management	Assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing.
Debt	Payment or modification of debt
Financial assistance	Assistance to a program participant who is receiving the same type of assistance through other public sources.
Costs that were incurred outside the contract period	

<b>ADMINISTRATIVE (24 CFR 576.108) - Costs related to the planning and execution of ESG activities</b>	
<b>Ineligible Costs</b>	<b>Notes and Resources</b>
Staff and overhead costs directly related to carrying out activities outlined above	Staff and overhead costs directly related to carrying out the activities outlined above are eligible as part of those activities and should not be charged to admin.
Costs that were incurred outside the contract period.	
Administrative costs are not an allowable expense for MHC's annual ESG programs.	

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## Emergency Solutions Grant (ESG) Eligible and Ineligible Costs

HOMELESS MANAGEMENT INFORMATION SYSTEM (24 CFR 576.107)	
Eligible Costs	Notes and Resources
HMIS	<p>Costs of contributing data to HMIS, including:</p> <ul style="list-style-type: none"> <li>&lt; Purchasing or leasing computer hardware</li> <li>&lt; Purchasing software or software licenses</li> <li>&lt; Purchasing or leasing equipment including telephones, fax machines, and furniture</li> <li>&lt; Obtaining technical support</li> <li>&lt; Leasing office space</li> <li>&lt; Paying charges for electricity, gas, water, phone service, and high-speed data transmission necessary to operate or contribute data to the HMIS</li> </ul>
Staff costs	<p>The costs of labor, supplies, and materials incurred by the sub-recipient in directly contributing data to HMIS, including data entry; monitoring and reviewing data quality; completing data analysis; reporting to the HMIS Lead; training staff on using the HMIS or comparable database; and implementing and complying with HMIS requirements.</p> <p>The salary and benefit packages of staff who deliver the services</p> <p>Work-related telephone, cell phone, and internet services for staff who deliver services</p> <p>Community meeting expenses directly related to service provision</p>
Training and travel	<p>Costs of staff to travel to and attend HUD-sponsored and HUD-approved training on HMIS and programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act;</p> <p>Staff travel costs to conduct intake</p> <p>Participation fees charged by the HMIS Lead</p>
HMIS Lead costs (CoCs only)	<p>Hosting and maintaining HMIS software or data</p> <p>Backing up, recovering, or repairing HMIS software or data</p> <p>Upgrading, customizing, and enhancing the HMIS</p> <p>Integrating and warehousing data, including development of a data warehouse for use in aggregating data from subrecipients using multiple software systems</p> <p>Administering the system</p> <p>Reporting to providers, the CoC, and HUD</p> <p>Conducting training on using the system or a comparable database, including traveling to the training</p>
Ineligible Costs	Notes and Resources
Costs that were incurred outside the contract period	
HMIS costs are only eligible if specifically designated in your grant agreement	

## Emergency Solutions Grant (ESG) Eligible and Ineligible Costs

### INDIRECT COST RATE (ICR) – 24 CFR 576.109 and 2 CFR 200

Indirect costs are not the same as administrative costs.

- < Administrative costs can be directly allocated to a specific program or activity.
- < Indirect costs cannot be directly allocated to a specific program or activity – they are incurred for common or joint objectives.

Indirect costs can be calculated through:

- < Use the *de minimis* (10%).

Indirect costs can be charged to cost categories above, except rental assistance.

Indirect cost must be used consistently across all funders. If a sub-recipient uses an indirect cost on ESG invoices, the indirect cost must also be used on all other invoices for all other funding sources.

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