



MISSISSIPPI HOME CORPORATION

## ESG vs HOME-ARP Program FACT Sheet:

### Overview

The HOME American Rescue Plan (ARP) program provides grant funds for housing and related services targeted toward an identified populations called the Qualifying Population (QP). HOME-ARP is a combination of HOME development regulations 24 CFR 92 and homeless regulations described in the McKinney-Vento Homeless Assistance Act and in the ESG regulations 24 CFR 576. Therefore, HOME-ARP has some areas that overlap between HOME and ESG and other areas that are prohibited.

### What is HOME-ARP?

The HOME-American Rescue Plan Program (HOME-ARP) was appropriated under section 3205 of the American Rescue Plan Act of 2021 in response to the COVID-19 pandemic. This program addresses the need for homelessness assistance through development and supportive services.

### What is ESG?

ESG is a formula program awarded to states, metropolitan cities, urban counties, and territories. It provides funding 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 re-house homeless individuals and families, and (6) prevent families/individuals from becoming homeless.

### ESG and HOME-ARP Overlapping Programs

#### Non-congregate (ARP) shelter and Emergency Shelter (ESG)

HOME-ARP funding can be used to acquire and develop non-congregate shelter (NCS), but not to operate NCS. To ensure NCS facilities remain viable for the duration of the restricted use period, subrecipients creating NCS with HOME-ARP funding are required to consider the availability of ongoing operating funds from other sources. The [Emergency Solutions Grants \(ESG\)](#) is a source for shelter operation funds. When NCS projects are operated with ESG program funding, the Notice permits ESG regulations to govern during the [restricted use period](#).

More information is available on the [ESG: Emergency Solutions Grants Program - HUD Exchange](#) page.

#### ESG Essential Services and Housing Relocation Stabilization

HOME-ARP funds can be used to provide specific essential services as defined in the McKinny Vento Act and also described in the Emergency Solutions Grant to increase program





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participants self-sustainability. HOME-ARP can also provide housing assistance as defined in the McKinny Vento Act and also described in the Emergency Solutions Grant.

**How are HOME-ARP NCS and ESG program-funded emergency shelter different?**

Difference	HOME-ARP NCS	ESG program-funded emergency shelter
1. Population Served:	All four HOME-ARP qualifying populations (QPs) must be allowed to apply for HOME-ARP NCS. Except when the SUB-RECIPIENT establishes a limitation in their allocation plan.	Shelter services are targeted to <a href="#">homeless</a> individuals and families, as defined by HUD.
2. Referral Method:	Referrals to HOME-ARP NCS must be made using an approved HOME-ARP referral method.	ESG program-funded emergency shelter does not require the use of a referral method. Such shelters are administered under the requirements at <a href="#">24 CFR Part 576</a> which includes <a href="#">area-wide systems coordination</a> .
3. Ongoing Property Standards and Inspections:	SUB-RECIPIENTs must adhere to monitoring requirements identified in Section VI.E.7.b of the Notice. Property standards and inspection requirements are outlined in <a href="#">Appendix A</a> .	<p>SUB-RECIPIENTs are not required to monitor ESG program-funded emergency shelters according to Section VI.E.7.b of the Notice.</p> <p>To satisfy HOME-ARP monitoring requirements, SUB-RECIPIENT's must only retain a copy of monitoring completed by the ESG recipient. ESG program-funded shelters must adhere to requirements in 24 CFR Part 576.</p> <p>ESG recipients remain obligated to monitor ESG program-funded emergency shelters according to ESG requirements only.</p>



How are HOME-ARP Supportive Services, TBRA and ESG program-funded activities different?

Requirement	HOME-ARP	ESG
What are the rules?	<a href="#">Notice CPD-21-10</a>	<a href="#">24 CFR Part 576</a>
What is the program?	<p>The American Rescue Plan (ARP) provides \$5 billion to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations, by providing housing, rental assistance, supportive services, and non-congregate shelter, to reduce homelessness and increase housing stability across the country. HOME-ARP funds are administered through HUD's HOME Investment Partnerships Program (HOME).</p>	<p>ESG is an annual formula grant. The ESG program provides funding to:</p> <ul style="list-style-type: none"> <li>• Engage homeless individuals and families living on the street</li> <li>• Improve the number and quality of emergency shelters for homeless individuals and families</li> <li>• Help operate these shelters</li> <li>• Provide essential services to shelter residents</li> <li>• Provide rapid re-housing to homeless individuals and families, and</li> <li>• Prevent families/individuals from becoming homeless.</li> </ul> <p>ESG funds may be used for five program components: Street Outreach, <b>Emergency Shelter</b>, Homelessness Prevention, Rapid Re- housing assistance, HMIS, and Admin.</p>

<p>Who is eligible?</p>	<p>Referred to as: Qualifying Populations (QPs)</p> <p>Access to HOME-ARP NCS must be provided to <i>all</i> HOME-ARP QPs, unless the SUB-RECIPIENT establishes limitations in the HOME-ARP allocation plan. Providing access means allowing all four QPs to apply for or be referred to HOME-ARP NCS; access may not always result in all four QPs being served by a HOME-ARP NCS. For additional information, please see the webinar <a href="#">Understanding HOME-ARP Preferences, Referral Methods, and Allocation Plan Requirements</a> and the <a href="#">HOME-ARP Policy Brief: Preferences, Methods of Prioritization, and Limitations</a>.</p> <p><a href="#">HOME-ARP QPs</a> are as follows:</p> <ol style="list-style-type: none"><li>1. Homeless, as defined in 24 CFR 91.5 (1-3)</li><li>2. At risk of Homelessness, as defined in 24 CFR 91.5</li><li>3. Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD</li><li>4. Other Populations; who do not qualify under the other three QP definitions but meet one of the Other Populations criteria identified in Section IV of the HOME-ARP Notice.</li></ol>	<p>Referred to as: Program Participants</p> <p>To receive ESG emergency shelter services, program participants must be experiencing <a href="#">Homelessness</a>, as defined in 24 CFR 91.5.</p>
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Requirement	HOME-ARP	ESG
<p>How does funding provide supportive services and rental assistance?</p>	<p>The HOME-ARP programs TBRA and supportive services can a wide range of services to the QP like services available through ESG.</p> <p><b>Supportive Services</b>  Eligible costs associated with McKinney-Vento supportive services and homelessness prevention supportive services include:</p> <ul style="list-style-type: none"> <li>• Costs of child care center;</li> <li>• Education;</li> <li>• Employment assistance and job training</li> <li>• Costs of providing meals or groceries</li> <li>• Costs of assisting eligible program participants to locate, obtain and retain housing</li> <li>• Legal services</li> <li>• Outpatient health</li> <li>• Transportation</li> <li>• Outpatient substance about treatment</li> <li>• Costs of teaching critical life management skills</li> <li>• Financial assistance costs, including: <ul style="list-style-type: none"> <li>○ Rental application fees</li> <li>○ Security deposits</li> <li>○ Utility deposits</li> <li>○ Payment of rental arrears</li> </ul> </li> </ul> <p><b>TBRA</b>  HOME-ARP funds may be used to provide rental assistance through a subsidy, security deposit assistance, utility deposits, and utility payments to qualifying households. HOME-ARP may pay up to 100% of these costs for a qualifying household.</p>	<p>The ESG program essential services through Emergency Shelter, and Housing Relocation and Stabilization Services.</p> <p><b>Essential Services</b></p> <ul style="list-style-type: none"> <li>• Case management</li> <li>• Child care</li> <li>• Education Services</li> <li>• Employment assistance and job training</li> <li>• Outpatient health services</li> <li>• Legal services</li> <li>• Life skills training</li> <li>• Outpatient mental health services</li> <li>• Outpatient substance abuse treatment services</li> <li>• Transportation</li> </ul> <p><b>Housing Relocation and Stabilization</b></p> <ul style="list-style-type: none"> <li>• Financial assistance cost: <ul style="list-style-type: none"> <li>○ Rental application fees</li> <li>○ Security and utility deposits</li> <li>○ Last month rent</li> <li>○ Utility Payments</li> <li>○ Moving Costs</li> <li>○ Case management</li> <li>○ Up to 24 months of rent</li> </ul> </li> </ul>

Requirement	HOME-ARP	ESG
<p>How can the funding support emergency shelter?</p>	<p>The HOME-ARP activity <i>Acquisition and Development of Non-Congregate Shelter</i> supports the acquisition and development of non-congregate shelter; the costs of operating non-congregate shelter are not permitted. Eligible costs under this activity include:</p> <ul style="list-style-type: none"> <li>• Acquisition of existing structure or vacant land</li> <li>• Demolition Costs</li> <li>• Development Hard Costs</li> <li>• Site Improvements</li> <li>• Related Soft Costs</li> <li>• Replacement Reserve</li> </ul>	<p>ESG funds may be used to provide essential services to homeless families and individuals in emergency shelter, renovating buildings to be used as emergency shelter, and operating emergency shelters. <i>Essential Services</i> and <i>Shelter Operations</i> activities under the <i>Emergency Shelter</i> component generally include:</p> <ul style="list-style-type: none"> <li>• <i>Essential Services</i>: case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation</li> <li>• <i>Shelter Operations</i>: maintenance, rent, security, fuel, equipment, insurance, utilities, and furnishings</li> </ul>

Requirement	HOME-ARP	ESG
Who administers the funding?	<p>Referred to as: Participating Jurisdictions</p> <p>The 651 state and local participating jurisdictions that qualified for an annual HOME Program allocation for FY 2021 are eligible to receive HOME-ARP grants.</p> <p>SUB-RECIPIENTS may select a public agency or nonprofit organization to administer its HOME-ARP NCS program.</p> <p>Allocations can be found on the <a href="https://www.hud.gov">HUD.gov</a> website.</p>	<p>Referred to as: ESG Recipients</p> <p>Recipients are metropolitan cities, urban counties, territories, and states.</p> <p>ESG recipients may subgrant their ESG funds to other local governments, private nonprofit organizations, in some cases, public housing agencies and local redevelopment authorities. These organizations are known as ESG subrecipients.</p> <p>ESG allocations can be found at:  <a href="https://www.hudexchange.info/grantees/allocations-awards/">https://www.hudexchange.info/grantees/allocations-awards/</a></p>
How is emergency shelter defined?	<p>Referred to as: Non-Congregate Shelter (NCS)</p> <p>Defined as: One or more buildings that provide <u>private units or rooms as temporary shelter to individuals and families</u>. Occupants are not required to sign a lease or occupancy agreement.</p> <p>Note: HOME-ARP NCS projects must continue to operate a non-congregate setting for the duration of the restricted or minimum use period, as applicable, regardless of funding source used for operations.</p>	<p>Referred to as: Emergency Shelter</p> <p>Defined as: Any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless. Occupants are not required to sign a lease or occupancy agreement.</p> <p>Note: Emergency Shelter includes both congregate and non-congregate settings.</p>

Requirement	HOME-ARP	ESG
<p>How is shelter accessed?</p>	<p>HOME-ARP NCS provides shelter access through a HOME-ARP referral method, which includes the option to utilize HOME-ARP Expanded Coordinated Entry or Coordinated Entry and Other Referral Methods.</p> <p>Use of a standard coordinated entry (CE) system is not required to access HOME-ARP NCS. SUB-RECIPIENTS choosing to utilize standard CE as a referral method must adhere to the Notice requirements for HOME-ARP Expanded CE.</p> <p>HOME-ARP NCS projects are encouraged to incorporate the use of standard CE in case management with shelter participants to facilitate re-housing efforts.</p> <p>For more information on referral method requirements, see <a href="#">HOME-ARP Policy Brief: Preferences, Methods of Prioritization, and Limitations</a>.</p>	<p>The ESG program regulations (24 CFR 576.400(d)) require that each ESG-funded project within the CoC's area use the CoC's standard CE process. Therefore, ESG projects must be integrated into the CoC's standard CE process.</p> <p>For more information about coordinated entry, and how emergency shelters can be included in a CoC's standard CE process, see <a href="#">CPD-17-012: Notice Establishing Additional Requirements for a Continuum of Care Centralized or Coordinated Assessment System</a> and <a href="#">Carrying Out Coordinated Entry Activities Under the ESG Program</a>.</p>



Requirement	HOME-ARP	ESG										
<p>Is there a required use period?</p>	<p>There are two required use periods, referred to as: Minimum Use Period and Restricted Use Period</p> <p><i>Minimum Use Period</i> is the amount of time NCS developed with HOME-ARP funding MUST operate as emergency shelters before they may be converted to permanent housing. The period varies based on the original eligible activity undertaken and the amount of funds invested in the project.</p> <table border="1" data-bbox="520 699 1255 1053"> <thead> <tr> <th data-bbox="520 699 762 748">Project Type</th> <th data-bbox="762 699 1255 748">Minimum Use Period</th> </tr> </thead> <tbody> <tr> <td data-bbox="520 748 762 800">Acquisition Only</td> <td data-bbox="762 748 1255 800">3 years</td> </tr> <tr> <td data-bbox="520 800 762 886">Moderate Rehab</td> <td data-bbox="762 800 1255 886">5 years if Total Investment &lt; 75% Appraised Value</td> </tr> <tr> <td data-bbox="520 886 762 972">Substantial Rehab</td> <td data-bbox="762 886 1255 972">10 years if Total Investment &gt; 75% Appraised Value</td> </tr> <tr> <td data-bbox="520 972 762 1053">New Construction</td> <td data-bbox="762 972 1255 1053">10 years</td> </tr> </tbody> </table> <p><i>Restricted Use Period continues on next page.</i></p>	Project Type	Minimum Use Period	Acquisition Only	3 years	Moderate Rehab	5 years if Total Investment < 75% Appraised Value	Substantial Rehab	10 years if Total Investment > 75% Appraised Value	New Construction	10 years	<p>Referred to as: Minimum Use Period</p> <p>The Minimum Use Period is based on the component type and activity funded by ESG. ESG shelter operations and essential services activities requires that the recipient/subrecipient provide services or shelter to homeless individuals and families at least for the period during which the ESG funds are provided.</p> <p>Additional details on ESG Minimum Use Period by activity can be found in <a href="#">Emergency Shelter: Distinguishing Between Renovation/Conversion and Maintenance Activities</a>.</p>
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	<p><i>Restricted Use Period</i> is the amount of time NCS properties must comply with the requirements of the HOME-ARP Notice. The period is based on the eligible activity undertaken. During the restricted use period, NCS may:</p> <ul style="list-style-type: none"> <li>• Remain as HOME-ARP NCS as originally developed</li> <li>• Be used as NCS under ESG</li> <li>• Be converted to permanent affordable housing (after the minimum use period)</li> <li>• Be converted to CoC permanent housing (after the minimum use period)</li> </ul> <table border="1" data-bbox="525 870 1255 1109"> <thead> <tr> <th data-bbox="525 870 989 954">Restricted Use Period for NCS</th> <th data-bbox="989 870 1123 954">10 Years</th> <th data-bbox="1123 870 1255 954">15 Years</th> </tr> </thead> <tbody> <tr> <td data-bbox="525 954 989 1005">New Construction</td> <td data-bbox="989 954 1123 1005"></td> <td data-bbox="1123 954 1255 1005">x</td> </tr> <tr> <td data-bbox="525 1005 989 1055">Rehabilitation</td> <td data-bbox="989 1005 1123 1055">x</td> <td data-bbox="1123 1005 1255 1055"></td> </tr> <tr> <td data-bbox="525 1055 989 1109">Acquisition Only</td> <td data-bbox="989 1055 1123 1109">x</td> <td data-bbox="1123 1055 1255 1109"></td> </tr> </tbody> </table>	Restricted Use Period for NCS	10 Years	15 Years	New Construction		x	Rehabilitation	x		Acquisition Only	x		
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What level of Environmental Review is needed?	In accordance with <a href="#">24 CFR 92.352</a> , the <a href="#">environmental effects of must be assessed subject to the requirements in 24 CFR Part 58</a>	ESG Shelter Operations and Essential Services activities are <a href="#">Categorically Excluded</a> . Depending on the activity undertaken the project may be subject to requirements in <a href="#">24 CFR Part 58</a> . Additional details can be found in <a href="#">Levels of Environmental Review for ESG Components</a> .												

Requirement	HOME-ARP	ESG
Are occupancy fees permitted?	Not permitted when operating facility as NCS.	Not permitted.
What are the habitability & property standard requirements?	<p>Referred to as: Property and Habitability Standards.</p> <p>All HOME-ARP NCS units and common areas must meet applicable State and local codes, ordinances, lead rules at <a href="#">24 CFR Part 35</a>, and <i>Minimum HOME-ARP NCS Property Standards</i> in the <a href="#">Notice</a>.</p> <p>Standards mirror ESG minimum habitability standards for emergency shelter, except that HOME-ARP requires that each unit contain:</p> <ul style="list-style-type: none"> <li>• Toilet, bath and/or shower</li> <li>• Smoke detector</li> <li>• Carbon monoxide detector</li> </ul>	<p>Referred to as: Minimum Habitability standards</p> <p>All emergency shelter facilities receiving ESG funding must meet state or local government safety and sanitation standards, as applicable and the minimum safety, sanitation, and privacy standards established in the ESG Interim Rule. For an additional resource, see <a href="#">ESG Minimum Habitability Standards for Emergency Shelters and Permanent Housing</a>.</p>
What are the inspection requirements?	<p>HOME-ARP requires annual inspections of HOME-ARP NCS projects throughout the restricted use period.</p> <ul style="list-style-type: none"> <li>• When deficiencies are identified, requires follow-up inspection within 6 months</li> <li>• Permits SUB-RECIPIENT to establish a list of non-hazardous deficiencies for which correction can be verified by third party documentation</li> <li>• Life-threatening deficiencies must be corrected immediately and re-inspected within 14 days to verify correction</li> </ul>	<p>Annual inspections are encouraged but not required. ESG recipients are required to ensure that the property meets the minimum safety, sanitation, and privacy standards established in the ESG interim rule during the time ESG funding is received.</p>

Requirement	HOME-ARP	ESG
<p>What are the reporting requirements?</p>	<p>SUB-RECIPIENTS are required to enter project completion accomplishments in IDIS once the acquisition or development of the NCS project has been completed. Required reporting includes:</p> <ul style="list-style-type: none"> <li>• Completed Units</li> <li>• HOME-ARP Assisted Units</li> <li>• Energy Star Certified Units</li> <li>• Section 504 Accessible Units</li> <li>• Total years of restricted use period if SUB-RECIPIENT is imposing a period longer than the regulatory minimum</li> <li>• Financial disbursement of HOME-ARP Funds, Public Funds, and Private Funds</li> </ul> <p>SUB-RECIPIENTS will be asked to provide annual status updates on completed NCS projects in IDIS during the project’s Restricted Use Period.</p> <p>HOME-ARP NCS may use the local Homelessness Management Information System (HMIS) to collect client level data and participate in system performance measures with the local CoC. Use of HMIS is not required.</p>	<p>ESG program-funded emergency shelters must participate in the local HMIS. ESG recipients report on aggregated ESG program information from each ESG project via the SAGE HMIS Reporting Repository.</p> <p>ESG program-funded emergency shelters must submit a project-level CSV-CAPER Report to each ESG recipient that funded their project, using the date range specified by the recipient.</p> <p>Additional information on HMIS and reporting requirements can be found in the <a href="#">ESG Program HMIS Manual</a> and <a href="#">ESG CAPER Guidebook</a>.</p>

