



2020 EMERGENCY SOLUTIONS GRANTS PROGRAM CARES Act – Part II Funding

Program Description Tennessee Housing Development Agency

The Emergency Shelter Grants Program was established by the Homeless Housing Act of 1986 in response to the growing issue of homelessness in the United States. In 1987, the program was incorporated into Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. Sec. 1137111378), now known as the McKinney-Vento Homeless Assistance Act. The U.S. Department of Housing and Urban Development (HUD) awards these funds to the State of Tennessee. The Governor of Tennessee has designated the Tennessee Housing Development Agency (THDA) to administer ESG funds on behalf of the State.

The Emergency Solutions Grants Program (ESG) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The ESG CARES Act Funding (ESG-CV) is made available to THDA pursuant to the authority provided under the “Homeless Assistance Grants” heading of title XII of Division B of the CARES Act (Public Law 116-136) and Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371 et seq.). The ESG CARES Act funding is subject to the CARES Act and any waivers or alternative requirements HUD shall make as provided by that Act, THDA’s Consolidated Plan submissions (including any annual Action Plan and any amendments), and the Emergency Solutions Grants Program regulations at 24 CFR Part 576.

The ESG-CV funds must be used to prevent, prepare for, and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus. Requirements at 24 CFR Part 576 will apply to the ESG-CV Part II funds, unless otherwise provided by the alternative requirements and flexibilities established under the CARES Act through subsequent waivers or amendments. The alternative requirements established by HUD that limit activities in comparison with the requirements in 24 CFR 576 and the CARES Act are not retroactive. Any ESG-CV activities included in THDA’s action plan or substantial amendment for which HUD completed its review must comply with the requirements in effect at the time of THDA’s consolidated plan submission, except where HUD provides flexibility as authorized by the CARES Act.

The ESG-CV Part II Program is designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help them regain permanent housing.

THDA will consult with each CoC as part of the application evaluation process to assess the applicant’s participation in and coordination with the activities of the CoC.

This Program Description explains the requirements and the application process for the ESG-CV Part II Program. Agencies applying for 2020 ESG-CV Part II funding must include in their application documentation that is supported by data showing: 1) need for the program; 2) evidence of homelessness or at-risk of homelessness population within the community; 3) a plan that summarizes how funds will be used to address the unmet needs of their community; and 4) evidence that the applicant has collaborated with the local Continuum of Care (CoC) and that activities selected will help the CoC to meet its goals to address and end homelessness.

ESG-CV Part II funds are awarded to local governments and 501(c)(3) or 501(c)(4) non-profit organizations outside the entitlement communities that receive their own ESG-CV funding directly from HUD. The Tennessee entitlement communities that receive their own allocation of ESG-CV funds are Knoxville, Memphis, and Nashville-Davidson County.

Applications under the 2020 ESG-CV Part II Competitive Allocation must be received by THDA on or before 4:00 PM CST on Friday, January 15, 2021. THDA anticipates notifying successful applicants as soon as possible or by February 8, 2021 and issuing 2020 ESG-CV Part II contracts by March 1, 2021 for the period March 1, 2021 through September 30, 2022.

The program description and application is available at www.thda.org. Once at the THDA website, click on Government & Nonprofit Partners/ Emergency Solutions Grants Program. There will be a link for the program description, the application and the application attachments. If you have questions, contact Shay Grier, Lead Coordinator of Homelessness Programs with the Community Programs Division of THDA at (615) 815-2114.

THE ESG-CV Part II PROGRAM

The ESG Program in Tennessee is governed by Title 24 Code of Federal Regulations, Parts 91 and 576 (ESG Regulations), the Homeless Assistance Grants title XII of Division B of the CARES Act (Public Law 116-136) and this Program Description. ESG and ESG-CV Regulations are incorporated by reference in this Program Description. In cases of conflicting requirements, the more stringent requirement will apply.

The objectives of the ESG-CV Part II Program are:

1. To prevent, prepare for, and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus;
2. Reduce the length of time program participants experience homelessness;
3. Exit program participants to permanent housing;
4. Limit returns to homelessness one year after exiting the program; and,
5. Based on the activity, all ESG-CV resources must be used to benefit individuals who are defined by HUD as “homeless” or “at risk of homelessness” in the ESG Regulations.

HUD defines “homeless” as:

- (1) *Category 1: An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:*
 - (i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport or camping ground;
 - (ii) An individual or family living in a supervised publicly or privately operated shelter designed to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
 - (iii) An individual who is exiting an institution where he or she resided for 90 day or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- (2) *Category 2: An individual or family who will imminently lose their primary nighttime residence, provided that:*
 - (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - (ii) No subsequent residence has been identified; and
 - (iii) The individual or family lacks the resources or support networks, e.g., family friends, faith-based or other social networks, needed to obtain other permanent housing;
- (3) *Category 3: Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:*
 - (i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), SECTION 17(b) or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434A);
 - (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing the 60 days immediately preceding the date of application for assistance;
 - (iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
 - (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

- (4) *Category 4: Any individual or family who:*
- (i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
 - (ii) Has no other residence; and
 - (iii) Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.

HUD defines an "at risk" individual or family as follows:

(1) *Category 1*

- a. Has an annual income that does not exceed the Very Low-Income Limit of the area, as established for HUD's Section 8 and Public Housing programs at www.huduser.gov/portal/datasets/il.html;
- b. Has insufficient resources immediately available to attain housing stability; and
- c. Meets one or more of the following criteria:
 - i. Has moved frequently because of economic reasons
 - ii. Is living in the home of another because of economic hardship
 - iii. Has been notified that their right to occupy their current housing or living situation will be terminated
 - iv. Is living in a hotel or motel
 - v. Lives in severely overcrowded housing
 - vi. Is exiting an institution; or
 - vii. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness (as defined in the Consolidated Plan for the jurisdiction).

(2) *Category 2*

- a. Such term includes all families with children and youth defined as homeless under other Federal statutes. Note that there are limits on expenses within this category in CoCs where homelessness (sheltered and unsheltered) is 1/10 or more of 1% of the total population (See CPD-12-001).

(3) *Category 3*

- a. This category includes children/youth who qualify as homeless under the Education for Children and Youth project (Section 725*(2) of the McKinney-Vento Act) and the parents or guardians of that child/youth if living with him/her.

A. CONSISTENCY WITH THE CONSOLIDATED PLAN

All applicants serving a county located within a local HUD Consolidated Plan jurisdiction must obtain a “certificate of consistency” with the local HUD Consolidated Plan. Local HUD Consolidated Plan jurisdictions include:

- City of Bristol
- City of Chattanooga
- City of Clarksville
- City of Cleveland
- City of Franklin
- City of Jackson
- City of Johnson City
- City of Kingsport
- City of Morristown
- City of Murfreesboro
- City of Oak Ridge
- County of Knox
- County of Shelby

Organizations serving communities located outside of those noted above are covered by the State’s Consolidated Plan. THDA will provide a certification of consistency with the State’s Consolidated Plan during the application review process.

B. ALLOCATION OF FUNDS

ESG-CV Part II Program funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee’s Consolidated Plan, as amended. The ESG-CV Part II allocation is in the amount of \$22,438,703. THDA will make available under this program description any ESG-CV Part II funds allocated to the State of Tennessee as well as any funds determined by THDA to be available from the ESG-CV Part 1 funding allocations.

THDA will allocate up to 5% of its 2020 ESG-CV Part II allocation for administrative and planning expenses. THDA will share the amount available for administration with successful local government applicants. **Non-profit agencies are not eligible to receive funds for administration.**

The remaining ESG-CV Part II funds will be allocated through each eligible CoC based on a pro-rata share determination based on four factors: homelessness, poverty, population, and unemployment. THDA will post this pro-rata determination on its web site at: <https://thda.org/government-nonprofit-partners/emergency-solution-grants-esg-program>.

Eligible CoCs include the following:

- TN-500 – Chattanooga/Southeast Tennessee CoC.
- TN-501 – Memphis/Shelby County CoC (only those areas outside the limits of the City of Memphis are eligible for ESG-CV resources through THDA).
- TN-502 – Knoxville/Knox County CoC (only those areas outside the limits of the City of Knoxville are eligible for ESG-CV resources through THDA).
- TN-503 – Central Tennessee CoC
- TN-506 – Upper Cumberland CoC
- TN-507 – Jackson/West Tennessee CoC

- TN-509 – Appalachian Regional CoC
- TN-510 – Murfreesboro/Rutherford County CoC
- TN-512 – Morristown/Blount, Sevier, Campbell, Cocke Counties CoC

Eligible applicants will apply through each CoC that will in turn review and rank all applications based on the priorities established by the CoC to prevent, protect, and respond to the coronavirus.

C. ELIGIBLE APPLICANTS

The State of Tennessee, through THDA, will accept applications for the ESG-CV Program from non-profit organizations and local units of governments.

Local units of government may distribute all or a part of their ESG funds to eligible, private 501(c)(3) or 501(c)(4) non-profit organizations for allowable ESG activities. Nonprofit subrecipient organizations of a local government must meet the requirements of for nonprofit organizations outlined immediately below. The local unit of government must submit a complete application from each nonprofit organization with their application for assistance.

Non-profit applicants must submit **PART V: Non-Profit Checklist** with supporting documentation, and **PART VI: Non-Profit Board Composition**.

To be eligible for ESG-CV funding, the non-profit organization:

1. Must meet two of the three following criteria:
 - a. Be recommended for funding by the CoC in which services will be provided.

And either

 - b. Be organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated **no more than thirty (30) days** prior to the application date).

Or

 - c. Be organized and existing under the laws of another state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from the other state’s Secretary of state dated **no more than thirty (30) days** prior to the application date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated **no more than thirty (30) days** prior to the application date).
2. Must demonstrate at least two (2) years of experience providing affordable housing or affordable housing related services in the state of Tennessee satisfactory to THDA, in its sole discretion.
3. Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.
4. Be established for charitable purposes and whose activities include, but are not limited to, the

promotion of social welfare and the prevention or elimination of homelessness, as evidenced in its charter, articles of incorporation, resolutions or by-laws, and experience in the provision of shelter and services to the homeless.

5. Have standards of financial accountability that conform to 24 CFR 84.21, Standards of Financial Management Systems.
6. Have an IRS designation under Section 501(c)(3) or Section 501(c)(4) of the federal tax code. A 501(c)(3) non-profit applicant may not submit an application until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary materials with the IRS and received a response from the IRS demonstrating 501(c)(4) status.
7. Faith-based organizations receiving ESG-CV funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.
8. Have approved established ESG Written Standards in accordance with Continuum of Care Coordinated Entry process.
9. Be or agree to become an active member of the CoC and/or be compliant with HMIS reporting.

In accordance with 24 C.F.R. Section 576.202(a)(2), non-profit organizations are eligible to receive funding for emergency shelter activities only if such funding for emergency shelter activities is approved by the local government jurisdiction where the emergency shelter activities are physically located. Each application from a nonprofit must contain **PART VII: Certification of Local Government Approval** specific to the emergency shelter housing and service locations that it controls within each jurisdiction. This Attachment must be submitted to THDA at the time of application. If the organization intends to provide emergency shelter assistance in a number of jurisdictions, a certification of approval must be submitted by each unit of local government in which the emergency shelter activities are to be located.

D. ELIGIBLE TIME PERIOD

ESG-CV funds may be used to cover eligible costs incurred between October 1, 2020 and June 30, 2022.

E. PARTICIPANT SERVICE PREREQUISITES FOR ASSISTANCE

Individuals and families experiencing homelessness *must not be required* to receive treatment or perform any other prerequisite activities as a condition for receiving shelter, rental assistance, or other services provided with ESG-CV funds.

F. ELIGIBLE ACTIVITIES

1. **Street Outreach:** Essential services to eligible participants provided on the street or in parks, abandoned buildings, bus stations, campgrounds, and in other such settings where unsheltered persons are staying. Staff salaries related to carrying out street outreach are also eligible. Recipients may expend as much of their funding on street outreach as needed to prevent, prepare for, and respond to coronavirus among people experiencing homelessness including mitigating the impacts caused by coronavirus.

Eligible Program Participants: Unsheltered individuals and families who qualify as homeless under Category 1 of HUD’s Definition of “Homeless”.

Allowable Activities listed below must be used to prevent, prepare for, and respond to coronavirus among people experiencing homelessness, including mitigating the impacts caused by the coronavirus.:

- a. *Engagement.* The costs of activities to locate, identify, and build relationships with unsheltered homeless people and engage them for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs. These activities consist of making an initial assessment of needs and eligibility; providing crisis counseling; addressing urgent physical needs, such as providing meals, blankets, clothes or toiletries; and actively connecting and providing information and referrals to programs targeted to homeless people and mainstream social services and housing programs, including emergency shelter, transitional housing, community-based services, permanent supportive housing and rapid re-housing programs. Eligible costs include the cell phone costs of outreach workers during the performance of these activities.
- b. *Case Management.* The cost of assessing housing and service needs, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant. Eligible services and activities are as follows: using the centralized or coordinated assessment system as required under § 576.400(d); conducting the initial evaluation required under § 576.401(a), including verifying and documenting eligibility; counseling; developing, securing and coordinating services; obtaining Federal, State, and local benefits; monitoring and evaluating program participants progress; providing information and referrals to other providers; and developing an individualized housing and service plan, including planning a path to permanent housing stability.
- c. *Emergency Health Services.*
 - (i) Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered homeless people are living.
 - (ii) ESG-CV funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area.
 - (iii) Eligible treatment consists of assessing a program participant’s health problems and developing a treatment plan; assisting program participants to understand their health needs; providing directly or assisting program participants to obtain appropriate emergency medical treatment; and providing medication and follow-up services.
- d. *Emergency Mental Health Services.*
 - (i) Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living.

- (ii) ESG-CV funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the area.
 - (iii) Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolutions of the problem or improved individual or family functioning or circumstances.
 - (iv) Eligible treatment consists of crisis interventions, the prescription of psychotropic medications, explanation about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.
- e. *Transportation.* The transportation costs of travel by outreach workers, social workers, medical professionals, or other service providers are eligible, provided that this travel takes place during the provision of services eligible under this section. The costs of transporting unsheltered people to emergency shelters or other service facilities are also eligible. These costs include the following:
- (i) The cost of a program participant’s travel on public transportation;
 - (ii) If service workers use their own vehicles, mileage allowance for service workers to visit program participants;
 - (iii) The cost of purchasing or leasing a vehicle for the Grantee in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes, and maintenance for the vehicle; and
 - (iv) The travel costs of Grantee staff to accompany or assist program participants to use public transportation.
- f. *Services to Special Populations.* ESG-CV funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs (a) through (e) of this section. 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, and sexual assault, or stalking.
2. ***Emergency Shelter:*** Funds may be used to cover the costs of (1) the renovation or major rehabilitation of an existing shelter, or conversion of a building to an emergency shelter; (2) the provision of essential services to homeless families and individuals in emergency shelters, and (3) and the operational expenses of emergency shelters to prevent, prepare for, and respond to the coronavirus among people experiencing homelessness, including mitigating the impacts caused by the coronavirus.
- Eligible Participants:*** Individuals and families who qualify as homeless under Categories 1, 2, 3 and 4 of HUD’s Definition of “Homeless”.

Allowable Activities listed below must be used to prevent, prepare for, and respond to coronavirus among people experiencing homelessness including mitigating the impacts caused by the coronavirus.:

- a. *Renovation, Major Rehabilitation or Conversion.* “Renovation” means rehabilitation that involves costs of 75% or less of the value of the building before renovation. “Major rehabilitation” means rehabilitation that involves costs in excess of 75% of the value of the building before rehabilitation. “Conversion” means a change in the use of the building to an emergency shelter for the homeless, where the cost of conversion exceeds 75% of the value of the building after conversion.

All renovation, rehabilitation or conversion work proposed for buildings constructed prior to 1978 must comply with Lead-Based Paint Regulations at 24 CFR Part 35, Subpart J, as applicable.

Grantees receiving ESG-CV assistance for major rehabilitation or conversion must maintain the building as a shelter for homeless individuals and families for 10 years; Grantees receiving ESG-CV assistance for renovations must be maintained as a shelter for homeless individuals and families for 3 years. These requirements will be enforced through a Deed of Trust, Restrictive Covenants, and/or other legal mechanisms.

- b. *Essential Services.* This includes services concerned with employment, health, drug abuse, education and staff salaries necessary to provide these services and may include, but are not limited to:
- (i) *Case Management.* The cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant is eligible. Component services and activities consist of:
- (A) Using the centralized or coordinated assessment system as required under §576.400(d);
 - (B) Conducting the initial evaluation required under §576.401(a), including verifying and documenting eligibility;
 - (C) Counseling;
 - (D) Developing, securing, and coordinating services and obtaining Federal, State and local benefits;
 - (E) Monitoring and evaluating program participant progress;
 - (F) Providing information and referrals to other providers;
 - (G) Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking; and
 - (H) Developing an individualized housing and service plan, including planning a path to permanent housing stability.
- (ii) *Child Care.* The costs of child care for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities, are eligible. The children must be under the age of 13, unless they are disabled. Children with disabilities must be under the age of 18.

The child-care center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.

- (iii) *Education Services.* When necessary for the program participant to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language, and General Educational Development (GED). Component service or activities are screening, assessment and testing; individual or group instruction; tutoring; provision of books, supplies and instructional material; counseling; and referral to community resources.
- (iv) *Employment Assistance and Job Training.* The costs of employment assistance and job training programs are eligible, including classroom, online, and/or computer instruction; and services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential. The cost of providing reasonable stipends to program participants in employment assistance and job training programs is an eligible cost. Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates. 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.
- (v) *Outpatient Health Services.* Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals. ESG-CV funds may be used only for these services to the extent that other appropriate health services are unavailable within the community. Eligible treatment consists of assessing a program participant's health problems and developing a treatment plan; assisting program participants to understand their health needs; providing directly or assisting program participants to obtain appropriate medical treatment, preventive medical care, and health maintenance services; including providing medication and follow-up services; and providing preventive and noncosmetic dental care.
- (vi) *Legal Services.*
 - (A) Eligible costs are the hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association of the State in which the services are provided, 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.
 - (B) ESG-CV funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community.
 - (C) Eligible subject matters are child support, guardianship, paternity, emancipation, and legal separation, orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault,

and stalking, appeal of veterans and public benefit claim denials, and the resolution of outstanding criminal warrants.

- (D) Component services or activities may include client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling.
 - (E) Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the Grantee is a legal services provider and performs the services itself, the eligible costs are the Grantee's employees' salaries and other costs necessary to perform the services.
 - (E) Legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are ineligible costs.
- (vii) *Life Skills Training.* 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 are eligible costs. These services must be necessary to assist the program participant to function independently in the community. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation, and parenting.
- (viii) *Mental Health Services.*
- (A) Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions.
 - (B) ESG-CV funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community.
 - (C) 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. Problem areas may include family and marital relationships, parent-child problems, or symptom management.
 - (D) Eligible treatment consists of crisis interventions; individual, family, or group therapy sessions; the prescription of psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.
- (ix) *Substance Abuse Treatment Services.*
- (A) Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals.
 - (B) ESG-CV 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.

- (C) Eligible treatment consists of client intake and assessment, and outpatient treatment for up to 30 days. Group and individual counseling and drug testing are eligible costs. Inpatient detoxification and other inpatient drug or alcohol treatment are not eligible costs.
- (x) *Transportation.* Eligible costs consist of the transportation costs of a program participant's travel to and from medical care, employment, child care or other eligible essential services facilities. These costs include the following:
 - (A) The cost of a program participant's travel on public transportation;
 - (B) If service workers use their own vehicles, mileage allowance for service workers to visit program participants;
 - (C) The cost of purchasing or leasing a vehicle for the Grantee in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes, and maintenance for the vehicle; and
 - (D) The travel costs of Grantee staff to accompany or assist program participants to use public transportation.
- (xi) *Services for Special Populations.* ESG-CV funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs (a)(1)(i) through (a)(1)(x) of this section. 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.
- c. *Operations.* Eligible costs are the costs of maintenance (including minor or routine repairs), rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter.

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. Additionally, funds can be used to pay for cleaning of hotel and motel rooms used by program participants as well as to repair damages caused by program participants above normal wear and tear of the room.

Prohibition against involuntary family separation. The age of a child under age 18 must not be used as a basis for denying any family's admission to an emergency shelter that uses ESG-CV funding or services and provides shelter to families.

3. ***Prevention Activities:*** Activities related to preventing persons from becoming homeless and to assist participants in regaining stability in their current or other permanent housing to prevent, prepare for, and respond to the coronavirus among people experiencing homelessness including mitigating the impacts caused by the coronavirus.

Eligible Participants: Extremely low-income individuals and families with household incomes of at or below 50% of Area Median Income who qualify as homeless under Categories 2, 3 and 4 of

HUD's Definition of "Homelessness" or any category of HUD's Definition of "At Risk of Homelessness".

4. ***Rapid Re-Housing Activities:*** Activities related to help a homeless individual or family to move into permanent housing to prevent, prepare for, and respond to the coronavirus among people experiencing homelessness including mitigating the impacts caused by the coronavirus.

Eligible Participants: Individuals and families who meet HUD's definition of "Homeless" under Categories 1 and 4.

Allowable Activities for Prevention and Rapid Re-Housing:

- a. ***Financial Assistance.*** ESG-CV funds may be used to pay housing owners, utility companies, and other third parties for the following costs:

- (1) Rental application fees. ESG-CV funds may pay for the rental housing application fee that is charged by the owner to all applicants.
- (2) Security deposits. ESG-CV funds may pay for a security deposit that is equal to no more than 2 months' rent.
- (3) Last month's rent. If necessary to obtain housing for a program participant, the last month's rent may be paid from ESG-CV funds to the owner of that housing at the time the owner is paid the security deposit and the first month's rent. This assistance must not exceed one month's rent and must be included in calculating the program participant's total rental assistance, which cannot exceed 12 months during any 3-year period.
- (4) Utility deposits. ESG-CV funds may pay for a standard utility deposit required by the utility company for all customers for the utilities listed in paragraph (5) of this section.
- (5) Utility payments. ESG-CV funds may pay for up to 12 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears, per service. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No program participant shall receive more than 12 months of utility assistance within any 3-year period.
- (6) Moving costs. ESG-CV funds may pay for moving costs, such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance under paragraph (b) of this section and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.

- b. ***Service Costs.*** ESG-CV funds may be used to pay the costs of providing the following services:

- (1) *Housing search and placement.* Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:
 - (A) Assessment of housing barriers, needs and preferences;
 - (B) Development of an action plan for locating housing;
 - (C) Housing search;
 - (D) Outreach to and negotiation with owners;
 - (E) Assistance with submitting rental applications and understanding leases;
 - (F) Assessment of housing for compliance with ESG-CV requirements for habitability, lead-based paint, and rent reasonableness;
 - (G) Assistance with obtaining utilities and making moving arrangements; and
 - (H) Tenant counseling.

- (2) *Housing stability case management.* ESG-CV funds may be used to pay cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtain housing. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing. Component services and activities consist of:
 - (A) Using the centralized or coordinated assessment system as required under §576.400(d) to evaluate individuals and families applying for or receiving homeless prevention or rapid re-housing assistance;
 - (B) Conducting the initial evaluation required under §576.401(a), including verifying and documenting eligibility, for individuals and families applying for homelessness prevention or rapid re-housing assistance.
 - (C) Counseling
 - (D) Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
 - (E) Monitoring and evaluating program participant progress;
 - (F) Providing information and referrals to other providers;
 - (G) Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
 - (H) Conducting re-evaluations.

- (3) *Mediation.* ESG-CV funds may pay for mediation between the program participant and the owner of 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.

- (4) *Legal Services.* ESG-CV funds may pay for legal services, as set forth in §576.102(a)(1)(vi), except that the eligible subject matters also include

landlord/tenant matters, and the services must be necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides.

- (5) *Credit Repair.* ESG-CV funds may pay for credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.

The Grantee may set a maximum dollar amount that a program participant may receive for each type of financial assistance. The Grantee may also set a maximum period for which a program participant may receive any of the types of assistance or services.

Financial assistance cannot be provided to a program participant who is receiving the same type of assistance through other public sources.

Short and Medium Term Rental Assistance Requirements and Restrictions:

- a. Compliance with FMR (Fair Market Rents) or Rent Reasonableness.
- b. For purposes of calculating rent, the rent must equal the sum of the total rent, any fees required for rental (excluding late fees and pet deposits), and, if the tenant pays separately for utilities (excluding telephone) the monthly allowance for utilities as established by the public housing authority for the area in which the housing is located.
- c. Compliance with minimum habitability standards.
- d. Tenant based rental assistance means that participants select a housing unit in which to live and receive rental assistance. Project based rental assistance means that grantees identify permanent housing units that meet ESG-CV requirements and enter into a rental assistance agreement with the owner to reserve the unit and subsidize it so that eligible program participants have access to the unit.
- e. A standard and legal lease must be in place.
- f. No rental assistance can be provided to a household receiving assistance from another public source for the same time period (with the exception of rental arrears).
- g. Participants must meet with a case manager at least monthly for the duration of the assistance (participants who are victims of domestic violence are exempt if meeting would increase the risk of danger to client).
- h. The Grantee must develop an individualized plan to help the program participant remain in permanent housing after the ESG-CV assistance ends.
- i. The Grantee must make timely payments to each owner in accordance with the rental agreement. The Grantee is solely responsible for paying late payment penalties that it incurs with non-ESG-CV funds.

Hotel/Motel Costs to Prevent the Spread of the Coronavirus

When a program participant receiving rapid re-housing or homelessness prevention assistance needs to isolate to keep from spreading the virus to other household members, eligible costs may also include a hotel or motel voucher for that family or individual. Funds also can be used to pay for cleaning of hotel and motel rooms used by program participants as well as to repair damages caused by program participants above normal wear and tear of the room.

5. ***Homeless Management Information System (HMIS) Data Collection:*** Eligible costs include hardware; software; equipment costs; staffing for operating HMIS data collection, monitoring and analysis; reporting to the HMIS Lead Agency; training on HMIS use; and obtaining technical support. Domestic violence agencies may use HMIS funds to pay for costs in obtaining and operating a data collection program comparable to HMIS, including user fees, software, equipment, training, and maintenance. Additionally, ESG-CV funds may be used for HMIS costs not related to ESG-CV program participants or ESG-CV activities when necessary to collect and report better data about the impact of coronavirus across the community.
6. ***Temporary Emergency Shelters.*** As permitted by the CARES Act, ESG-CV funds may be used to pay for temporary emergency shelters for individuals and families experiencing homelessness in order to prevent, prepare for, and respond to the coronavirus.
 - a. A temporary emergency shelter means any structure or portion of a structure, which is used for a period time because of a crisis, such as a natural disaster or public health emergency, to provide shelter for individuals and families displaced from their normal place of residence or sheltered or unsheltered locations. Examples of temporary emergency shelters include:
 - (i) an overnight, daytime, or 24-hour shelter in which program participants are only provided a safe place to sleep, rest, bathe, and eat;
 - (ii) A shelter where one or more services are made available on-site, whether by shelter staff or contractors through a memorandum of understanding with another service provider
 - (iv) A shelter designed to facilitate the movement of homeless individuals and families into permanent housing within a fixed period of time (i.e. within 12 months) and employs or contracts with one or more case managers or service providers to provide services as specified under sections III.E.3.a.(i)(e) and III.E.3.a.(ii)(e) through (h) of HUD Notice CPD-20-08 dated September 1, 2020.
 - b. Eligible costs include:
 - (i) Leasing existing real property or temporary structures to be used as temporary emergency shelters;
 - (ii) Acquisition of real property (e.g. hotels, ancillary structures, parking lots). The total amount of ESG-CV funds used for acquisition must not exceed \$2.5 million per real property;

- (iii) Renovation (including major rehabilitation and conversion) of real property (e.g., hotels) into temporary emergency shelters. Eligible costs include labor, tools, and other costs for renovation;
 - (iv) Shelter operations costs including the costs of maintenance (including minor or routine repairs), rent, security, fuel, equipment, insurance, utilities, food, furnishings, supplies necessary for the operation of the temporary emergency shelter;
 - (v) Services, including essential services under 24 CFR 576.102(a)(1), housing search and placement services under 24 CFR 576.105(b)(1), and housing search and counseling services as provided under 24 CFR 578.53(e)(8); except as otherwise stated in this Notice or 24 CFR part 576.408; and,
 - (vi) Other shelter costs HUD pre-approves in writing.
- (b) Requirements:
- (i) As permitted by the CARES Act, the use of funds for these shelters will not be subject to the habitability standards under section 417(c) of the McKinney-Vento Act, shelter standards at 24 CFR 576.403(b), or the environmental review requirements that otherwise apply to the use of ESG funds if the shelters have been determined by State or local health officials to be necessary to prevent, prepare for, and respond to coronavirus. Recipients and subrecipients must still comply with nondiscrimination and applicable accessibility requirements, including requirements under Section 504 of the Rehabilitation Act, the Americans with Disabilities Act, the Fair Housing Act, and their implementing regulations. See also 24 CFR 576.407(a);
 - (ii) These temporary emergency shelters shall not be subject to the minimum periods of use required by section 416(c)(1) of the McKinney-Vento Act and 24 CFR 576.102(c) and shall be considered as excluded by law from any certifications recipients submit pursuant to 24 CFR 91.225(c)(1) through (c)(4) or 91.325(c)(4)(i) through (c)(4)(iv); however, if funds were used for acquisition or renovation (including conversion or major rehabilitation), the property's use and disposition will be subject to the real property requirements in 2 CFR 200.311;
 - (iii) In general, funds may be used to support temporary emergency shelters to prevent, prepare for, and respond to coronavirus until January 31, 2022. This January 31, 2022 limit will ensure that ESG-CV funds are available to serve more individuals and families with assistance to prevent, prepare for, and respond to coronavirus. However, upon written request to THDA by the grantee and THDA's subsequent request to HUD, HUD may grant an exception to the January 31, 2022 limit, if THDA and the grantee demonstrate to HUD:
 - (A) Why additional funding for a longer period of time is necessary and what planned activities the recipient will forgo to continue funding the temporary emergency shelter;

- (B) The number of additional months the recipient will fund the temporary emergency shelter; and
 - (C) The plan for connecting program participants to permanent housing when the temporary emergency shelter is no longer funded;
- (iv) In addition to the records required at 24 CFR 576.500, the grantee must retain documentation that the property or structure or portion of a structure used as temporary emergency shelter met the definition of temporary emergency shelter during the time it was so used. For example, a grantee could document that the property is typically a hotel and is only being used as an emergency shelter for the period of time that public health officials determine special measures are needed to prevent the spread of coronavirus;
 - (v) Whether or not services are provided as part of temporary emergency shelter, the grantee must assure that for each program participant receiving shelter, the individual or family's service needs are evaluated as required by 24 CFR 576.401(a) and appropriate services are made available as needed in accordance with 24 CFR 576.401(d)), and a program participant in temporary emergency shelter shall be eligible to receive essential services from the grantee other than the program participant's shelter provider;
 - (vi) A temporary emergency shelter may provide space for program participants to receive services consistent with 24 CFR 576.401(d) even if the services are not ESG-funded or not funded as part of the shelter project;
 - (vii) Program participants cannot be required to sign leases or occupancy agreements, receive treatment, or perform any other prerequisite activities as a condition for staying in any shelter or receiving services; and
 - (viii) In all other respects, the funding and operation of temporary emergency shelters must comply with the ESG-CV requirements for emergency shelters under HUD Notice CPD-20-08 issued September 1, 2020, and 24 CFR part 576.
7. **Training.** As permitted by the CARES Act, ESG-CV funds may be used for training on infectious disease prevention and mitigation for staff working directly to prevent, prepare for, and respond to coronavirus among persons who are homeless or at risk of homelessness. In addition, the limitations on eligible activities provided in section 415(a) of the McKinney-Vento Homeless Assistance Act and 24 CFR part 576, subpart B are waived and alternative requirements are established to the extent necessary to authorize ESG-CV funds to be used for training on infectious disease prevention and mitigation for homeless assistance providers, including those who do not receive funding through the CARES Act, to help them best prevent, prepare for, and respond to coronavirus among persons who are homeless or at risk of homelessness. These training costs are eligible as a standalone activity and are not to be charged to an activity under 24 CFR 576.101 to 24 CFR 576.109.
8. **Hazard Pay.** As permitted by the CARES Act, funds may be used to pay hazard pay for grantee or subrecipient staff working directly to prevent, prepare for, and respond to coronavirus among persons who are homeless or at risk of homelessness. Examples of grantee or subrecipient staff working directly in support of coronavirus response include emergency shelter intake staff, street

outreach teams, emergency shelter maintenance staff, emergency shelter security staff, staff providing essential services (e.g., outpatient health or mental health, housing navigators), and staff in proximity to persons with coronavirus or working in locations with a high likelihood of contracting coronavirus.

9. ***Handwashing Stations and Portable Bathrooms.*** ESG-CV funds may be used under 24 CFR 576.101(a) for installing and maintaining handwashing stations and bathrooms (e.g., porta potties) in outdoor locations for people experiencing unsheltered homelessness. Allowing ESG-CV funds to pay for the costs of handwashing stations and bathroom facilities will help prevent the spread of coronavirus by providing people living in unsheltered locations regular access to bathrooms and the ability to wash their hands.

10. ***Landlord Incentives.*** ESG-CV funds may be used under 24 CFR 576.105 to add the eligible cost of paying for landlord incentives as reasonable and necessary to obtain housing for individuals and families experiencing homelessness and at risk of homelessness. However, ESG-CV funds may not be used to pay the landlord incentives set forth below in an amount that exceeds three times the rent charged for the unit. Waiving the limitation on eligible costs under housing relocation and stabilization services to pay for the costs of landlord incentives will increase the number of housing units available to people experiencing homelessness or at risk of homelessness, especially in tight rental markets and obtaining and maintaining housing is critical to preventing the spread of coronavirus and helping mitigate the economic impact of the crisis. The limitation to three times the rent charged for each unit ensures enough ESG-CV funds remain available to provide other eligible activities necessary to prevent the spread of coronavirus. Eligible landlord incentive costs include:
 - a. Signing bonuses equal to up to 2 months of rent;
 - b. Security deposits equal to up to 3 months of rent;
 - c. Paying the cost to repair damages incurred by the program participant not covered by the security deposit or that are incurred while the program participant is still residing in the unit; and,
 - d. Paying the costs of extra cleaning or maintenance of a program participant's unit or appliances.

11. ***Volunteer Incentives.*** ESG-CV funds may be used under 24 CFR 576.101(a), 24 CFR 576.102(a)(1), and 24 CFR 576.105(b) for costs of providing reasonable incentives to volunteers (e.g., cash or gift cards) who have been and are currently helping to provide necessary street outreach, emergency shelter, essential services, and housing relocation and stabilization services during the coronavirus outbreak. Waiving this requirement to allow the payment of reasonable costs of volunteer incentives will increase the number of people available to provide the needed services and connections to housing to individuals and families experiencing homelessness to prevent the spread of coronavirus.

G. INELIGIBLE ACTIVITIES

1. *Under Street Outreach Services*, ESG-CV funds may not be used for the following:

- a. Emergency medical and/or mental health services accessible or available within the area under an existing program; and
 - b. Maintenance of existing services already being provided within the past 12 months prior to funding.
2. *Under Emergency Shelter Services*, ESG-CV may not be used for the following:
- a. Property clearance or demolition if not associated with the construction or major rehabilitation of a shelter;
 - b. Staff training or fund raising activities;
 - c. Salary of case management supervisor when not working directly on participant issues;
 - d. Advocacy, planning, and organizational capacity building;
 - e. Staff recruitment and/or training
 - f. Transportation costs not directly associated with service delivery.
 - g. Recruitment or on-going training of staff;
 - h. Depreciation;
 - i. Costs associated with the organization rather than the supportive housing project (advertisements, pamphlets about the agency, surveys, etc.)
 - j. Staff training, entertainment, conferences or retreats;
 - k. Public relations or fund raising;
 - l. Bad debts or bank fees; and
 - m. Mortgage payments.
 - n. Providing permanent housing in hotels and motels.
3. *Under Prevention and Rapid-Rehousing Activities*, ESG-CV funds may not be used for the following:
- a. Mortgage loan payments;
 - b. Pet deposits;
 - c. Late fees incurred if grantee does not pay agreed rental subsidy by agreed date;
 - d. Payment of temporary storage fees in arrears;
 - e. Payment of past debt not related to rent or utility; and
 - f. Financial assistance to program participants who are receiving the same type of assistance through other public sources, including other CARES Act funding, or to a program participant who has been provided with replacement housing payments under URA during the same time period.
 - g. Providing permanent housing in hotels and motels.
4. *Under HMIS Data Collection*: Grantees that are not compliant with HUD's standards on participation, data collection, and reporting under a local HMIS will not be eligible for reimbursement or advancement for HMIS activities.

H. MATCH REQUIREMENTS

As provided by the CARES Act, ESG-CV funds are not subject to the match requirements that otherwise apply to the ESG program.

I. OTHER FEDERAL REQUIREMENTS

1. **NON-DISCRIMINATION AND EQUAL OPPORTUNITY.** Grantees must make facilities and services available to all on a nondiscriminatory basis, and publicize the facilities and services. The procedures a Grantee uses to convey the availability of such facilities and services should be designed to reach persons with disabilities or persons of any particular race, color, religion, sex, age, familial status, or national origin within their service area who may qualify for them. If not, the Grantee must establish additional procedures that will ensure that these persons are made aware of the facilities and services. Grantees must adopt procedures to disseminate information to anyone who is interested regarding the existence and location of services or facilities that are accessible to individuals with disabilities.

Grantees must also comply with the requirements of 24 CFR Parts 5, 200, 203, et al Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity. The regulation is available at <http://www.gpo.gov/fdsys/pkg/FR-2012-02-03/pdf/2012-2343.pdf>. Grantees should include in their ESG standards a written policy for Fair Housing to all persons and/or families regardless of sexual orientation, gender identity or family identification.

2. **LEAD BASED PAINT.** Housing assisted with ESG-CV funds is subject to the Lead-Based Paint Poisoning Prevention Act and the Act's implementing regulations at 24 CFR Part 35, Subparts C through M for any building constructed prior to 1978. Grantees using ESG-CV funds only for essential services and operating expenses must comply with Subpart K to eliminate as far as practical lead-based paint hazards in a residential property that receives federal assistance for acquisition, leasing, support services or operation activities.
3. **PROPERTY MANAGEMENT STANDARDS.** Grantees are required to follow uniform standards for using and disposing of capital improvements and equipment. Equipment is defined as having a useful life of one year and a per unit value of \$5,000 or more.
4. **RELOCATION AND DISPLACEMENT.** Grantees are required to take reasonable steps to minimize the displacement of persons, families, individuals, businesses, non-profit organizations or farms as a result of administering projects funded through ESG-CV. Any persons displaced by the acquisition of property must be provided with relocation assistance (24 CFR 576.59).
5. **ECONOMIC OPPORTUNITIES FOR LOW- AND VERY LOW-INCOME PERSONS.** Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) seeks to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 3 applies to training, employment, contracting and other economic opportunities arising in connection with the expenditure of housing assistance that is used for the following project types:

- a. Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
- b. Housing construction; and
- c. Other public construction.

For the purposes of the ESG-CV program, this includes any construction, rehabilitation, renovation, or demolition activities associated with a shelter or temporary emergency shelter.

Section 3 requirements apply to grantees undertaking a construction, rehabilitation, or demolition activity for which the amount of the ESG-CV assistance exceeds \$200,000. The ESG-CV assistance threshold is calculated based on the *total* award of ESG-CV funds to the grantee regardless of the amount provided solely for the construction, rehabilitation, renovation, or demolition activity.

Section 3 requirements also apply to contractors and subcontractors performing work on Section 3 covered project(s) for which the amount of the assistance exceeds \$200,000; and the contract or subcontract exceeds \$100,000. If a grantee receives assistance in excess of \$200,000, but no contract exceeds \$100,000, the Section 3 preference requirements only apply to the grantee.

The Section 3 requirements apply to the *entire project or activity* that is funded with ESG-CV assistance, regardless of whether the Section 3 activity is fully or partially funded with ESG-CV assistance.

6. MINORITY/WOMEN'S BUSINESS ENTERPRISES (MBE/WBE). Executive Order 11625, as amended (Minority Business Enterprises); Executive Order 12432, as amended (Minority Business Enterprise Development); and Executive Order 12138, as amended (Women's Business Enterprise) require that ESG-CV recipients undertaking construction activities must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. Successful applicants must also develop acceptable policies and procedures to make outreach to minority and women owned business enterprises if their application is approved by THDA.
7. ASBESTOS. Prior to renovation, Tennessee State law requires an asbestos inspection for any structure that is not a residential building having four or fewer dwelling units. The costs of asbestos removal may be included in the grant request. The grantee must follow the rules found at Chapter 1200-03-11 Hazardous Air Contaminants of the Division of Air Pollution Control in the Bureau of Environment at the Tennessee Department of Environment and Conservation. Additional information may be found at: <https://www.tn.gov/environment/program-areas/apc-air-pollution-control-home/apc/asbestos-information.html>.
8. ENVIRONMENTAL REVIEW. In implementing the ESG-CV program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 (NEPA) and the related authorities listed in HUD's regulations at

24 CFR Part 58. THDA as the Responsible Entity and the units of local government funded by THDA will be responsible for carrying out environmental reviews.

THDA will review the release of funds for local governments and must request the release of funds from HUD for any projects of non-profit organizations. The non-profit organizations will be responsible for gathering the information required for the environmental reviews.

THDA will review the proposed project's conformance with the HUD Notice CPD-20-07 issued August 6, 2020 to determine the application of an environmental review exemption at 24 CFR 58.34(a)(10) for activities undertaken in response to a nationally or locally declared public health emergency. In such instances where the local government serves as the Responsible Entity, THDA will consult with the local government regarding applicability of these requirements.

Until an Environmental Determination is made, ESG-CV funds and any other funds involved in the project cannot be committed until the environmental review process has been completed and the ESG-CV funds have been released. The Environmental Review covers the entire project, not just the portion funded by ESG-CV. Therefore, except under very limited circumstances, ***no funds, including both ESG-CV and non-ESG-CV resources, may be expended on a project prior to the release of funds under the Environmental Review process. Any such expenditure will make the entire project ineligible for funding under the ESG-CV program.***

9. **CONFLICT OF INTEREST**. Each ESG-CV Grantee must adopt a conflict of interest policy which prohibits any employee, persons with decision making positions or having information about decisions made by an organization, from obtaining a personal or financial interest or benefit from the organization's activity, including through contracts, subcontracts, or agreements. (24 CFR 576.57).
10. **CONTRACTUAL AGREEMENT**. All Grantees must enter into a contractual agreement with THDA. This Working Agreement includes all requirements contained in the ESG Interim Rule (24 CFR Part 576 and 91) in addition to all other applicable rules and regulations. The Working Agreement will include, but is not limited to the following:
 - a. **BUILDING STANDARDS**. Grantees must ensure that any building for which ESG-CV funds are used for meets the local government standards for safety and sanitation.
 - b. **CERTIFICATION OF ASSISTANCE**. Grantees must certify that on-going assistance will be provided to homeless individuals to obtain appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision and other services essential for achieving independent living and other federal, state local and private assistance available for such persons.
 - c. **CONFIDENTIALITY**. Grantees must develop procedures to ensure the confidentiality of victims of domestic violence.
 - d. **DRUG AND ALCOHOL-FREE FACILITIES**. Grantees must administer a policy designed to ensure that each assisted homeless facility is free from the illegal use, possession or distribution of drugs or alcohol by its beneficiaries.
 - e. **CLIENT PARTICIPATION**. Grantees must involve the homeless individuals and families in the maintenance and operation of facilities, and in the provision of services to residents

of these facilities to the maximum extent possible. The involvement of homeless persons is required through the Housing and Community Development Act of 1992.

- f. PROCUREMENT PROCEDURES. Each ESG-CV Grantee must have an appropriate procurement procedure in place. At a minimum, three telephone bids must be obtained for any equipment or furniture purchases to be charged totally or in part to ESG.
- g. FAIR HOUSING. All ESG-CV Grantees must perform and document action in the area of enforcement and/or promotion to affirmatively further fair housing. During the grant year Grantees must carry out a minimum of one activity to promote fair housing. Non-discrimination and equal opportunity are applicable to ESG programs (24 CFR 5.105(a) as amended).
- h. TERMINATING ASSISTANCE. All ESG-CV Grantees must have a formal process for terminating assistance to an individual or family. At a minimum, there must be an appeals procedure with one level of administrative review for clients who are evicted or refused service from the facility for any reason.
- i. REPORTING REQUIREMENTS. Each ESG-CV Grantee must complete quarterly reporting forms as required by THDA. Quarterly reports must be submitted by the 15th of the month following the close of the quarter. If the 15th falls on a weekend or holiday, the report must be submitted by the next business day.

Section 15011 of the CARES Act requires that ESG-CV Grantees submit a report at the end of the calendar quarter regarding the amount of funds received, the amount of funds obligated or expended for each project or activity; a detailed list of all such projects or activities, including a description of the project or activity. ESG-CV grantees will submit quarterly project data to the Sage Homeless Management Information System (HMIS) Repository.

ESG-CV Grantees also are required to upload the Consolidated Annual Performance and Evaluation Report (CAPER) via Comma Separated Valued (CSV) into the Sage HMIS Repository. Domestic violence agencies must also upload CAPER information from their comparable data system as required by HUD.

Additional reports may be required by THDA at its sole and absolute discretion.

- j. HMIS PARTICIPATION. All ESG-CV Grantees must certify that they will fully utilize the Homelessness Management Information System (HMIS) for the Continuum of Care organization in which the assistance is delivered, or if a victim services provider, the ESG Grantee will operate a comparable database that collects client-level data over time (i.e. longitudinal data) and generates unduplicated aggregate reports based on the data. Grantees that are not victim services providers must work with their local CoC to coordinate HMIS access and technical assistance. All ESG-CV Grantees assume full responsibility for all reporting to THDA. Please check the following website for local CoC contact information and for information on the geographic areas covered by each CoC: <http://thda.org/business-partners/esg>.
- k. COORDINATED ENTRY. All Grantees must participate in the Coordinated Entry process of the Continuum of Care in which services are delivered. Grantees serving multiple

Continuums of Care must participate in each Coordinated Entry process established by each CoC.

- l. **SERVING FAMILIES WITH CHILDREN**. Organizations that use ESG-CV funds for emergency shelter to families with children under the age of 18 shall not deny admission to any family based on the age of any child under age 18. Providing these families with stays in a hotel/motel or other off-site facility does not suffice. If the Grantee's facility serves families, provisions must be made for the facility to accommodate **all** families as the family presents itself at the emergency shelter.
- m. **Violence Against Women Act (VAWA)**. All ESG-CV Grantees are required to apply the requirements of the Violence Against Women Act to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, consistently across all HUD administered programs along with all nondiscrimination and fair housing requirements.

J. APPLICATION AND EVALUATION PROCEDURE

1. Application to THDA:

Organizations seeking ESG-CV funding must submit an application to THDA by the stated deadline. Applications must be submitted by 4:00 PM CST on Friday, January 15, 2021. Applications must be submitted according to the application instructions provided on THDA's web site at <https://thda.org/government-nonprofit-partners/emergency-solution-grants-esg-program>.

All nonprofit organizations must upload all organizational information required to be submitted through THDA's Participant Information Management System (PIMS). Copies of organizational documents that are required to be submitted through PIMS but that are submitted through another means will not be considered.

Additional requirements for non-profit organizations are included in the application at **Part X: Non-Profit Checklist**. Documentation must be submitted along with the completed Checklist to demonstrate that the organization meets threshold requirements and has the capacity to provide shelter, essential services and/or operations for programs serving the homeless.

2. Application Evaluation

a. Threshold Determination:

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria includes: submission of a complete application; proposal of an eligible activity; proposal of a project that meets the requirements of the ESG Regulations and the CARES Act; and participation in the applicable CoC. Additionally, to be considered for funding, the application must be signed by a nonprofit entity's Chairman of the Board or the Executive Director, or the Mayor of the local government.

b. Cure Period:

THDA will provide a limited opportunity of three (3) business days for applicants to correct the following threshold factors:

- (i) Failure to upload all required documents to PIMS.
- (ii) Failure to submit a Certificate of Existence that was issued within the required time established by the application instructions.
- (iii) Failure of the Mayor, Executive Director, or the Board Chairman to sign the application.

THDA will not provide an opportunity to correct other application items nor will THDA extend the time period for correction of the threshold item beyond the period identified above.

c. CoC Ranking based on Priorities of CoC

- (i) THDA will forward application information regarding those applications passing THDA's threshold criteria to the CoC for the CoC's ranking based on the respective priorities of the CoC to prevent, prepare for, and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus.

THDA will make funding decisions based on the ranking and funding recommendation made by the CoC up to the amount of the pro-rata share of ESG-CV funds allocated to the CoC.

- (ii) If there are not sufficient eligible applications to use all of the share of the funds allocated to any CoC, THDA will total all such remaining funds and award these remaining funds to applications in other CoCs.

THDA will first award these remaining funds to the highest ranking application in each CoC where the majority of funds to be used in the application will be for Rapid Re-Housing activities. CoC priority order for the selection of projects will be determined based on the CoC with the highest percentage of all homeless households in TN based on THDA's pro-rata share distribution analysis.

If funds remain, THDA will then award any remaining funds to the highest ranking application in each CoC where the majority of funds to be used in the application will be for Homelessness Prevention activities. CoC priority order for the selection of projects will be determined based on the CoC with the highest overall unemployment rate for the CoC as determined by THDA's pro-rata distribution analysis.

If funds remain, THDA will award these remaining funds to the highest ranking application in each CoC where the majority of funds to be used in the application will be for Shelter Operation activities. CoC priority order for the selection of projects will be determined based on the CoC with the highest percentage of all homeless households in TN based on THDA's pro-rata share distribution analysis.

THDA will alternate between these three selection criteria until all remaining funds are allocated.

THDA reserves the right to adjust the ranking and funding determinations made by the CoCs, at THDA's its sole and absolute discretion.