

## **THDA's Emergency Solutions Grants Program Coronavirus Aid, Relief, and Economic Security Act Part I Funding Distribution Announcement**

Tennessee Housing Development Agency (THDA) has been awarded a special allocation of funding for the Emergency Solutions Grants (ESG) Program through the U.S. Department of Housing and Urban Development (HUD) authorized under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). These special ESG CARES Act funds will be awarded to THDA in two parts:

- Part I of the ESG CARES Act allocation is in the amount of \$11,148,024.
- Part II of the ESG CARES Act allocation is in the amount of \$22,438,703.

Both parts of the ESG CARES Act allocations are to be used to help prevent, prepare for, and respond to the coronavirus pandemic (COVID-19) among individuals and families who are homeless, receiving homeless assistance, to support additional homeless assistance, and/or homelessness prevention activities to mitigate the impacts of COVID-19.

This announcement describes the distribution methodology for the Part I allocation received by the State of Tennessee. A separate announcement will be provided at a future date to describe the distribution methodology for the Part II funding.

### **Part I of ESG CARES Act funding distribution:**

In order to promptly address the COVID-19 pandemic among those who are homeless or threatened with homelessness, THDA will distribute Part I of the ESG CARES Act funding in the following manner:

- 90.15% of the allocation, equal to \$10,050,000, will be made available to organizations that received a competitive funding award under THDA's regular 2019 and 2020 ESG programs in THDA's 2020 service area and to 2020 ESG set-aside cities of Chattanooga, Clarksville, Johnson City, and Murfreesboro. These funds must be used for non-administrative, eligible ESG program activities (i.e.: street outreach, shelter operations, rapid re-housing, homelessness prevention, and data collection).
- Local Government Set-Aside Allocation - \$1,500,000
  - Maximum Award Per Grantee – up to \$375,000
- Organizations that were 2019 & 2020 Competitive Funding Grantees - \$8,280,000
  - Initial Maximum Award Per Grantee – up to \$276,000

- THDA may exceed the maximum award up to \$400,000 per grantee cap if additional funds remain following the initial award of funds.
- Continuum of Care Lead HMIS Agencies - \$270,000
  - Maximum award per Grantee – up to \$30,000 to work with State ESG grantees
- 9.85% of the allocation, equal to \$1,098,124, will be allocated for administrative costs of THDA, local governments, and nonprofit organizations as follows:
  - THDA - \$549,024
  - Total administrative costs available to Grantees - \$549,000
    - \$150,000 will be allocated for Local Government Set-Aside Grantees, of which each grantee will receive an amount equal to 10% of Program Award (\$37,500)
    - \$399,000 will be allocated for Competitive Grantees, of which each grantee will receive an amount equal to 3.97% of the Program Award for general oversight, management, and coordination of grant activities.

The program will operate under the 2020 ESG Program Description requirements, but will adopt all permissions granted under the 2020 CARES Act legislation and as permitted by future HUD guidance, including but not limited to:

- The funds may be used to reimburse allowable costs incurred, July 1, 2020, before the award of funding (including prior to the signing of the CARES Act) to prevent, prepare for, and respond to COVID-19;
- The funds are not subject to the spending cap on emergency shelter and outreach under 24 CFR 576.100(b)(1);
- Up to 10% of funds may be used for administrative costs, as opposed to 7.5% as provided by 24 CFR 576.108(a);
- The funds are exempt from the ESG match requirements, including 24 CFR 576.201;
- The funds are not subject to the consultation and citizen participation requirements that otherwise apply to the Emergency Solutions Grants; however, each recipient must publish how its allocation has and will be used, at a minimum, on the Internet at the appropriate Government web site or through other electronic media;
- The funds may be used to provide homelessness prevention assistance (as authorized under 24 CFR 576.103 or subsequent HUD notices) to any individual or family who does not have income higher than HUD's Very Low-Income Limit for the area and meets the criteria in paragraphs (1)(ii) and (1)(iii) of the "at risk of homelessness" definition in 24 CFR 576.3;

- The funds may be used for major or minor rehabilitation of a homeless shelter (as authorized under 24 CFR 576.103 or subsequent HUD notices);
  - That recipients may deviate from applicable procurement standards when using these funds to procure goods and services to prevent, prepare for, and respond to coronavirus, notwithstanding 24 CFR 576.407(f) and 2 CFR 200.317-200.326;
  - Individuals and families experiencing homelessness must not be required to receive treatment or perform any other prerequisite activities as a condition for receiving shelter, housing, or other services for which these funds are used, notwithstanding 24 CFR 576.401(e).
- The ESG CARES Act grants may not exceed \$400,000 per award based on a non-competitive allocation. This maximum shall include a process for the reallocation of funds from grant recipients not meeting established performance benchmarks.
  - The Application and Evaluation Requirements of the 2020 ESG Program Description shall not apply.
  - The grant term will minimally be 15 months and will conclude on or before September 30, 2022 in accordance with the CARES Act requirements and HUD guidance.
  - THDA will issue agreements for the award of ESG CARES Act funds that are separate from those made under the 2019 and 2020 ESG Programs.

Following the initial award of Part I funds, THDA will combine any unallocated Part I funds with any funds allocated by HUD to the state under the Part II allocation.

#### Application Process:

- The streamlined application for ESG CARES Act funding will be available August 17, 2020 through September 30, 2020 on a first-come, first-served basis.
  - THDA will evaluate funding requests in concert with priorities outlined by each CoC to address the response to homelessness priorities created by the COVID-19 pandemic.

#### **Part II of ESG CARES Act funding distribution:**

Part II of the ESG CARES Act allocation is in the planning stages. Further communication around the funding distribution will follow.

Please email questions regarding this announcement to [ESG@thda.org](mailto:ESG@thda.org)