



2023 EMERGENCY SOLUTIONS GRANTS PROGRAM

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 (ESG) Program was created to replace the Emergency Shelter Grants program when the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) was signed into law on May 20, 2009. The HEARTH Act amended and reauthorized the McKinney-Vento Homeless Assistance Act, and included major revisions to the Emergency Shelter Grant Program.

The new ESG 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 those persons to regain stability quickly in permanent housing after experiencing a housing crisis and/or homelessness. The change in program name reflects the change in focus from addressing the needs of the homeless in emergency or transitional shelters to assisting people to regain stability in permanent housing.

Under the HEARTH regulations, the State is required to consult with each Continuum of Care (CoC) that serves its jurisdiction to determine how to allocate ESG funds. 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.

The purpose of this Program Description is to explain the requirements and the application process for the ESG Program. Agencies applying for 2023 ESG 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. Preference is given to applicants whose programs will help to meet priorities identified by HUD, the State of Tennessee, and the local Continuum of Care. Programs that will provide rapid rehousing assistance are preferred.

ESG funds are awarded on a competitive basis to local units of governments and to 501(c)(3) or 501(c)(4) non-profit organizations outside of the ESG entitlement communities that receive their own ESG funding

directly from HUD. The Tennessee entitlement communities that receive their own allocation of ESG funds are Knoxville, Memphis, and Nashville-Davidson County.

Applications under the ESG Competitive Allocation will be made available through THDA's Grants Management System (GMS) and must be received by THDA on or before 4:00 PM CDT on Thursday, March 16, 2023. Applications under the ESG Set-Aside City Allocation must be received by THDA on or before 4:00 PM CDT on Friday, March 31, 2023. Contingent upon notification of a 2023 ESG allocation from HUD, THDA anticipates notifying successful applicants by May 1, 2023 and issuing 2023 ESG contracts by June 1, 2023 for the period July 1, 2023 through June 30, 2024. An applicant must apply for at least \$35,000 and may apply for a maximum of \$125,000 in ESG funding.

The program description is available at www.thda.org. Once at the THDA website, click on Programs and then the ESG Program link under Programs for Local Government & Nonprofit Partners. There will be a link for the program description, the application instructions, and application attachments. If you have questions, contact the ESG Team with the Community Programs Division of THDA at ESG@thda.org.

THE ESG PROGRAM

The ESG Program in Tennessee is governed by Title 24 Code of Federal Regulations, Parts 91 and 576 (ESG Regulations) and this Program Description. ESG 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 program are:

1. Reduce the length of time program participants experience homelessness;
2. Exit program participants to permanent housing;
3. Limit returns to homelessness one year after exiting the program; and,
4. Based on the activity, all ESG resources must be used to benefit individuals who are defined by HUD as "homeless" in the ESG Regulations.

HUD defines "homeless" as:

- (1) *Category I*: 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 family income below 30 percent of median income for the geographic area;
- 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 Clarkesville
- 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 funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee’s Consolidated Plan, as amended. THDA anticipates an ESG allocation in 2023 of approximately \$3 million. THDA will make available under this program description any FY2023 ESG funds allocated to the State of Tennessee as well as any funds determined by THDA to be available from prior year funding allocations.

THDA will spend up to 7.5% of its 2023 ESG 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 funds will be allocated as follows:

Set-Aside City Allocation. THDA will allocate \$125,000 each to the cities of Chattanooga, Clarksville, Johnson City, and Murfreesboro. Each of these jurisdictions (“Set-Aside Cities”) have either recently lost their direct ESG allocation from HUD or are the location of a major entity serving veterans. Each program will operate its ESG program in accordance with its approved Consolidated Plan. Eligible activities include street outreach, shelter operation, homelessness prevention, rapid rehousing, data collection through Homeless Management Information System (HMIS) or a comparable system, and administration.

Eligible Applicants with a main office inside the jurisdictional boundaries of a Set-Aside City may apply for funding under the Competitive Allocation; however, the total of the funds received by an Eligible Applicant under both the Set-Aside and Competitive Allocations may not exceed \$125,000.

Competitive Allocation. The remaining ESG funds will be allocated to eligible applicants in a competitive grant application process.

C. ELIGIBLE APPLICANTS

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

1. Must meet one of the two following criteria:
 - a. All private, non-profit organizations must 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

- b. 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 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 active member of the CoC and 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 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.

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

Allowable Activities:

- 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 rehousing 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 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 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 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 providing essential services to homeless families and individuals in emergency shelters and operational expenses of emergency shelters.

Eligible Participants: Individuals and families who qualify as homeless under Categories 1, 2, 3 and 4 of HUD’s Definition of “Homeless”.

Allowable Activities:

 - a. *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. Emergency Solutions Grant (ESG) 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 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 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 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 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.

- b. *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.

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 funding or services and provides shelter to families.

Expenditures limits of combined Street Outreach and Emergency Shelter services cannot exceed 60% of the entire ESG allocation. THDA reserves the right to adjust applicants' budgets, if needed, to remain within this requirement.

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.

Eligible Participants: Extremely low-income individuals and families with household incomes of at or below 30% 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 Rehousing Activities:* Activities related to help a homeless individual or family to move into permanent housing.

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

Allowable Activities for Prevention and Rapid Rehousing:

- a. *Financial Assistance* – ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs:
 - (i) Rental application fees. ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.
 - (ii) Security deposits. ESG funds may pay for a security deposit that is equal to no more than 2 months' rent.
 - (iii) Last month's rent. If necessary to obtain housing for a program participant, the last month's rent may be paid from ESG 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 24 months during any 3-year period.

- (iv) Utility deposits. ESG 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.
 - (v) Utility payments. ESG funds may pay for up to 24 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 24 months of utility assistance within any 3-year period.
 - (vi) Moving costs. ESG 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 funds may be used to pay the costs of providing the following services:
- (i) *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 requirements for habitability, lead-based paint, and rent reasonableness;
 - (G) Assistance with obtaining utilities and making moving arrangements; and
 - (H) Tenant counseling.
 - (ii) *Housing stability case management.* ESG 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 required under §576.401(b).
- (3) *Mediation.* ESG 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 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 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.

c. *Short and Medium Term Rental Assistance Requirements and Restrictions*

- (i) Compliance with FMR (Fair Market Rents) and Rent Reasonableness.
- (ii) 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.
- (iii) Compliance with minimum habitability standards.

- (iv) 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 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.
- (v) A standard and legal lease must be in place.
- (vi) 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).
- (vii) 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).
- (viii) The Grantee must develop an individualized plan to help the program participant remain in permanent housing after the ESG assistance ends.
- (ix) 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 funds.

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.

Local government recipients 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.

For each of the eligible activities, THDA reserves the right to adjust funding requests to remain within the required percentages.

E. INELIGIBLE ACTIVITIES

1. *Under Street Outreach Services*, ESG 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 may not be used for the following:
 - a. Acquisition of real property;
 - b. New construction or rehabilitation of an emergency shelter for the homeless;
 - c. Property clearance or demolition;

- d. Staff training or fund raising activities;
 - e. Salary of case management supervisor when not working directly on participant issues;
 - f. Advocacy, planning, and organizational capacity building;
 - g. Staff recruitment and/or training
 - h. Transportation costs not directly associated with service delivery.
 - i. Recruitment or on-going training of staff;
 - j. Depreciation;
 - k. Costs associated with the organization rather than the supportive housing project (advertisements, pamphlets about the agency, surveys, etc.)
 - l. Staff training, entertainment, conferences or retreats;
 - m. Public relations or fund raising;
 - n. Bad debts or bank fees; and
 - o. Mortgage payments.
3. *Under Prevention and Rapid Rehousing Activities*, ESG 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 or to a program participant who has been provided with replacement housing payments under URA during the same time period.
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 advancement or reimbursement for HMIS activities.

F. MATCHING FUNDS

The ESG program requires a dollar for dollar match for the ESG funds. Each application must contain **PART VIII: Certification of Matching Funds**. All Grantees must supplement their ESG funds with equal amounts of funds or in-kind support from non-ESG sources. Certain other federal grants contain language that may prohibit their being used as a match. Matching funds or in-kind support must be provided after the date of the grant award to the Grantee and within the period of the ESG contract with THDA. The Grantee may not include funds used to match any previous ESG grant.

G. 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 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 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. Any persons displaced by the acquisition of property must be provided with relocation assistance (24 CFR 576.59).
5. ENVIRONMENTAL REVIEW. In implementing the ESG 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. ESG funds cannot be committed until the environmental review process has been completed. Commitments for expenditures made prior to the approval of the environmental review cannot be reimbursed or advanced with ESG funds.

6. CONFLICT OF INTEREST. Each ESG 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).

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.
8. 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 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 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 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 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 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.

ESG Grantees also are required to upload the ESG Consolidated Annual Performance and Evaluation Report (CAPER) via Comma Separated Valued (CSV) into the Sage HMIS Reporting 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 Grantees must certify that they will fully utilize the Homelessness Management Information System (HMIS) for the Continuum of Cares 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 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 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.
- m. Violence Against Women Act (VAWA). All ESG 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.
- n. PROGRAM COMPLIANCE. All ESG Grantees must adhere to, or maintain compliance with, the requirements of the ESG Program and other programs administered through the Community Programs Division. Failure to maintain compliance with any program funded through Community Programs will result, depending on the egregiousness of the noncompliance, in penalties being assessed in the scoring of future applications and/or the inability to participate in programs administered by THDA for a period to be determined at THDA's sole discretion.

H. APPLICATION AND EVALUATION PROCEDURE

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; Written ESG Standards, Habitability Standards, Confidentiality and Privacy Policies; and compliance with and participation in the applicable CoC. Additionally, to be considered for funding, the application must be signed with an original signature by a nonprofit entity's Chairman of the Board or the Executive Director, or the Mayor of the local government.

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. Applications meeting the threshold criteria will be scored and ranked in descending numerical order.

THDA will provide a limited opportunity of five (5) business days for applicants to correct the following threshold factors:

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

All applicants that are required to submit corrections for an issue identified above will receive an automatic 10 point deduction to the final application score. The point deduction will be assessed regardless of the number of the above threshold items requested to be corrected.

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.

Application Score Tiebreaker Process

In the event of a tied score under the ESG Funding Matrix, THDA will follow the following tiebreaker review process to select the agency that will receive funding.

The application with the highest score for the following categories will be selected in this order, until the tie is broken.

1. Fiscal Capacity Score;
2. Agency Capacity Score;
3. CoC Score; and
4. Program Design.

Key Applicant Eligibility Factors

- Eligible non-profit agency or unit of general local government
- No outstanding findings or other issues from any program operated by THDA
- Experienced homeless services/prevention provider
- Must be able to meet recordkeeping and reporting requirements, including use of HMIS
- Must be able to meet HMIS requirements or, if a domestic violence program provider, a comparable database that collects client level data over time and generates unduplicated aggregate reports based on the data
- Must be certified by local CoC Lead Agency as a participating member
- Must receive a Certification of Consistency with the Consolidated Plan if serving a community in which a Consolidated Plan is prepared locally
- Must receive local government approval if a nonprofit entity seeking funding to provide emergency shelter using ESG resources
- Must submit ESG Written Standards
- Must be participating in the Coordinated Entry process set up by the regional CoC.
- Must submit audit or financials dated not more than 12 months prior to the date of the application.
- Proposed activities must be in compliance with HUD requirements as specified in this Program Description.

ESG COMPETITIVE ALLOCATON RATING SCALE

100 POINTS

1. PROGRAM DESIGN

UP TO 40 POINTS

The degree to which the proposed program demonstrates:

- a. An understanding of the ESG objectives and requirements, including whether the proposed activities are eligible by category, are realistic and are needed in the community.
- b. A cost effective project with documentable and realistic outcomes, and, if the proposed project is a continuation of an on-going program, the applicant's demonstration that performance outcomes been met.
- c. Support for the local CoC to end homelessness, including whether the proposed activities duplicate other resources within the region and the applicant's demonstration of participation in the coordinated entry process.
- d. A strategic plan to leverage and support other funding sources to reduce and end homelessness;
- e. The program design meets the objectives of providing housing solutions without unnecessary barriers or program requirements.
- f. The use of rapid rehousing to move individuals and families from homelessness to permanent housing; and,
- g. Degree to which the project shows success in finding permanent housing solutions for the population served.

2. APPLICANT CAPACITY

UP TO 20 POINTS

- a. Relative experience of the individual(s) on staff of the applicant who shall have primary responsibility for the oversight and management of the proposed project;
- b. Relative capacity of applicant's organizational infrastructure to establish and administer the project, including demonstrated capacity to meet HUD reporting requirements through HMIS and to provide all HUD required deliverables in an accurate and timely manner.
- c. Demonstrated experience of the applicant in establishing and operating ESG eligible activities, or similar projects, for at-risk and literally homeless persons.
- d. Relative performance similar to existing or previously funded projects (i.e. past performance outcomes).
- e. Relative experience in collaborating with relevant public and/or private entities to obtain appropriate mainstream services on behalf of the population to be served.
- f. Active involvement of board of directors and volunteers to support the mission of the project.

3. FISCAL CAPACITY

UP TO 20 POINTS

- a. Clear and specific documentation of match, including the source and level of committed match. Letters of support, documentation of real value of buildings or donated lease are included. Donations are supported by documentation of current year's donations or financial records. Sample volunteer job descriptions/timesheets are included.
- b. Completeness of budget, which includes both the narrative and the budget pages, demonstrating realistic staff compensation specific to the category of ESG activity and showing eligible line items under the ESG Regulations.
- c. Applicant audit and/or financial records support applicant's ability to cash-flow an advancement or reimbursement program.
- d. Applicant's success at drawing down previous years ESG funding allocation.

4. COORDINATION WITH COC PRIORITIES

UP TO 20 POINTS

THDA will award up to 20 points for an application that actively participates in and coordinates with the local CoC, including active participation in the coordinated entry process established by the CoC at time of application.