

# COVID-19

## Homeless System Response: ESG-CV Notice CPD-21-08 Summary

### ESG-CV Notice Applicability

- Applies to all ESG-CV funds no matter when HUD reviewed the substantial amendment/action plan.
- Applies to FY2020 and prior annual ESG funds used to prevent, prepare for, and respond to coronavirus.
- ESG-CV notice flexibilities are retroactive.

#### “Limitations” in Prior ESG-CV Notice 20-08 No Longer Apply

- Removes the January 31, 2022 deadline for emergency shelter and temporary emergency shelter activities. These activities now have the same deadline as all ESG-CV funds (September 30, 2022).
- Removes the 12-month limit on medium-term rental assistance.

#### Prohibition on Treatment & Prerequisite Activity Requirements Remains and Is Now Applicable to Annual ESG Used for COVID-19 Response

May not require individuals or families experiencing homelessness to receive treatment or perform prerequisite activities (including housing stability case management) as a condition for receiving assistance funded by ESG-CV.

### Newly-Added Additional Eligible Activities (ESG-CV Notice CPD-21-08)



#### Sponsor-Based Rental Assistance

In addition to tenant-based and project-based rental assistance, funds may now be used for sponsor-based rental assistance (see p. 22-23 of the Notice for more information).



#### Renter's Insurance

Funding for renter's insurance for rapid re-housing and homelessness prevention program participants. Must be necessary to obtain/maintain housing (e.g., landlord requirement). Payment must be made directly to the insurance company on behalf of the program participant.



#### Laundry Services

Outreach funds may be used to provide laundry services (e.g., laundry trucks to outdoor locations where people reside).



#### Furniture & Household Furnishings

Rapid re-housing and homelessness prevention funds may be used to buy furniture and household furnishings for participant use while they are receiving assistance.



#### Essential Services

Services available to those receiving rapid rehousing or homelessness prevention assistance are expanded to include all listed at 24 CFR 576.102(a)(1).



#### Personal Protective Equipment (PPE)

Purchase of PPE (e.g., masks, hand sanitizer, etc.) for program participants as an essential service under emergency shelter and street outreach and for program participants receiving homelessness prevention and rapid rehousing.



#### Vaccine Incentives

Cash payments of up to \$50/dose to people experiencing homelessness as an incentive to receive the coronavirus vaccine.



#### Centralized/Coordinated Assessment

Additional costs to update/enhance/operate a coordinated entry system under 24 CFR 576.400(d). Documentation must show the use of funds is limited to an increase in system costs due to coronavirus. Recipient use of funds must be coordinated with the Continuum of Care (CoC).



#### Expanded Use of Cell phones & Internet

Costs to provide temporary cell phones for individuals and families experiencing homelessness, receiving rapid rehousing (CoC, YHDP, ESG) receiving ESG homelessness prevention, or residing in permanent supportive housing (CoC or YHDP). Cell phones must be owned by the recipient/subrecipient and loaned to participants. Wireless service plans must be the recipient/subrecipient's.

## Existing Additional Eligible Activities (originally included in ESG-CV Notice CPD-20-08)



### Handwashing Stations & Portable Bathrooms

Funds may be used to install and maintain handwashing stations and bathrooms in outdoor locations for people experiencing unsheltered homelessness.



### Volunteer Incentives

Funds may be used to provide reasonable incentives to volunteers who have been/are currently helping to provide necessary street outreach, emergency shelter, essential services, and housing relocation and stabilization services during the coronavirus outbreak.



### Training

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. This training is not considered an administrative cost and is, therefore, not subject to the administrative cap on funding.



### Temporary Emergency Shelters

Funds may be used to pay for the following costs related to temporary emergency shelters: leasing of real property, acquisition of real property (up to \$2.5 million per real property), renovation, shelter operations, services. Additional requirements for temporary emergency shelters are established in Section III.E.3.a of the Notice.



### Landlord Incentives

Funds may be used to pay for landlord incentives for up to 3 times the rent charged for the unit, including signing bonuses, security deposits, repairing 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 cost of extra cleaning or maintenance.

## Means of Carrying Out Grant Activities

	Administer funds directly or through an instrumentality	Subaward to:				
		Non-profits	Public Housing Agencies and Local Redevelopment Authorities	Urban Counties	Metro Cities	Tribes & Tribally Designated Housing Entities
<b>States</b>	✓	✓	✓	✓	✓	✓
<b>Urban Counties</b>	✓	✓	✓		Member governments	✓
<b>Metro Cities</b>	✓	✓	✓			✓
<b>Territories</b>	✓	✓				✓

## Important Dates & Deadlines

<b>Date of Cost Eligibility (Pre-award costs)</b>	Date must be on or after <b>January 21, 2020</b> . May use ESG-CV funds to reimburse costs incurred as of the date the state or unit of local government began preparing for coronavirus. Recipients must document when they began preparing for coronavirus (e.g., notes from formal planning meetings or calls).
<b>Substantial Amendment/ Action Plan Submission to HUD</b>	Must be submitted to HUD Field Office by <b>August 16, 2021</b> .
<b>Obligation (States)</b>	180 days from the date HUD signs the ESG-CV grant agreement to obligate funds for activities it will carry out directly.  240 days from the date HUD signs the ESG-CV grant agreement to obligate funds to subrecipients.
<b>Obligation (Non-States)</b>	240 days from the date HUD signs the ESG-CV grant agreement to obligate funds to subrecipients.
<b>Expenditure Deadlines</b>	<b>September 30, 2021</b> —At least 20 percent of the total ESG-CV award expended.  <b>March 31, 2022</b> —At least 80 percent of the total ESG-CV award expended.  <b>September 30, 2022</b> —All ESG-CV funds must be expended.

### Recapture Provisions

- HUD may recapture **up to 20 percent** of a recipient's total award, including first and second allocation amounts, if the recipient has not expended at least 20 percent of that award by **September 30, 2021**.
- HUD may recapture **up to 80 percent** of a recipient's total award, including first and second allocation amounts, if the recipient has not expended at least 80 percent of that award by **March 31, 2022**.
- Prior to recapturing funds as described above, HUD will follow the enforcement process described in 24 CFR 576.501 and provide the recipient with an opportunity to provide a spending plan demonstrating that all of the recipient's ESG-CV funds will be expended by **September 30, 2022**.

HUD reserves its discretion to make subsequent waivers and alternative requirements to assure recaptured funds are reallocated in a manner consistent with the statutory purposes and conditions for ESG-CV funds.

## Waivers & Alternative Requirements (Flexibilities)

**Consultation & Citizen Participation Requirements**—Waived. Each recipient must publish how it has used and will use its ESG-CV allocation on the internet at the appropriate government website or electronic media.

**Tribes & Tribally Designated Housing Entities**—Waived limitation on subawarding funds to Indian tribes and tribally designated housing entities.

**Expanded Use of an Instrumentality to Territories and Puerto Rico**—Waived definition of “state” to include an instrumentality of the Commonwealth of Puerto Rico. Definition of “territory” is waived to include an instrumentality of a territory.

**Converting Temporary Emergency Shelter into Emergency Shelter**—May convert temporary emergency shelter acquired or improved with ESG-CV funds into emergency shelter (defined at 24 CFR 576.2) without triggering disposition requirements.

**At Risk of Homelessness Definition**—Income limit raised from 30 percent to the Very Low-Income limit of the area.

**Income Limits**—Income limit of 30 percent raised to the Very Low-Income limit of the area for eligibility of homelessness prevention and to continue to receive homelessness prevention or rapid re-housing.

**Emergency Shelter & Street Outreach Cap**—Waived.

**Administrative Cap**—Waived. Recipient may use up to 10 percent of the total ESG-CV grant for administrative costs specified in 24 CFR 576.108.

**Match Requirement**—Waived.

**Fair Market Rent Limit**—Waived. Units must still meet rent reasonableness standards.

**HMIS Lead Activities**—Recipients may pay for HMIS Lead Activities specified in 576.107(a)(2) even when not the HMIS Lead.

**Consultation with the Continuum of Care**—Waived.

**Coordination with Other Targeted Homeless Services**—Waived.

**System and Program Coordination with Mainstream Resources**—Waived.

**Hotel/Motel Costs**—Funds may be used to pay for the following hotel/motel costs for 1) individuals and families experiencing homelessness; 2) households receiving rapid rehousing assistance under the CoC or ESG programs; 3) households receiving homelessness prevention assistance under the ESG program; or 4) persons residing in PSH:

- Hotel or motel rooms, directly or through a voucher.
- Cleaning of hotel and motel rooms used by program participants.
- Repair damages caused by program participants above normal wear and tear of the room.

**Extension of RRH and HP Assistance**—Waived the maximum amount of rental assistance and services costs (24 months within 3 years) while receiving ESG-CV assistance.

**Coordinated Entry, Written Standards, and HMIS Requirements**—Requirements to participate in coordinated entry, administer assistance in accordance with ESG written standards, and participate in HMIS are waived for costs incurred between the beginning of a community’s coronavirus response (1/21/2020 or later) and 6/30/2020 that are new activities under the ESG-CV Notice. Coordinated entry, ESG written standards, and HMIS must be used going forward.

**Procurement**—Recipient may deviate from applicable procurement standards when procuring goods to prevent, prepare for, or respond to coronavirus. Must establish and maintain documentation on alternative procurement standards.

**Program Income (PI)**—Defined at 2 CFR 200.80, PI includes: 1) any amount of a security or utility deposit returned to recipient/subrecipient and 2) costs incidental to generating PI and not charged to the ESG-CV grant/subgrant may be deducted from gross income to determine PI. PI may be treated as an addition to the recipient’s/ subrecipient’s grant/subgrant, provided PI is used in accordance with the purposes and conditions of that grant/subgrant. PI otherwise must be deducted from allowable costs as provided by 2 CFR 200.307(e)(1).

**Shelter Standards**—Waived for temporary emergency shelter activities used to prevent, prepare for, and respond to coronavirus.

**Environmental Review Requirements**—Waived for temporary emergency shelter activities used to prevent, prepare for, and respond to coronavirus.

**Project-Based Rental Assistance Allowances (PBRA)**—PBRA requirements are waived to the extent necessary to permit the following:

- May pay rent for a maximum of 30 days from the end of the month in which the unit was vacated while attempting to house another program participant in the unit.
- When a program participant moves into a unit in the middle of the month, the initial payment of a half month's rent does not count toward the total rental assistance cap.

**Habitability Requirements for Permanent Housing**—

- Waives the habitability requirements for permanent housing to the extent that Housing Quality Standards (HQS) may also be used to meet this requirement.
- Waives the requirement that a recipient must conduct habitability or HQS prior to providing housing relocation or stabilization services under homelessness prevention.

**Housing Stability Case Management**—Waived. The requirement to provide monthly case management to program participants receiving rapid rehousing or homelessness prevention is waived. Additionally, extends the 30-day limit to 60 days to provide housing stability case management while the program participant is seeking housing.

## Additional ESG-CV Reporting

The ESG-CV Notice provides HUD the discretion to issue further guidance if additional reporting is necessary. HUD has begun releasing ESG-CV quarterly reporting guidance, which is posted and continually updated on the HUD Exchange.

## Duplication of Benefits

“Duplication of benefits” occurs when federal financial assistance is provided to a person or entity through a program to address losses resulting from a federally declared emergency or disaster, and the person or entity receives or would receive financial assistance for the same costs from any other source, and the total amount received exceeds the total need for those costs. Recipients must establish and maintain adequate procedures to prevent any duplication of benefits with ESG-CV funds.