

EMERGENCY SOLUTIONS GRANT PROGRAM



2016 – 2017
ESG Allocation Plan
DRAFT

As Presented to the Board
February 17, 2016

Based on comments received by
5:00 p.m. CST, February 3, 2016

Proposed Applications Due:
May 31, 2016 and May 31, 2017
5:00 p.m. Central Time



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ESG PROGRAM OVERVIEW

The Emergency Solutions Grants Program (ESG) is a federal block grant authorized by subtitle B of the McKinney Vento Homelessness Assistance Act and is funded by the US Department of Housing and Urban Development, the ESG Program is administered by the South Dakota Housing Development Authority (SDHDA) for the State of South Dakota.

ESG funds are to be used for services provided to homeless and near homeless individuals and families in these major categories:

1. Renovation, major rehabilitation or conversion of building for use as emergency shelter facilities;
2. Payment of certain expenses related to operating emergency shelter facilities;
3. Provision of essential services related to emergency shelters and street outreach for the homeless;
4. Provision of Rapid Re-Housing assistance;
5. Development and implementation of homelessness prevention activities; and
6. Participating in the Homeless Management Information System.

APPLICATION DEADLINE

Complete applications are due to the South Dakota Housing Development Authority by 5:00 p.m. Central Time, May 31, 2016 and May 31, 2017. **The application deadline is firm as to the date AND hour.** Applicants should take this into account and submit applications as early as possible to avoid risk brought about by unanticipated delays or delivery-related problems. In particular, applicants intending to mail applications must provide sufficient time to permit delivery on or before the deadline date and hour. Acceptance by post office or private mailer does not constitute delivery. Facsimile (FAX), COD, and postage due applications will not be accepted.

SDHDA will not consider any incomplete applications or applications received after the deadline. All applications must be typed. **No hand written applications will be accepted.** A certification of local approval for non-profit organizations is attached to the application. The certification must be executed and returned with the completed application along with other applicable items (refer to the application form for additional application requirements).

Upon project selection, an award letter and grant agreement will be forwarded to each sub-recipient detailing a description of the activities funded, award conditions and the grant offer. Execution of the agreement is to be completed by a representative of the sub-recipient and the state grantee (SDHDA). The funds will be considered obligated as of the date of the award letter.

ESG FUNDING LEVELS

The estimated total funding available for annual distribution through this competitive application for the 2016 and 2017 funding years is approximately \$ \$580,000 per year. Up to 7.5% may be used for administrative expenses for SDHDA and sub-recipients. Sixty-percent (60%) of the total funding will be available for street outreach and shelter operation activities and 40% will be available for homeless prevention and rapid re-housing activities.

ELIGIBLE APPLICANTS

Applicants must be non-profits or units of local government. Applicants must be in compliance with ESG guidelines and applicable state and federal policies and procedures, including compliance with federal and state non-discrimination laws.

Applicants must have established standard accounting practices including internal controls, fiscal accounting procedures and cost allocation plans, and be able to track agency and program budgets by revenue sources and expenses.

Applicants with outstanding audit findings, IRS findings, SDHDA monitoring findings or other compliance issues are not eligible ESG sub-grantees. Please note SDHDA will work with all interested parties, where appropriate, toward the resolution of the unresolved matters.

Eligible applicants must be able to demonstrate prior experience serving individuals and families at-risk of or currently experiencing homelessness. Also, the applicant must evidence their staff's expertise with case management skills.

Sub-grantees will be required to utilize the Homeless Management Information System (HMIS). HMIS is an information system that complies with US Department of Housing and Urban Development's (HUD) data collection, management and reporting standards for use in collecting client-level data and data on the provision of housing and services to homeless individuals and families, and persons at risk of homelessness. Domestic Violence Providers are required to use a separate system in which to report aggregate data for the clients they serve with ESG funding.

Eligible applicants must be an active member of the South Dakota Housing for the Homeless Consortium (SDHHC). SDHHC was formed in 2000 and since that time has been engaged in the work of advocacy, education, data collection and grant writing opportunities. SDHHC meets quarterly and has assisted in the development of affordable housing enriched with supportive services that are vital for housing success.

SDHHC's goal is to reach every community across South Dakota, assist every individual or family in need and ultimately end homelessness in South Dakota.

STATUTORY DEFINITIONS

Emergency Solutions Grants Statutory Definitions can be found at 24 CFR Part 91 and 576

PROGRAM COMPONENTS and ELIGIBLE ACTIVITIES:

Emergency Solutions Grants funding can be used for five program components: Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Re-housing Assistance, HMIS, and Administration.

1. **Street Outreach** – Funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing or an appropriate health facility.
 - a. Eligible Activities:
 - i. Engagement activities;
 - ii. Case Management;
 - iii. Emergency Health Services;
 - iv. Emergency Mental Health Services; and
 - v. Transportation

2. **Emergency Shelter Component** – Funds may be used for costs of providing essential services to families and individuals in emergency shelters, renovating building to be used as emergency shelter for homeless families and individuals, and operating emergency shelters.
 - a. Eligible Activities:
 - i. Essential Services – ESG funds may be used to provide essential services to individuals and families who are in emergency shelters including case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services and transportation.
 - ii. Renovation Activities – Eligible costs include labor, materials, tools and other costs for renovation (including major rehabilitation or conversion of a building into an emergency shelter).
 - iii. Shelter Activities – Eligible costs are the costs of maintenance (including minor or routine repairs), insurance, food, furnishing/appliances, and supplies necessary for the operation of the emergency shelter.

3. **Homelessness Prevention Component** – Funds may be used to provide housing relocation and stabilization services and short and medium-term rental assistance

necessary to prevent an individual or family from moving into an emergency shelter and prevent incidences of homelessness.

The following requirements apply to projects funded through the Emergency Solutions Grants for HOMELESSNESS PREVENTION:

- a. Individuals and households assisted under the homelessness prevention component must have an income below 30% of Area Median Income (AMI) as determined by HUD, with adjustments for smaller and larger families;
- b. Individuals/families receiving funding under this program must qualify as a homeless or at-risk household as indicated below and further defined in 576.103 and the definitions contained in 576.2.
- c. Individuals/families eligible for assistance are lacking sufficient resources or support networks, (e.g. family, friends, faith-based or other social networks, immediately available) to prevent them from moving into an emergency shelter or a primary nighttime residence that is not designed for or ordinarily used as regular sleeping accommodation for human beings.
- d. The program component gives priority to individuals and families who are currently in housing but are at risk of becoming homeless and need temporary rent or utility assistance to prevent them from becoming homeless or who need assistance to move to another unit; and fall into at least one of these secondary risk criteria:
 - i. Household has moved two or more times due to economic reasons over a 60 day period;
 - ii. Individual or family is living in a home of another or doubled-up due to economic hardship;
 - iii. Individual or family lives in a hotel or motel not paid for by a government or charitable organization;
 - iv. Household lives in an overcrowded housing unit as defined by the US Census Bureau;
 - v. A household is exiting a publicly funded institution or system of care;
 - vi. Department of Social Services involvement with children and youth;
 - vii. Domestic violence problems;
 - viii. Households experiencing persistent housing instability due to factors such as chronic physical health or mental health conditions, substance addiction, histories of domestic violence or abuse, the presence of a child with disabilities or having two or more barriers to employment.
- e. The costs of homelessness prevention are only eligible to the extent necessary to help the program participant regain stability in their current permanent housing or move into other permanent housing and achieve stability in that housing.
- f. Homelessness Prevention must be provided in accordance with the ESG housing relocation and stabilization services requirements in 576.105, the short-term and

medium-term rental assistance requirements in 576.106 and the written standards and procedures under 576.400 which state:

Housing Relocation and Stabilization Services: ESG funds may be used to pay housing owners, utility companies and other third parties.

- a. Rental application fees.
- b. Security deposits equal to no more than two month's rent.
- c. First and Last Month's Rent. Total rental assistance to a participant cannot exceed 24 months during any three year period including first and last month's rent.
- d. Standard utility deposits.
- e. Utility payment. ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to six months of utility payments in arrears per service. Total utility payment assistance to a participant cannot exceed 24 months during any three year period.
- f. Moving Costs such as truck rental or hiring a moving company. Assistance may also include payment of temporary storage fees for up to three months.
- g. Service costs under this category include housing search and placement assistance, housing stability case management, mediation activities, legal services necessary to resolve housing issues, and credit repair/counseling services.

Short-Term and Medium-Term Rental Assistance: ESG funds may provide a program participant with up to 24 months of rental assistance during any three year period. This assistance may be short-term rental assistance, medium-term rental assistance, payment of rental arrears, or any combination of this assistance.

- a. Short-term Rental Assistance – assistance for up to three months of rent.
- b. Medium-Term Rental Assistance – assistance for MORE than three months but not more than 24 months of rent.
- c. Rental Arrear Payments – one-time payment for up to six months of rent in arrears, including any late fees on those arrears.
- d. Rental assistance can be tenant-based or project-based.
- e. All units must meet Fair Market Rent requirements as established by HUD.

- f. A Rental Assistance Agreement must be in place for each unit assisted. The agreement must specify the terms and conditions under which the rental assistance will be provided and conditions of the units occupied.
4. **Rapid Re-Housing Assistance Component** – ESG funds may be used to provide housing relocation and stabilization services and short or medium-term rental assistance necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing.
- a. Rapid Re-Housing Assistance may be provided to individuals and families lacking a fixed, regular and adequate nighttime residence or any individual or family who is fleeing or attempting to flee domestic violence, assault or other life threatening conditions that relate to violence. Per definitions at 576.104 and 576.2.
 - b. Rapid Re-Housing Assistance must be provided in accordance with ESG housing relocation and stabilization services requirements in 576.105, the short-term and medium-term rental assistance requirements in 576.106 and the written standards and procedures under 576.400 which state the eligible activities are:

Housing Relocation and Stabilization Services: ESG funds may be used to pay housing owners, utility companies and other third parties.

- a. Rental Application fees.
- b. Security deposits equal to no more than two month's rent.
- c. First and last month's rent. Total rental assistance to a participant cannot exceed 24 months during any three year period including first and last month's rent;
- d. Standard utility deposits.
- e. Utility payments – ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to six months of utility payments in arrears per service. Total utility payment assistance to a participant cannot exceed 24 months during any three year period.
- f. Moving costs – truck rental or hiring a moving company. Assistance may also include payment of temporary storage fees for up to three months.
- g. Service Costs – Housing search and placement assistance, housing stability case management, mediation activities, legal services necessary to resolve housing issues, and credit repair/counseling services.

Short-Term and Medium-Term rental assistance: ESG may provide a program participant with up to 24 months of rental assistance during any three year period. This assistance may be short-term or medium-term assistance, payment of rental arrears, or any combination of this assistance.

- a. Short-term Rental Assistance – assistance for up to three months of rent.
- b. Medium-Term Rental Assistance – assistance for MORE than three months but not more than 24 months of rent.
- c. Rental Arrear Payments – one-time payment for up to six months of rent in arrears, including any late fees on those arrears.
- d. Rental assistance can be tenant-based or project-based.
- e. All units must meet Fair Market Rent requirements as established by HUD.
- f. A Rental Assistance Agreement must be in place for each unit assisted. The agreement must specify the terms and conditions under which the rental assistance will be provided and conditions of the units occupied.

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5. ***HMIS Component*** – ESG funds may be used to pay the costs of participating in the Homeless Management Information System (HMIS) or the comparable database which has been created for domestic violence agencies. Costs include: hardware, software licenses or equipment; obtaining technical support; completing data entry and analysis; monitoring and reviewing data quality; training; reporting; and coordinating and integrating the system.
6. ***Administration*** – 7.5% of ESG funds may be used for administration. Five-percent (5%) is available for SDHDA and 2.5% available for sub-recipients. Costs include: salaries, wages & related costs of staff engaged in program administration, including: preparing requirements, developing interagency agreements & agreements with sub-recipients and contractors to carry out program activities, monitoring program activities for progress and compliance; preparing reports, coordinating the resolution of audit and monitoring findings, evaluating results, managing and supervising staff, travel costs and office supplies and rental & maintenance of office space.

REMINDER: Assistance to *ELIGIBLE INDIVIDUALS/HOUSEHOLDS* funded through the ESG Program *CANNOT EXCEED 24 MONTHS OF RENTAL ASSISTANCE, 24 MONTHS OF UTILITY PAYMENT ASSISTANCE INCLUDING UP TO SIX MONTHS OF ARREARS (UTILITY/RENT) DURING ANY THREE YEAR PERIOD.*

Evaluation and documentation of client eligibility for financial assistance is required to be re-assessed at least every three months for program participants receiving homelessness prevention assistance and rapid re-housing assistance to insure that they meet the eligibility criteria, review program and appropriateness standards and to re-evaluate the need for continuation of services.

MATCHING FUNDS

Each sub-recipient must match its Emergency Solutions Grants amounts with an equal amount of funds received from sources other than this program. Matching funds may be obtained from any source, including any Federal source other than the ESG program, as well as state, local and private sources. However, the sub-recipient must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match Emergency Solutions Grants (ESG) funds. Also:

1. The matching funds must be provided AFTER the date that SDHDA signs the grant agreement;
2. Matching funds used to match a previous ESG grant may not be used to match a subsequent ESG grant;
3. Matching funds that have been or will be counted as satisfying a match requirement of another Federal grant or award may not count as satisfying the match requirement of this program.

Eligible Types of Matching Contributions: The matching requirement may be met by one or both of the following:

1. Cash Contributions
2. Non-Cash Contributions – The value of any real property, equipment, goods or services, as well as the purchase value of any donated building.

PROGRAM REQUIREMENTS

1. Sub-recipients must coordinate and integrate, to the maximum extent practicable, ESG funded activities with other programs targeted to homeless people which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness for that area. *Examples of targeted homeless services are: CoC programs; PATH programs, HUD-VASH, and Healthcare for the Homeless.*
2. *System and Program Coordination with Mainstream Resources* – The sub-recipient must coordinate and integrate, to the maximum extent practicable, ESG funded activities with mainstream housing, health, social services, employment, education, and youth programs for which families and individuals at risk of homelessness and homeless individuals and families may be eligible. *Examples of mainstream resources are: Housing programs, health services, social service programs, employment programs, education programs and youth programs.*
3. *Participate in the CoC's Centralized Assessment System* – Sub-recipients are required to participate in the CoC's Centralized Assessment System to ensure screening; assessment and referral of program participants are consistent across the state.

(SDHDA is working on this assessment system and will have more information regarding participation in the future.)

4. *Participation in Homeless Management Information System (HMIS)* – Sub-recipients are required to collect and enter data into the HMIS system for all persons served with ESG funds. domestic violence shelters are exempt from participating in the HMIS system, but are required to submit aggregate data in another comparable database.
5. *Rent Reasonableness Documentation* – All sub-recipients must ensure that ESG funds used for rental assistance for the **rapid re-housing and homelessness prevention components** do not exceed the actual rental cost, which must be in compliance with HUD’s standard of “rent reasonableness.” Rent reasonableness means that the total rent charge, including utilities, for a unit must be reasonable in relation to the rents being charged during the same time period for comparable units in the private unassisted market and must not be in excess of rents being charged by the owner during the same time period for comparable non-luxury unassisted units.
6. *Fair Market Rents (FMR)* – Sub-recipients must ensure that ESG funds used for rental assistance for the **rapid re-housing and homelessness prevention components** do not exceed the FMR as established by HUD. The FMR for individual counties can be found on HUD’s website at <http://www.huduser.org/portal/datasets/fmr.html>.
7. *Habitability Standards* – Sub-recipients cannot use ESG funds to help a program participant remain in or move into housing that does not meet the minimum habitability standards under 576.40 (c). This restriction applies to all activities under the homeless prevention and rapid re-housing components. Sub-recipients must certify that the unit has passed habitability standards BEFORE the lease has been signed and the tenant moves in.
8. *Lead-Based Paint Requirements* – Sub-recipients are required to conduct a Lead Based Paint inspection on all units receiving assistance under the rapid re-housing and homelessness prevention components if the unit is built before 1978 in which a child under age of six or a pregnant woman resides or will reside.
9. *Confidentiality* – Sub-recipients must develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided with ESG assistance.
10. *Termination of Housing Assistance* – Sub-recipients may terminate assistance to a program participant who violates program requirements. Sub-recipients may also resume assistance to a program participant whose assistance was previously terminated. In terminating assistance to a program participant, sub-recipients must provide a formal process that recognizes the rights of individuals receiving assistance to due process of law. This process, at a minimum, must consist of:
 - a. Recognize individual rights;
 - b. Allow termination in only the most severe case;

- c. Provide a written notice to the program participant, with clear statement of reasons for termination;
 - d. A review of the decision, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and
 - e. Prompt written notice of the final decision to the program participant.
11. *Recordkeeping* – Sub-recipients must keep any records and make any reports (including those pertaining to race, ethnicity, gender, and disability status data) that HUD may require with the timeframe specified.
12. *Sanctions* – If SDHDA determines that a sub-recipient is not complying with the requirements of this ESG plan or other applicable federal laws, SDHDA will take appropriate actions, which may include:
- a. Issue a warning letter that failure to comply with such requirements will result in a more serious sanction;
 - b. Direct the sub-recipient to cease incurring costs with grant funds;
 - c. Require that some or all of the grant amounts expended be returned to SDHDA; or
 - d. Reduce (de-obligate) the level of funds the sub-recipient would otherwise be entitled to receive; or
 - e. Elect to make the sub-recipient ineligible for future SDHDA funding.

SDHDA reserves the right to review a sub-recipient's balance of funds quarterly and reallocate unused funds if the sub-recipient is not meeting the requirements of the ESG Plan. Any grant amounts that become available to SDHDA as a result of a sanction will be made available (as soon as practicable) to other private non-profit organization or units of local government located in the state for use within the time periods specified.

13. *Monitoring* - SDHDA is responsible for monitoring all ESG activities, including activities that are carried out by sub-recipients, to ensure that the program requirements established by HUD and SDHDA are met.

SDHDA staff will have responsibility for continuous monitoring of all ESG sub-recipient activities. This will be accomplished with site visits to sub-recipients and review of all reimbursement requests. SDHDA will conduct annual site visits through each grant term. SDHDA will also provide support and technical assistance, as needed.

Additional monitoring of sub-recipients may be conducted by the local HUD Office of Community Planning and Development; HUD's Office of Special Needs Assistance Program, or any other

applicable federal agency. These agencies will be monitoring the ESG program nationwide to determine compliance with federal program requirements.

SELECTION CRITERIA

SDHDA has created a competitive scoring process for application selection. The applications will be scored based on the following criteria with a maximum score of 130 points. The scoring matrix is attached as Exhibit A.

1. Utilization of ESG funds;
2. Participation in CoC;
3. Proposed Application Requests;
4. Participation in ESG Trainings;
5. HMIS/Comparable Database Quality and Submissions;
6. Organization Capacity/Past Performance
7. Program Monitoring

Maximum amount of grant funds eligible to be requested is \$80,000 while the minimum is \$10,000. Agencies will be scored based on the funds being requested. The ESG Selection Committee consists of state employees from the Department of Social Services and Labor as well as members of the Policy and Advisory Committee for the South Dakota Housing for the Homeless Consortium (SDHHC), who work with or have some knowledge of homeless programs, along with SDHDA staff.

The ESG Selection committee may recommend an award for less than the amount applied for or for fewer than all of the activities identified in the application, based on the demand for the ESG funds, the extent to which the respective activities address the needs of the program participants, and the reasonableness of the costs proposed.

GRANT ADMINISTRATION

Grant funds will be considered obligated as of the date of the award letter. A grant agreement will be sent under separate cover detailing the sub-recipient's requirements and responsibilities, including those required for the environmental review. The sub-recipient will be required to sign and return the grant agreement to SDHDA.

The grant agreement will indicate the activities and the corresponding approved funding amounts by category. Prior written approval is needed from SDHDA to vary from the funding amounts and categories as specified in the executed grant agreement.

METHOD OF PAYMENT

Payment of ESG funds to the sub-recipient will be completed as a reimbursement. Requests for payment should be submitted on a monthly basis, but at a minimum quarterly. Requests must be submitted in a format approved by SDHDA, and must include a breakdown of expenses incurred and ESG funds requested. Copies of all expenses and sources must be submitted for verification purposes. Lack of documentation or explanation may result in a delay in payment.

**Exhibit A
Scoring Matrix**

Draft Plan

1 - Utilization of 2014 ESG funds - up to 25 points		Points	Score
Utilize all ESG funds within the term of the grant agreement		10	
Submitted quarterly draws		10	
Awarded and utilized recaptured funds		5	
Recaptured less than 10% from previous grant		5	
2 - Participation in CoC (Calendar year 2015) - Up to 15 Points			
100% attendance at SDHHC Quarterly Meetings		15	Percent
75% attendance at SDHHC Quarterly Meetings		10	
50% attendance at SDHHC Quarterly Meetings		5	
Less than 50% attendance at SDHHC Quarterly Meetings		0	
3 - Proposed Application - Up to 15 Points			
Requested at least 40% RRH/HP funds in application		15	Percent
Requested less than 40% RRH/HP funds in application		5	
Shelter Operations Only with signed partnership agreement for Direct Services		5	
Requested Shelter Operations only		0	
4 - Participation in 2015 ESG Trainings - up to 15 points			
100% attendance at ESG trainings		15	Percent
75% attendance at ESG trainings		10	
50% attendance at ESG trainings		5	
Less than 50% attendance at ESG trainings		0	
5 - HMIS Data Quality - 2014 Grant - up to 25 points			
Actively using HMIS as evidenced at time of draw request		15	Percent
5% or less null/missing data		10	
6-10% null/missing data		5	
Timely submission of comparable database		15	
6 - Agency Performance - 2014 Grant - up to 35 points			
All required documentation submitted at time of draw request		10	Score
Agency serves all populations		10	
Agency evidences how they ensure connection with educational services while in shelter		5	
Agency evidences % of those served found housing vs. went back into homelessness upon exit		5	
No audit Findings		5	
Total Amount Requested:			
TOTAL SCORE:			