

Emergency Solutions Grant Policies and Procedures Manual

2023

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I. PROGRAM DESCRIPTION

FY 2013 ESG funds were awarded by HUD under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act). The HEARTH Act improves administrative efficiency and enhances response coordination and effectiveness in addressing the needs of homeless persons. The Act adds short- and medium-term rental assistance and services to rapidly re-house homeless people, and places greater emphasis on helping people quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. In addition, the HEARTH Act provides grantees with the programmatic framework to maximize communitywide planning and strategic use of resources, and to improve coordination and integrate with mainstream services to increase efficiency, including services funded by other programs targeted to homeless people.

HUD drew from its recent program experience with the Homelessness Prevention and Rapid Re-Housing Program (HPRP), a temporary program, to establish the regulations for the ESG program, a permanent program. **These funds must exclusively be used for Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Re-housing, Homeless Management Information Systems (HMIS), and Administration.**

II. MATCHING FUNDS

The program must match 100% of the grant funds awarded. Matching funds can be cash or in-kind.

THDA funds can be used as a cash match for the HUD/Supportive Housing Program (SHP). Therefore, communities seeking to help local projects address HUD's requirement for matching funds for supportive services, transitional housing operations, permanent supportive housing operations, and HMIS (Domestic Violence Agencies use alternative system) implementation under the McKinney-Vento Supportive Housing Program (SHP), may utilize THDA ESG funds to help fulfill these obligations.

Grantees/recipients may use any of the following in calculating the amount of matching funds provided:

- Cash;
- The value or fair rental value of any donated material or building;
- The value of any lease on a building;
- Any salary paid to staff to carry out the program of the recipient; and
- The value of the time and services contributed by volunteers to carry out the program of the recipient at a current rate of \$10 per hour. (Note: Volunteers providing professional services such as medical or legal services are valued at the reasonable and customary rate in the community).

All sources listed as match must meet these criteria:

- The source and amount has not been committed as match for another state/federal program;
- The match must be provided during this ESG grant term;
- The match must be used for ESG eligible activities;
- The match must be documented in the same way that an ESG dollar would be;
- There is no prohibition of this source to be used as match for ESG.

- No funding source that is matched by this ESG grant can be used to match ESG in return (i.e., reciprocal matching is not permitted).
- If you are using other grants to meet the ESG match you must attach a copy of the award letter.
- Approval letter from State Agency, if a state grant will be used as match;
- In-Kind match is acceptable. Proof of in-kind must be submitted with Exhibit 1.
- Additional Guidance HUD Regulation §576.201 at <http://www.gpo.gov/fdsys/pkg/CFR-2012-title24-vol3/xml/CFR-2012-title24-vol3-sec576-201.xml>.

Non-Allowable Match:

- Housing Choice Voucher
- SNAP Benefits
- Tenant portion of rent
- HOME/TBRA
- SHP

III. TARGET POPULATION

This program is targeted to individuals and families who “but for” this assistance will become or remain homeless. THDA is requiring file documentation to verify need, as defined on the Homeless Certification, Form No. 2, and At Risk of Homeless Certification, Form No. 3. The amount of funds that will be available to recipients will likely not be enough to serve all persons at risk of homelessness; **communities must prioritize funding as follows:**

Rapid Re-housing: Certified *Literally Homeless*, Category 1 – Only

Target Populations

1. Homeless Individual with a Disability
2. Chronically Homeless
3. General Homeless
4. Zero income individuals and families

Determining Eligibility for Rapid Rehousing/Certified Literally Homeless

1. Verification of Homelessness (refer to HUD definition of "Literally Homeless")
 - a. Referral from third party
 - b. Staff certification/intake observation
 - c. Self-certification
2. No subsequent residence has been identified;
3. and the individual or family lacks the resources or support networks needed to obtain other permanent housing
4. **Note:** income eligibility requirements do not apply

Prevention: Certified At Risk of Homelessness: Categories 2, 3, and 4

Target Populations

1. Those closest to going to a shelter, car, or the street.
 - Risk factors for those most in need would include:
 - Extremely low incomes;
 - Criminal histories;
 - Behavioral health issues;
 - Poor employment histories.
 - Risk factors that make finding and maintaining housing more challenging should be used to screen people into assistance rather than screening them out.

Determining Eligibility for Prevention/Certified At Risk of Homelessness

1. An eviction dated within 14 days
2. Individual and/or family is residing in a hotel they are currently paying for themselves and lack resources to continue
3. Income must be verified and fall at or below 30% of the area median income
4. No other resources have been identified. ESG support should be last resort.

IV. USE OF THE FUNDS:

There are six categories of eligible activities for these funds:

1. Street Outreach
2. Emergency Shelter
3. Homelessness Prevention Assistance
4. Rapid Re-housing Assistance
5. HMIS
6. Administrative

These eligible activities are intentionally focused on housing—either financial/rental assistance to help pay for housing or services designed to keep people in housing or to obtain housing. **This assistance is *not* intended to provide long-term support** for program participants, nor will it be able to address all of the financial and supportive services needs of households that affect housing stability. Rather, assistance should be focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping participants develop a plan for preventing future housing instability. Assistance may be provided for a maximum of 12 months (not including up to 6 months arrearages).

1. Street Outreach

- Essential Services: services related to reaching out to unsheltered homeless individuals and families, connecting them with emergency shelter, housing, or critical services, and providing them with urgent, non-facility-based care. Eligible costs include engagement, case management, costs associated with cell phones to support housing stability services, and transportation for outreach staff.

2. Emergency Shelter

- **Essential Services:** Case management related to emergency shelter, *referrals* to employment, healthcare, substance abuse and related services within the community. Legal assistance for social security benefits and family issues (divorce, domestic violence, custody) may be rendered under Emergency Shelter. Essential services may also include child care, job training, counseling, emergency medical or mental health services, substance abuse counseling, assistance in obtaining legal documentation (identification, birth certificates, social security cards), transportation, vouchers for motel/hotel if no other resources are available, assistance in job training, educational services. All of these services may be provided directly by the grantee or the grantee may refer/pay for the services on behalf of the client.
- **Shelter Operations:** including maintenance, rent, repair, security, fuel, insurance, and utilities.

3. Homelessness Prevention

- Housing relocation and stabilization services** (see below for description)
- Rental/financial assistance, as necessary, to prevent the individual or family from becoming homeless when the assistance is necessary to help program participants regain stability in their current permanent housing or move into other permanent housing and achieve stability in that housing. Eligible costs include housing search and placement, housing stability case management, rental arrearages, rental assistance, security deposits, utility deposits, utility arrearages, and legal services for domestic violence victims and legal services for public benefits can be provided under prevention, as long as one is able to explain directly how it was necessary for that individual to keep his/her housing.

4. Rapid Re-housing

- Housing relocation and stabilization services** (see below for description)
- Rental/financial assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation to move as quickly as possible into permanent housing and achieve stability in that housing. Eligible costs include housing search and placement, housing stability case management, rental assistance, security deposits, utility deposits, utility arrearages, and legal services for domestic violence victims and legal services for public benefits can be provided under rapid re-housing, as long as one is able to explain directly how it was necessary for that individual to sustain his/her housing.
- ****Housing Relocation and Stabilization Services** - Funds must be used to create and implement a comprehensive, easily accessible service and housing response system that addresses the needs of those who are homeless or at serious risk of homelessness.
 - Eligible activities for Housing Relocation and Stabilization Services include:
 - Housing stabilization services include arranging, coordinating, linking and monitoring the delivery services that assist participants to obtain and sustain housing stability; this includes the salary of the Housing Resource Specialist(s)
 - Transportation/travel for supportive housing stabilization services, i.e. visit a participant

5. HMIS/Data Collection and Evaluation will be conducted via ECM in West TN. The HEARTH Act requires that data collection and reporting for ESG be conducted via HMIS. All clients and household members, including children, must be entered into the HMIS.

6. Administrative Costs are not applicable for agencies outside designated metropolitan areas determined by THDA. Eligible expenses include:

- Space costs (office space, utilities);
- Communication costs (printing, telephone, copying, postage);
- Supplies (paper, files for documenting participant cases);
- Staff training for ESG related activities;
- Supervisor's pay only if directly relates to supervision of ESG staff;
- Bookkeeping costs (includes bookkeeping costs associated with financial/rental assistance, housing stabilization services, and writing/accounting for checks made out to vendors).

Documentation for administrative costs includes timesheets or a log of hours spent working on ESG administrative activities, invoices for supplies/materials, phone bills, utilities etc.

Administrative fees *do not include* the costs of issuing financial/rental assistance, case management staff, HMIS data input, cost of conducting housing inspections, and other operating costs directly related to serving the target populations (see Housing Stabilization Services). These costs should be included under one of the other eligible activity categories.

Rental Assistance vs. Financial Assistance - How to distinguish:

Rental Assistance is available for persons who are income eligible, have demonstrated housing crisis, and lack necessary resources. Funds must be targeted based upon individual assessments of personal need. To be eligible for rental assistance, the client needs to demonstrate a significant need in regards to ongoing rental assistance. Each program participant must have a *Housing Stability Plan* developed that identifies defined goals, outcomes, and timelines that provides a framework for achieving housing stability. Rental assistance can be project-based or tenant-based. Rental assistance includes: rental payments (up to 12 months) and rental arrears (up to 6 months). ESG Rental Assistance funds may not be used for current rental assistance in a unit already receiving subsidies for rent; Section 8, voucher assistance program, public housing units. In this situation, ESG may pay for arrearages but not current rent.

Requirements for Rental Assistance:

- Fair Market Rent
- Rent Reasonableness
- Housing Quality Inspection
- Lead-based paint requirements
- Lease between the program participant and the landlord
- Rental assistance agreement between the landlord and the recipient or subrecipient
- Maximum Amounts and Periods of Assistance (24-month cap in 3-year period)
- Participation in HMIS

- Prohibition of use with other subsidies (a one-time payment of rental arrears of the tenant's portion of the rental payment is permitted while the program participant is receiving another subsidy for rent)
- Recordkeeping and Reporting Requirements

Financial Assistance is available for persons who are income eligible, have a demonstrated housing crisis, and lack necessary resources. Funds must be targeted based upon individual assessments of personal need. Each program participant must have a *Housing Stability Plan* developed that identifies defined goals, outcomes, and timelines that provides a framework for achieving housing stability. Financial assistance includes: rental application fees, security deposits (no pet deposits), last month's rent, utility deposits, utility payments (including arrearage payments) and moving costs.

Requirements for Financial Assistance:

- Housing Quality Inspection
- Lead-based paint requirements
- Maximum Amounts and Periods of Assistance (24-month cap in 3-year period)
- Participation in HMIS
- Prohibition of use with other subsidies (a one-time payment of rental arrears of the tenant's portion of the rental payment is permitted while the program participant is receiving another subsidy for rent)
- Recordkeeping and Reporting Requirements

V. MEMBER AGENCY INTAKE, ASSESSMENT, HOUSING STABILITY PLAN, AND HRS DUTIES

Intake - The initial point of contact includes prioritizing households based on the severity of their housing crisis and targets the most appropriate response. The intent is to discern *primary* need and the *urgency* of the need.

- All households will be screened for housing status in person by a Housing Navigator and enter into the Coordinated Entry System.
- Protocol must be developed between member agency and a crisis line, e.g. 211, taking referrals during non-traditional work hours. The crisis line, e.g. 211, must make callers aware that he/she should contact the member agency when their office reopens.
- Households who are presented with immediate safety issues will be re-directed appropriately (Domestic Violence or 911.)
- Intakes are required to determine primary issues.
- If the intake concludes there is **not an immediate housing** need (but other needs are present), households will be referred to the appropriate resource to address the need (e.g. food assistance through DHS, mental health through Quinco/Pathways/Carey Counseling Center, PCS etc.), and a Housing Stability Plan is not necessary.
- If the intake concludes there **is an immediate housing need**, households will proceed to a full housing assessment or be scheduled for a housing assessment within two business days if possible. ***Programs must follow Housing First Guidelines.
- Sharing of participant information – an executed sharing an MOU to allow sharing within HMIS between agencies.

Assessments – Depending on the urgency and priority identified in the intake, the member agency will conduct a comprehensive housing assessment with the household. The assessment, at a minimum, will identify the housing needs of the household. The assessment will function as the basis for creating the Housing Stability Plan which serves as the foundation for resource coordination and resolution of the housing crisis. Housing assessments will be done through HMIS.

- Housing Resource Specialists **must** utilize the approved ESG paperwork provided by the CoC, focusing on issues related to obtaining and maintaining housing. Assessments will be conducted in person.
- Housing Resource Specialists will identify the most appropriate resources for which the household may be eligible and provide this information to the household both verbally and in a written form as part of the Housing Stability Plan.
- If the household agrees, the Housing Stability Plan can be shared with other providers to assist in obtaining resources or housing.

Housing Stability Plan - A Housing Stability Plan **must** be completed for all individuals that receive a housing assessment **and** are determined eligible for services. (If the household does **not** meet program eligibility, e.g. over income, a Housing Stability Plan does **not** need to be done). The Housing Stability Plan is intended to be a guide for both the household and the service agencies. Housing Stability Plans must be framed to include:

- A focus on obtaining or maintaining housing;
- Defined goals, outcomes and timelines, as well as documentation of frequency of meetings for follow-up;
- An identification of needed community resources;
- Referrals to mainstream services, as needed;
- An attached copy of the housing assessment.

*****Five core principles of Housing First:**

1. Immediate access to permanent housing with no housing readiness requirements. Housing First involves providing clients with assistance in finding and obtaining safe, secure, and permanent housing as quickly as possible. The key to the Housing First philosophy is that individuals are not required to demonstrate that they are 'ready' for housing. Housing is not conditional on sobriety or abstinence. Program participation is also voluntary. This approach runs in contrast to what has been the orthodoxy of 'treatment first' approaches whereby people experiencing homelessness are placed in emergency services and must address specific personal issues (addictions, mental health) before being deemed 'ready' for housing (having received access to health care or treatment).

2. Consumer choice and self-determination. Housing First is a **rights-based, client-centered** approach that emphasizes client choice in terms of housing and supports.

- **Housing** – Clients can exercise some choice regarding the location and type of accommodation they receive (e.g., neighborhood, congregate setting, scattered site, etc.). The selection may be constrained by local availability and affordability.
- **Supports** – Clients have choices in terms of what services they receive and when to start using services.

3. Recovery orientation. Housing First practice is not simply focused on meeting basic client needs but on supporting recovery. A recovery orientation focuses on individual well-being and ensures that clients have access to a range of supports that enable them to nurture and maintain social, recreational, educational, occupational, and vocational activities.

For those with addiction challenges, a recovery orientation also means access to a harm reduction environment. Harm reduction aims to reduce the risks and harmful effects of substance use and addictive behaviors for the individual, the community, and society as a whole, without requiring abstinence. However, as part of the spectrum of choices that underlies both Housing First and harm reduction, people may desire and choose ‘abstinence-only’ housing.

4. Individualized and client-driven supports. A client-driven approach recognizes that individuals are unique, and so are their needs. Once housed, some people will need minimum supports while other people will need supports for the rest of their lives (this could range from case management to assertive community treatment). Individuals are provided with “a range of treatment and support services that are voluntary, individualized, culturally-appropriate, and portable (e.g., in mental health, substance use, physical health, employment, education)” (Goering et al., 2012:12).

Income supports and rent supplements are often an important part of providing client-driven supports. If clients do not have the necessary income to support their housing, their tenancy, health, and well-being may be at risk. Rent supplements should ensure that individuals do not pay more than 30% of their income on rent.

5. Social and community integration. Part of the Housing First strategy is to help people integrate into their community, and this requires socially supportive engagement and the opportunity to participate in meaningful activities. If people are housed and become or remain socially isolated, their housing stability may be compromised.

Member Agency Housing Resource Specialist Duties

- **Must** meet with the program participant **monthly**. If the participant does not attend, the agency may terminate assistance, pending that a written notice of the client's non-compliance has been submitted to the client and the behavior does not change. Federal policy states: this should be done only in extreme cases, and the termination process must include: 1) written notice; 2) review of decision in which the participant can document any objections; 3) final notice.
- Provide housing stabilization services that include arranging, coordinating, linking and monitoring the delivery of services that assist participants to obtain and sustain housing stability.
- Monitoring program participant progress.
- Assuring that the rights of participants are protected.
- Development of individualized Housing Stability Plans for each program participant.
- Assist participants in locating and obtaining housing.
- Credit counseling, when needed;
- If rental assistance is provided, costs associated with completing Housing Habitability Standards and Lead-Based Paint inspections and determining FMR's;
- File documentation of three rent comparables if providing rental assistance (monthly rent payment assistance or rental arrearages).

THDA has not prescribed a time limit for households to find housing. These funds are targeted as shown in Section III: Target Population and then utilized on a first-come/first-serve basis until exhausted. The expectation is that case managers/housing resource specialists will work closely with households to secure housing.

***Note: Individuals and families in subsidized housing are not eligible for rental assistance however, an agency may use ESG funds to assist with other eligible expenses.**

Ineligible Activities

These funds cannot be used to supplant existing mainstream resources or for mortgage payments. Payments can only be made to third parties, such as landlords; payments cannot be made to program participants. In addition, an assisted property may not be owned by the grantee, sub-grantee or the parent, subsidiary or affiliated organization of the sub-grantee.

ESG funds cannot be used for:

- Continuum of Care Coordinating Expenses
- Pay for foreclosure prevention;
- Pay rental assistance for rent to own/lease to purchase;
- Assist a household with their rent if they have a project-based voucher;
- Assist individual(s)/households in transitional housing;
- Set aside money for individual(s) who may be at risk of losing their job;
- Assist the homeless or those at risk of becoming homeless to expunge and/or pardon their criminal records or for re-entry advocacy to help ex-offenders get jobs;
- Mortgage payments or mortgage refinancing costs to make housing affordable;
- Rental assistance payments cannot be made on behalf of eligible individuals or families for the same period of time and for the same cost types that are being provided through another federal, state or local housing subsidy program;
- Pet Care;
- Construction
- Credit card bills or other consumer debt;
- Car repair for program participants;
- Entertainment activities;
- Cash assistance to program participants;
- Development of discharge planning programs in mainstream institutions such as hospitals, nursing homes, jails, or prisons.
However, persons who are being imminently discharged into homelessness from such public funded institutions are eligible to receive financial or rental assistance through ESG;

VI. FILE DOCUMENTATION

Participant Files - The member agency is required to maintain all Financial Records of their ESG participants; partnering agencies may retain the participant's file information. All participant files must be documented using the forms provided by West TN Continuum of Care as outlined on the CoC ESG Policies and Procedures. The Intake, Assessment, and Housing Stability Plan must be completed in HMIS. Files must also contain case management notes.

Identification Documentation

There must be identification documentation for all household members whether receiving case management and/or financial or rental assistance. Documentation must be a copy of **one** of the following:

- Driver's License
- Social Security Card
- Medicaid Card (as a last resort *for children only*)
- Birth Certificate
- Passport

Note: *In a case where there is no means of obtaining identification, a client may be admitted to a program with a third-party verification of the client's identity and the client's Housing Stability Plan should have a section dedicated to obtaining personal identification of some sort.*

Release of Information Form – HMIS (Prevention and Re-housing)

A Release of Information form must be signed by each household member age 18 or older with a copy in file. This is enclosed in the HMIS data collection forms at entry.

Grievance Procedure and Termination Policy-

Agencies are required to give clients a copy of the agency's Grievance Procedure and Termination Policy. Clients must sign that they have received copies of the documents.

Homeless Certification - ESG Form No. 1 (Prevention and Re-housing)

Must complete the Homeless Certification indicating current living situation and provide the appropriate documentation as indicated on the form. Category 1 is eligible for Re-housing assistance; Categories 2-4 are considered "homeless" but receive Prevention assistance.

At Risk of Homelessness – ESG Form No. 2a (Prevention)

Must complete the At Risk of Homelessness Certification indicating current living situation, and provide the appropriate documentation as indicated on the form. Participants at "risk of homelessness" are eligible for Prevention assistance.

Staff Certification - ESG Form No. 2b (Prevention and Re-housing)

ESG staff and supervisor must sign the Staff Certification certifying the person/household meets all requirements to receive ESG assistance and all of the information provided is true and complete to the best of their knowledge. It further certifies that the person(s)/household receiving assistance has not resulted, nor will result, in a personal or financial interest or benefit for Agency Staff or for anyone with whom they have family or business ties.

Resource Exhaustion Verification - ESG Form No. 3 (Prevention and Re-housing)

This form is required for all ESG cases in order to verify that all other community/federal housing resources have been exhausted before the ESG program is utilized to serve a homeless individual.

Income and Asset Calculation Worksheet - ESG Form No. 4 – (Prevention)

The Calculation Worksheet must be completed at intake and every three (3) months to determine eligibility for ESG assistance. To be eligible for ESG assistance the gross annual household income must be **below 30% AMI**. Income is annualized to project gross annual income; there are no allowances/deductions from the household's gross income. **THDA and HUD are not requiring the household to pay any part of their income towards rent. However, a CoC can decide what percent of the household's income is paid toward rent.** If the participant is required to pay any portion of their rent, it must be approved by Homeless Assistance Specialist and included in the community's financial and rental assistance guidelines. **Remember, zero income households cannot be excluded based on their zero income status.**

Income must be verified for all household members age 18 or older. Agencies must record all attempts (phone logs, email correspondence, copies of certified letters etc.) to obtain required verifications.

If household income cannot be verified with third-party source documents (provided by the participant), the Agency must request the income information from income source (i.e. employer/bank etc.).

Process for Verification of Income (Prevention Only)

All sources of household income (including zero income households) for each household member age 18 or older, must be verified and documented at intake and every three (3) months to determine program eligibility. To be eligible for assistance, gross household income must be below 30% area median income (AMI) for the county in which the household resides. For earned income, household must provide two (2) pay stubs, dated within 60 days of receiving assistance.

	Verify and Document Income	
	Intake/Screening	12 month re-certification
ESG Homelessness Prevention	X	X
ESG Rapid Re-housing	Not Required	Not required

Income must be verified and documented for the following household members:

Whose Income is Counted?		
Continued on p. 12		
Members	Employment Income (earned income)	Other Income (unearned income including income from assets)
Head	Yes	Yes
Spouse	Yes	Yes
Co-Head	Yes	Yes
Other Adult(s)	Yes	Yes
Dependents	No	Yes
Non-Members		
Foster Child	No	No
Foster Adult	No	No
Live-in Aide	No	No

Income Inclusions and Examples of Acceptable Documentation:

- Earned Income (Wages and Salary)
 - Payment statement
 - Statement of income from employer/source of income
- Self-Employment/Business Income
 - Most recent Financial Statement
- Interest and Dividend Income
 - Most recent interest or dividend income statement
- Pension/Retirement Income
 - Most recent benefit notice, pension statement or other payment statement from pension provider
- Armed Forces Income
 - Payment statement
 - Statement of income from government official/agency
- Unemployment and Disability Income
 - Most recent benefit or disability income notice from SSI
 - Statement from SSI
- Public Assistance, including TANF
 - Most recent benefit or income notice from public assistance administrator
 - Statement from public assistance administrator
- Alimony and Child Support
 - Court Order
 - Most recent payment statement

- No Income Report
 - Self-certification of Zero Income

Income Exclusions:

- Food stamps;
- Foster children and foster adult care payments;
- Scholarships and Grants;

Calculating Income:

The requirements for determining whether a family is eligible for assistance requires intake staff to project or estimate the annual income the household expects to receive. Generally, current circumstances must be used to estimate income, and annual income is projected by annualizing current income.

Convert all income to an annual figure by multiplying the pay rate by the frequency of payment:

- Multiply hourly wages by the number of hours worked per year. Full-time employment (40 hours a week and no overtime) is 2,080 hours (40 hrs. X 52 weeks = 2080 hours). (10 hours a week X 52 weeks = 520 hrs. per year).
- Multiply weekly wages by 52.
- Multiply bi-weekly wages by 26.
- Multiply semi-monthly wages by 24.
- Multiply monthly wages by 12.
- Multiply daily wages by 260 (full time/no overtime).
- To convert monthly amount to weekly, divide by 4.3.
- Round up to the nearest dollar at .50 and above (except SS payments, which are always rounded down).
- **Unemployment compensation should be calculated assuming current circumstances will last a full 12 months. If changes occur later in the year, an interim recertification can be conducted to change the family's rent.**

Calculating Income from Assets:

When calculating income from assets, include assets of all household members ***including assets of minor children***. **Income earned from assets is included in the gross income calculation (not the actual value of the asset)**. If a program participant has a savings account with a \$500.00 balance, earning 1% interest, \$5.00 would be added as household income

Assets Include:

- Bank Accounts (the value of an account is the current balance at time of application)
- Life Insurance policies
- Lump sum additions
- Personal Property held as Investments
- Retirement/Pension funds
- Trusts
- Assets disposed of for less than Fair Market Value
- Stocks, Bonds, Mutual Funds, etc.

- IRA, Keogh, Annuities and Similar Retirement Accounts

Assets Exclude:

- Necessary Personal Property
- Assets not Accessible to Family
- Business or Farming Operation Assets
- Interest in Indian Land trusts
- Equity in Cooperatives & Manufactured Homes
- Vehicles/Special Equipment for Disabled

The calculation to determine the amount of income from assets to include in annual income considers both of the following:

- The total cash value of the family's assets; and
- The amount of income those assets are earning or could earn.

The rule for calculating income from assets differs depending on whether the total cash value of family assets is \$5,000 or less, or is more than \$5,000.

If the total cash value of the family assets are:

- Less than or equal to \$5,000:
 - Use the actual income earned from assets (i.e., interest and dividends); or
- Greater than \$5,000, use the greater of:
 - Actual income earned from assets, or
 - Imputed income from assets based upon passbook rate approved by HUD (2%). (Imputed Income is HUD's approved passbook rate multiplied by the total cash value of assets).

ESG Housing Barriers Levels 1-4-ESG Form No. 5

The description of assistance available for each level should be used in program design and deciding what level of assistance is appropriate based on household need.

Housing Stabilization Initial Action Plan–ESG Form No. 6(Prevention and Re-housing)

A Housing Stability Plan must be completed for all individuals that receive an assessment. The Housing Stability Plan is intended to be a guide for both the household and the service agencies.

VII. HOUSING DOCUMENTS

Utility Allowance Worksheet -ESG Form No. 7 (Prevention and Rehousing)

Utility allowances for each county may be found at <http://www.thda.org/index.aspx?nid=345> Print out and circle relevant utility charges. Add all charges for total utility allowance for unit. Add utility allowance and rent when calculating gross rent to determine if unit is eligible for assistance.

Rent Reasonableness - ESG Form No. 8 (Prevention and Rehousing)

Rent comparables are required for all households receiving rental assistance (NOT required for those only receiving Financial Assistance - *see Rental Assistance vs. Financial Assistance in Section IV for more clarification*). ESG assisted units must rent for a reasonable amount, compared to rents charged for comparable, unassisted units. Grantees must document the basis for their rent reasonableness determinations. The prescribed form provides a rent analysis for three (3) comparable unassisted units. Although it is acceptable to use three (3) unassisted units in the same apartment complex, it is recommended that two comparable units be located in other complexes/locations. Tennessee Housing Locator (www.tnhousingsearch.org) may also be used to determine rent reasonableness.

Habitability Standards Inspection - ESG Form No. 9 (Prevention and Re-housing)

All units **must** meet Habitability Standards before rental or financial assistance can be provided. For individuals moving into a new unit, the unit must meet Habitability Standards before a lease is signed and the household moves into the unit. If water/utilities are not on at the time of initial inspection, a follow-up inspection must be done within 10 days of the water/utilities being turned on.

Lead-Based Paint Inspections ESG Form Nos. 10 (Prevention and Re-housing)

Lead-Based Paint Inspection is required for properties built before 1978 and if a child age 6 or younger or a pregnant woman will be residing in the unit. The inspection may be visual; however, if the child age 6 or younger has been identified with an Identified Environmental Intervention Blood Lead Level, the inspection must be done by a Certified Lead-Based Paint Risk Assessor (ESG Form No. 18). **All households must be provided with the HUD pamphlet, *Protect Your Family from Lead in Your Home*. Receipt of this pamphlet must be documented utilizing ESG Form No. 19.** These pamphlets may be ordered by contacting the EPA, at 312-886-0754.

Inspection Deficiencies Notice - ESG Form No. 11 (Prevention and Re-housing)

If a unit fails to pass a Habitability Inspection, the owner must be notified in writing of the specific deficiencies and the necessary corrective action that must be completed within a specified timeframe. *Landlords and tenants* should be given a reasonable period of time (i.e., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies. If repairs cannot be made because of inclement weather, the Landlord must complete the Delayed Exterior Repair Agreement (ESG Form No.15) stipulating that needed repairs will be completed by the due date(s) specified on the form.

Lease

A lease is required for households receiving rental assistance. Rental assistance includes: monthly rent assistance and rental arrearages. All household members must be listed on the lease and a copy of the lease must be maintained in the participant file. For individuals moving into a new unit, the unit must meet habitability standards before the lease is signed and the household moves in. For households already residing in a unit, the unit must meet habitability standards before financial or rental assistance can be provided.

If rental and utility arrearages are paid, the participant must have had a valid lease in place covering the arrearage period. The rental arrearage amount paid each month cannot exceed the FMR.

If the Landlord agrees to lower the rent to comply with the FMR, a new lease or lease addendum must be signed stating the new rental amount and a copy placed in the file.

Rental Assistance Agreement – ESG Form No. 12 (Prevention and Re-housing)

This Agreement covers ESG “Tenant-Based” Rental Assistance and must be completed by the Housing Assessment and Resource Agency (MEMBER AGENCY) and Landlord when providing rental assistance under both the homelessness prevention and rapid re-housing components of the ESG Program. When paying rental arrears *only* a Rental Assistance Agreement is required as arrears are considered rental assistance. The Rental Assistance Agreement does not take the place of the lease between the program participant and landlord.

Utility Arrearages from a Previous Address for Re-housing Participants

Utility arrearages for a previous address may be made, regardless if it was not the household’s last address; however, the following guidelines must be followed:

1. Utility arrearage payments cannot exceed more than 6 months' worth of services;
2. If the utility arrearage is over the 6 month maximum, the case manager is required to work with the utility company to set-up a payment plan between the household and the utility company and/or ask the utility company to forgive the debt.
3. **Before making payment for utility arrearages**, the case manager must document in the participant’s file with either verbal or written documentation from the utility company that by paying a specified amount, the utilities will be turned on for the household by the utility company at the new address.

Calculating Gross Rent

- ***If tenants are responsible for paying their own utilities, the monthly utility allowance must be added to the contract rent amount to calculate gross rent***, to determine whether the unit meets the FMR and rent reasonableness standards. Utility costs may include gas, electric, water, sewer, and trash. Telephone, cable or satellite television service and internet service are not included in FMRs and are not allowable costs under ESG. The Utility Allowance Schedule is posted on THDA’s Website at <http://www.thda.org/index.aspx?NID=345>.
- To determine whether rent is acceptable for ESG rental assistance, the **gross rent** (rent + utilities) for the current or new unit **must first be compared with FMR limits**. If the unit’s gross rent is at or below FMR limits, then the gross rent must be used to determine rent reasonableness.

- If the gross rent for the unit is below both the FMR and the rent reasonableness standard, then ESG funds may be used to pay rent for the unit.
- If the gross rent for the unit exceeds **either FMR or rent reasonableness standard**, ESG funds **cannot be used to pay any portion of the rent**.
- If the reasonable rent for a specific unit in a community is lower than the FMR, then the rent for the unit assisted with ESG funds must not exceed the **lesser** of the FMR or the rent reasonableness standard.
- If the gross rent for the unit exceeds either the rent reasonableness standard or FMR, ESG recipients are prohibited from using ESG funds for **any** portion of the rent, even if the household is willing and/or able to pay the difference.

Deposits and Non-Refundable Fees

The security deposit cannot exceed two (2) month's rent (limited to one per household per grant term) and utility deposits are an eligible activity if needed. Deposits will remain with the household. Nonrefundable fees such as cleaning fees and late fees **cannot** be paid from ESG funds. Security Deposits are not included on the IRS 1099 form (include only rent amounts paid to the Landlord).

Other Verification Forms

Self Certification of Homelessness- Used as a very last resort. Attempts of 3rd party verification must be documented.

Third Party Income Verification- Used when client is unable to obtain actual income documents.

Self Certification of Income- Used as a very last resort. Attempts of 3rd party verification must be documented.

Statement of Understanding and Agreement- Used to define what is expected of the program participant while enrolled in the program.

LBP Information Disclosure, Owner Certification and Risk Assessment- Forms to use if lead based paint has been discovered by agency LBP certified staff in a unit that was built prior to 1978 that will house a child under the age of 6 or a pregnant woman.

VIII. PROGRAM SUPPORT INFORMATION

Occupancy Standards:

THDA has developed occupancy standards that comply with HQS requirements and outline how the number of bedrooms required by the household will be determined. The following basic standards can be modified to take into consideration specific household composition and circumstances (i.e., pending child custody cases, chronic illnesses, family member who is absent most of the time).

- No more than two persons are required to occupy a bedroom;
- Persons of different generations (i.e., grandparents, parents, children), persons of the opposite sex (other than spouses/couples) and unrelated adults are not required to share a bedroom;
- Children of the same sex (regardless of age) and couples co-habiting (whether or not legally married) must share the same bedroom for purpose of assigning the number of bedrooms;
- A live-in care attendant who is not a member of the family is not required to share a bedroom with another household member;

- Individual medical problems (i.e., chronic illness) sometimes require either separate bedrooms for household members who would otherwise be required to share a bedroom or an extra bedroom to store medical equipment;
- In most instances, a bedroom is not provided for a family member who will be absent most of the time, such as a member who is away in the military.

Occupancy standards are used to provide consistent criteria for determining the unit size for which the household is eligible and thus, the amount of assistance to be provided. Fair housing rules permit a household to select smaller units that do not create seriously overcrowded conditions. A tenant may select a larger unit if it meets the FMR for the actual number of bedrooms for which they are eligible according to the eligibility guidelines. Tenants are not allowed to give the landlord additional funds for larger units.

- *Undersized Units:* If a family elects to occupy a unit with fewer bedrooms than specified in the Occupancy Guidelines, the FMR is based on the *actual* number of bedrooms;
- *Oversized Units:* If a family elects to occupy a unit with more bedrooms than specified in the Occupancy Guidelines, the FMR is based on the number of bedrooms specified in the Occupancy Guidelines.

CFDA Number

The Catalog of Federal Domestic Assistance (CFDA) number for ESG is 14.231.

Financial Status Requests (FSR)

***ESG is a reimbursement program only**

Program Participant Termination – Formal Due Process

Grantees terminating a program participants' ESG assistance for violating program requirements must provide a formal termination process that recognizes the rights of individual(s) to due process of law. ***The formal process is only required after a participant has received assistance and is then terminated from receiving continued assistance.*** An example has been provided in ESG Form No. 1. This process, at a minimum, must consist of the following:

- Written notice to the program participant containing a clear statement of the reasons for termination;
- 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; and,
- Prompt written notice of the final decision to the program participant.

Documentation of Program Ineligibility

If a participant is deemed ineligible to receive ESG assistance, Grantees must document the reasons for denial and inform the applicant(s) in writing of the denial. Assistance to a program participant who has been terminated from the program may resume at a later date. ESG assistance will be determined on a case-by-case basis for individual(s) who have lost their Section 8, TBRA, or Shelter Plus Care vouchers due to program violations, eviction, or misconduct eligibility. Case managers/housing resource specialists may contact their Homeless Assistance Specialist for guidance.

Fraud Procedures

When an agency finds or hears of fraudulent use of ESG funds, they are required to report the situation via e-mail to their ESG THDA Program Specialist. THDA will, in turn, inform the local HUD office.

Outcome Performance Reports

The Project Outcome Performance Matrix Reports are due as follows:

Reporting Period	Submission to THDA Deadline
July 1 st – September 30 th	October 15 th
October 1 st – December 31 st	January 15 th
January 1 st - March 31 st	April 15 th
April 1 st - June 30 th	July 15 th
July 1 st -June 30 th Caper CSV file	July 31 st

Quarterly reports are due by the 15th of the month following the close of the quarter.

- Reporting requirements will reflect use of Sage reporting tool to provide information directly from the HMIS.
 - Organizations must work with their CoC HMIS Lead to ensure compliance of their HMIS to meet this requirement.
 - Agencies serving victims of domestic violence agencies must work with their software provider to meet Sage reporting requirements and must submit their information through Sage.

IX. OTHER FEDERAL REQUIREMENTS

Recipients must comply with the following other federal requirements: Fair Housing Act; Uniform Administrative Requirements; Nondiscrimination in Federally Assisted Programs; Age Discrimination Act; American’s with Disabilities Act; Equal Employment Opportunity Programs; Monthly Business Enterprises; Women’s Business Enterprise; Drug Free Workplace; Debarred, Suspended, Ineligible Contractors; Affirmative Outreach; Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.

X. DEFINITIONS

Area Median Income: The area median divides the household income distribution into two equal parts: one-half of the cases falling below the median household income and one-half above the median.

Central Intake and Housing Assessment: The Central Intake and Housing Assessment process consists of two parts. The intent of the intake is to discern *primary* need and the *urgency* of the need. The intent of the assessment is to identify barriers to housing to be addressed in the Housing Stability Plan.

Participant Releases: Releases that reflect the MOU’s to assure all parties charged with caring for participants may share information. A single “Community Release” may be appropriate. (See HMIS for QSOBAA) This agreement/MOU defines the local sharing practice and is required to allow interagency sharing through HMIS (Domestic Violence Agencies use alternative system). Signatories on the agreement include those agencies who are working collaboratively with the person(s) receiving assistance.

Housing Assessment and Resource Agency (Member Agency): A physical location with consolidated services in a community for homeless individuals/families. The center is the one recognized central point of entry/intake and assessment to ease the process of applying for resources. A member agency often has consolidated human services, housing assistance and other related services as available. The member agency employs a Housing Resource Specialist(s) who serves the CoC area.

Housing Locator: The Tennessee Housing Locator identifies affordable housing and can be found at <http://www.thda.org/index.aspx?NID=345>. The Housing Locator may be helpful in rapidly re-housing people.

Housing Stability Plan: A Housing Stability Plan must be completed for all individuals that receive an assessment. The Housing Stability Plan is intended to be a guide for both the household and the service agencies.

Housing Resource Specialist: Recognized worker steeped in housing with a basic understanding of rental assistance programs. This worker knows the local rental housing stock and its turnover rate, area landlords, and the condition of their property.

Housing Resource Specialists must receive training to make the centralized intake and housing assessment process effective. Activities performed by a Housing Specialist include: intake; assessment; creation of a Housing Stability Plan that includes a path to permanent housing stability subsequent to these funds; arrangement, coordination, monitoring, and delivery of services to assist participants to obtain housing stability. Component activities may include: housing counseling, developing, securing, and coordinating services, monitoring and evaluation of program participant progress, and assuring that the program participants' rights are protected.

Key Partners include: CoC Body, member agencies, and Grant Fiduciary.

Leasing Assistance: Units cannot exceed THDA's payment standards. Leasing payments must be made directly to the Landlord.

Memorandum of Understanding (MOU): A document to define the roles between all parties. Sharing of information is required. (See Participant Releases definition above.)

Homeless Management Information System (HMIS): This system details the homeless demographics including the problems they face, the resources used, and where current services are falling short. (Domestic Violence Agencies use alternative system)

Partners: organizations, agencies and members of the public who fund programs or interact regularly with people in crisis, poverty, or at risk of homelessness. These may include the following:

- Head Start and Early Head Start Agencies;
- Department of Human Services; Child Welfare Agencies; Unemployment Offices;
- WIC Agencies; Hospitals and Health Clinics; Mental Health Agencies;
- Public Housing Agencies; Public Housing Tenant Associations; Property Managers/Landlords;
- Utility Companies;
- Substance Abuse Treatment Programs; Domestic Violence Programs;
- Food Banks; Community Action Agencies; Help Lines (and 211 lines);
- Police; Jails; Prisons; and Probation Offices; Courts;

- Culturally Specific Organizations; Shelters and Homeless Assistance Providers; Veterans Services Organizations; Legal Aid Agencies; School Homeless Liaisons; Community Resource Centers;
- Family Support Centers; Businesses; Workforce Centers;
- Churches and other Faith-Based Organizations

Progress Engagement: Providing just enough assistance to help a household get by each month while providing case management that leads to self-sufficiency.

Residency: ESG assistance must be based upon an individual(s) county of residence; individual(s) cannot receive assistance based on their county of employment. There is no minimal time limit for residency in order to be considered for ESG assistance.

Subsidized housing refers to any housing programs funded by Federal, State, or local government in which rent is based on the tenant's income (such as TBRA, Section 8, etc.).

ESG funds can be used to place or assist those residing in low income housing tax credit (LIHTC) units, unless subsidized with a housing voucher/subsidy. *Be certain that the tenant does not have a housing voucher/subsidy.*

The owner/landlord cannot occupy the assisted unit and cannot be related to any household member (including parent, grandparent, aunt, uncle, or blood relative).

Strength-based Case Management: The relationship between the case manager and the family is one of advocacy and collaboration. The individual family's strengths and goals are identified. The case manager works with the family to achieve short- and long-term goals, helping them access the necessary services. Although housing is usually the primary goal, this cooperative relationship addresses counseling, education, employment, and life skills goals.

What Is It?

- Strengths-Based Practice assesses the inherent strengths of a person or family, and then builds on them.
- Strengths-Based practice uses peoples' personal strengths to aid in recovery and empowerment.
- It's really about reframing personal perception to find good even in the worst situation.

Why Use It?

- It is an empowering alternative to traditional therapies which typically describe family functioning in terms of psychiatric diagnoses or deficits.
- It avoids the use of stigmatizing language or terminology which families use on themselves and eventually identify with, accept, and feel helpless to change. It is at odds with the "victim identity" -- epitomized in popular culture by the appearance of individuals on television or talk radio sharing intimate details of their problems -- which is inherently self-defeating.
- It fosters hope by focusing on what is or has been historically successful for the person, thereby exposing precedent successes as the groundwork for realistic expectations.
- It inventories (often for the first time in the person's experience) the positive building blocks that already exist in his/her environment that can serve as the foundation for growth and change.

- It reduces the power and authority barrier between the person and therapist by promoting the person to the level of expert in regards to what has worked, what does not work, and what might work in their situation.
- It reduces the power and authority barrier between person and therapist by placing the therapist in the role of partner or guide.
- Families are more invested in any process where they feel they are an integral part.
- And lastly - it works.

QUICK-REFERENCE CHARTS

Prevention—includes activities detailed in the chart below:

Assistance	Qualifications (income below 30% AMI)	GUIDANCE (Payment always goes to a third party.)
<p>Rental Arrearages up to 6 months maximum</p> <p>Leasing Assistance 12 months maximum</p> <p>NOTE: Total per household/per grant year is capped at 18 months of rental assistance for the combination of rental arrearages and rental assistance</p>	<p>Certified Homeless: (Form 2a)</p> <p>Certified At Risk: (Form 2b)</p> <p>Verified income: Re-certification is required after 12 month assistance (if participant continues to need assistance after initial 12 month period, income must be re-verified.)</p> <p>Prioritization for those participants most in need by targeting those closest to going to a shelter, car, or the street with the following Risk Factors:</p> <ul style="list-style-type: none"> ➤ Extremely Low Income ➤ Criminal Histories ➤ Behavioral Health Issues ➤ Poor Employment Histories 	<ul style="list-style-type: none"> • Units cannot exceed HUD Fair Market Rent; • Leasing payments must be made directly to landlords; • Lease agreement is required; • Grantees must maintain verification of need, income, and all other pertinent information as required by HUD and THDA in the participant's file; • Grantees must create a housing stabilization plan accessible on HMIS, if the recipient is receiving leasing assistance; • Lead Based Paint requirements apply; • HUD Habitability Inspection is required before assistance can be provided; • If a rental assistance situation, rent reasonableness is required, i.e. 3 rent comps; • Participants must meet with a case manager monthly; • Recertification is required yearly. (Income must be verified and documented at intake/screening and every 12 months)

Security Deposit	Available Cannot exceed two month's rent. (Allowed under Prevention if it allows a household to avoid becoming homeless.)	<ul style="list-style-type: none"> • Habitability Inspection and Lead Based Paint required; • A deposit can be provided with/without leasing assistance. • Rent Reasonableness required
Utility Arrearages Utility Deposits	Available <ul style="list-style-type: none"> • For utility arrearages only if they have shut off notice. • Deposit(s) available if needed. • Capped at 6 months of total arrearage per grant year 	<ul style="list-style-type: none"> • Habitability Inspection and Lead Based Paint required; • Rent Reasonableness required
Mediation	Available	
Identification (ID)	Available <ul style="list-style-type: none"> • Obtain IDs 	<ul style="list-style-type: none"> • Eligible expenses include: birth certificates, social security cards, and driver's license.
Lead-Based Paint Inspection	<ul style="list-style-type: none"> • Required if the household has a child age 6 or younger or pregnant woman and if the property was built prior to 1978. 	<ul style="list-style-type: none"> • Lead Based Paint requirement apply to both prevention and rapid re-housing.
Habitability Inspection	Required if providing security deposit, rental arrearages, leasing assistance, utility deposits and utility arrearages.	<ul style="list-style-type: none"> • See Habitability Standards Inspection Form No.10
Housing Quality Standards (HQS)	Not Required	
Rent Reasonableness	Required if providing security deposit, rental arrearages, leasing assistance, utility deposits and utility arrearages.	<ul style="list-style-type: none"> • See Rent Reasonableness Form No. 9

Rapid Rehousing-includes activities in detailed in the chart below:

Assistance	Qualifications	GUIDANCE (Payment always goes to a third party.)
<p>Rental Assistance up to 9 months maximum per year</p>	<p>Certified Homeless: Category 1 <u>Only</u> (Form 2a)</p> <p>Verified income: * not required</p> <p>Target populations:</p> <ol style="list-style-type: none"> 1. Homeless with a Disability – as defined by HUD 2. Chronically Homeless 3. General Homeless 	<ul style="list-style-type: none"> • Units cannot exceed HUD Fair Market Rent; • Rental payments must be made directly to landlords; • Copy of lease agreement required; • Grantees must maintain verification of need, income, and all other pertinent information as required by HUD and MSHDA in the participant’s file; • Grantees must create a housing stabilization plan accessible on HMIS, if the recipient is receiving leasing assistance; • Lead Based Paint required; • HUD Habitability Inspection is required for Leasing Assistance; • Recertification is required yearly. (Income must be verified and documented at intake/screening and every 12 months); • Participants must meet with a case manager monthly; • If a rental assistance situation, rent reasonableness is required, i.e. 3 rent comps.

Security Deposit	Available Cannot exceed two months' rent. (Allowed under Rapid Re-housing, if needed, to assist in getting household in a unit.)	<ul style="list-style-type: none"> • Habitability Inspection and Lead Based Paint required. • Security deposit is available plus up to six months of rental assistance. • Rent Reasonableness required.
Utility Arrearages Utility Deposits	Available <ul style="list-style-type: none"> • For utility arrearages only if they have shut off notice. • Deposit(s) available if needed. • Capped at 6 months of total arrearage per grant year 	<ul style="list-style-type: none"> • Must have Shut off Notice or Notice of Termination for arrearages. • Habitability Inspection and Lead Based Paint required. • Rent Reasonableness required.
Mediation	Available	
Identification (ID)	Available <ul style="list-style-type: none"> • Obtain IDs 	<ul style="list-style-type: none"> • Eligible expenses include: birth certificates, social security cards, and driver's license.
Lead-Based Paint Inspection	<ul style="list-style-type: none"> • Required if the household has a child under the age of 6 or pregnant woman and if the property was built prior to 1978. 	<ul style="list-style-type: none"> • Lead Based Paint required
Habitability Inspection	Required for security deposit, rental arrearages, leasing assistance, utility deposit and utility arrearages	<ul style="list-style-type: none"> • See Habitability Standards Inspection Form No. 10
Housing Quality Standards (HQS)	N/A	N/A
Rent Reasonableness	Required if providing security deposit, rental arrearages, leasing assistance, utility deposits and utility arrearages.	<ul style="list-style-type: none"> • See Rent Reasonableness Form No. 9