

## **HEARTH ESG Interim Rule – Program Components and Requirements**

On May 20, 2009, President Obama signed the Homeless Emergency and Rapid Transition to Housing (HEARTH) Act of 2009. The HEARTH Act amends and reauthorizes the McKinney-Vento Homeless Assistance Act with substantial changes.

On November 15, 2011, HUD released the Interim Rule for the Emergency Solutions Grant – [http://www.hudhre.info/documents/HEARTH\\_ESGInterimRule&ConPlanConformingAmendments.pdf](http://www.hudhre.info/documents/HEARTH_ESGInterimRule&ConPlanConformingAmendments.pdf). The Emergency Solutions Grant (ESG) Interim Rule establishes procedures and guidelines for the ESG program, which was modified by the HEARTH Act of 2009. The ESG Interim Rule will go into effect on January 4, 2012. HUD will accept public comments until February 3, 2012.

The new Emergency Solutions Grant replaces the former Emergency Shelter Grant. The new name reflects “the change in the program’s focus from addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.” [ESG Interim Rule, pp 1-2]

A recent HUD webinar [<http://hudhre.info/index.cfm?do=viewResource&ResourceID=4520>] presented five priorities that were taken into account when developing the ESG Interim Rule:

- Broaden existing emergency shelter and prevention activities
- Emphasize Rapid Re-Housing
- Help people quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness
- Enhance alignment of ESG regulations with other HUD programs (such as CDBG, HOME, and Housing Choice Voucher programs)
- Support more coordinated and effective data collection, performance measurement, and program evaluation

In order to achieve these five priorities, the Interim Rule outlines several ESG program components in addition to ESG program administration.

- Street Outreach
- Emergency Shelter
- Rapid Re-Housing
- Homelessness Prevention
- HMIS
- Administration

The ESG Interim Rule also describes several other program requirements, including:

- Area-wide systems coordination
- Evaluation of program participant eligibility and needs
- Guidance on terminating assistance
- Shelter and housing standards
- Recordkeeping and reporting

In the future, HUD’s [www.hudhre.info](http://www.hudhre.info) website will include User Guides, at-a-glance charts and sample forms.

### ESG-Funded Street Outreach and Emergency Shelter

ESG funds used for street outreach and emergency shelter activities will be limited to 60% of the recipient's total annual ESG grant or the harmless amount of FY 2010 ESG grant funds committed for street outreach and emergency shelter activities in FY 2010.

ESG Component	Street Outreach	Emergency Shelter
Eligible Program Participants	<p>Unsheltered individuals and families with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground.</p>	<p>Individuals and families in Emergency Shelters. The age of a child under age 18 must not be used as a basis for denying any family's admission to an emergency shelter that uses ESG funding or services and provides shelter to families with children under age 18.</p>
Eligible Activities – Essential Services	<ul style="list-style-type: none"> <li>• Engagement</li> <li>• Case Management</li> <li>• Emergency Health Services</li> <li>• Emergency Mental Health Services</li> <li>• Transportation</li> <li>• Services for Special Populations</li> </ul> <p>[See pages 86-90 of Interim Rule for more details.]</p>	<ul style="list-style-type: none"> <li>• Case Management</li> <li>• Child Care</li> <li>• Education Services</li> <li>• Employment Assistance and Job Training</li> <li>• Outpatient Health Services</li> <li>• Legal Services</li> <li>• Life Skills Training</li> <li>• Mental Health Services</li> <li>• Substance Abuse Treatment Services</li> <li>• Transportation</li> <li>• Services for Special Populations</li> </ul> <p>[See pages 91-96 of Interim Rule for more details.]</p>
Eligible Activities – Shelter Activities		<ul style="list-style-type: none"> <li>• Renovations</li> <li>• Shelter Operations</li> <li>• Relocation Assistance to Persons Displaced by ESG-Funded Project</li> </ul> <p>[See pages 96-98 of Interim Rule for more details.]</p>

## ESG-Funded Rapid Re-Housing and Homelessness Prevention

ESG Component	Rapid Re-Housing	Homelessness Prevention
<p><b>Eligible Program Participants</b></p>	<p>Individuals and families who qualify as homeless under paragraph (1) of the homeless definition.</p> <p>Eligible participants must be literally homeless and currently living in a shelter or place not meant for human habitation.</p> <p>[See page 74 of the HEARTH homeless definition Final Rule for the criteria in paragraph (1) of the homeless definition.]</p>	<p>Extremely low-income individuals and families who have an annual household income below 30% of area median income AND who fall under the “at risk of homelessness” definition or meet the criteria in paragraph (2), (3), or (4) of the homeless definition.</p> <p>Eligible participants must be at risk of moving into a shelter or place not meant for human habitation.</p> <p>[See pages 81-82 of the Interim Rule for the “at risk” definition; see pages 75-76 of the HEARTH homeless definition Final Rule for the criteria in paragraph (2), (3) and (4) of the homeless definition.]</p>
<p><b>Eligible Activities</b></p> <ul style="list-style-type: none"> <li>– Housing</li> <li>– Relocation and Stabilization</li> <li>– Services</li> </ul>	<p><b>Financial Assistance:</b></p> <ul style="list-style-type: none"> <li>• Rental application fees</li> <li>• Security deposits (no more than 2 months’ rent)</li> <li>• Last month’s rent</li> <li>• Utility deposits</li> <li>• Utility payments (up to 24 months in any 3-year period, including up to 6 months of arrears)</li> <li>• Moving costs</li> </ul> <p><b>Services:</b></p> <ul style="list-style-type: none"> <li>• Housing search and placement</li> <li>• Housing stability case management (cannot exceed 30 days during housing search period)</li> <li>• Mediation</li> <li>• Legal services</li> <li>• Credit repair</li> </ul> <p>[See pages 99-103 of the Interim Rule for more details.]</p>	<p><b>Financial Assistance:</b></p> <ul style="list-style-type: none"> <li>• Rental application fees</li> <li>• Security deposits (no more than 2 months’ rent)</li> <li>• Last month’s rent</li> <li>• Utility deposits</li> <li>• Utility payments (up to 24 months in any 3-year period, including up to 6 months of arrears)</li> <li>• Moving costs</li> </ul> <p><b>Services:</b></p> <ul style="list-style-type: none"> <li>• Housing search and placement</li> <li>• Housing stability case management (cannot exceed 30 days during housing search period)</li> <li>• Mediation</li> <li>• Legal services</li> <li>• Credit repair</li> </ul> <p>[See pages 99-103 of the Interim Rule for more details.]</p>

ESG Component	Rapid Re-Housing	Homelessness Prevention
<p>Eligible Activities – Rental Assistance</p> <ul style="list-style-type: none"> <li>• Short-term rental assistance up to 3 months</li> <li>• Medium-term rental assistance up to 24 months</li> <li>• One-time payment of rental arrears up to 6 months, including late fees on those arrears</li> <li>• Any combination of rental assistance up to 24 months during any 3-year period, including any payment for last month's rent</li> <li>• Tenant-based or project-based rental assistance up to 24 months</li> <li>• ESG recipients may set different maxima</li> </ul> <p>[See pages 103-108 of the Interim Rule for more details.]</p>	<ul style="list-style-type: none"> <li>• Short-term rental assistance up to 3 months</li> <li>• Medium-term rental assistance up to 24 months</li> <li>• One-time payment of rental arrears up to 6 months, including late fees on those arrears</li> <li>• Any combination of rental assistance up to 24 months during any 3-year period, including any payment for last month's rent</li> <li>• Tenant-based or project-based rental assistance up to 24 months</li> <li>• ESG recipients may set different maxima</li> </ul> <p>[See pages 103-108 of the Interim Rule for more details.]</p>	<ul style="list-style-type: none"> <li>• Short-term rental assistance up to 3 months</li> <li>• Medium-term rental assistance up to 24 months</li> <li>• One-time payment of rental arrears up to 6 months, including late fees on those arrears</li> <li>• Any combination of rental assistance up to 24 months during any 3-year period, including any payment for last month's rent</li> <li>• Tenant-based or project-based rental assistance up to 24 months</li> <li>• ESG recipients may set different maxima</li> </ul> <p>[See pages 103-108 of the Interim Rule for more details.]</p>
<p>Requirements – Housing Relocation and Stabilization Services</p>	<ul style="list-style-type: none"> <li>• Participants must meet with a case manager at least once a month for the duration of the assistance</li> <li>• Participants must be assisted in obtaining appropriate supportive services and mainstream benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Participants must meet with a case manager at least once a month for the duration of the assistance</li> <li>• Participants must be assisted in obtaining appropriate supportive services and mainstream benefits</li> </ul>
<p>Requirements – Rental Assistance</p>	<ul style="list-style-type: none"> <li>• Compliance with FMR limits and rent reasonableness</li> <li>• Compliance with minimum habitability standards</li> <li>• Rental assistance agreement between recipient or subrecipient and owner</li> <li>• Late payment penalties must be paid with non-ESG funds</li> <li>• Lease required between owner and participant for rental assistance</li> <li>• ESG rental assistance cannot be provided to a tenant receiving rental assistance through other public sources during the same time period (one-time payment of rental arrears of tenant's portion excepted)</li> <li>• ESG rental assistance cannot be provided to a participant who is also receiving replacement housing payments under the URA during the same time period</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with FMR limits and rent reasonableness</li> <li>• Compliance with minimum habitability standards</li> <li>• Rental assistance agreement between recipient or subrecipient and owner</li> <li>• Late payment penalties must be paid with non-ESG funds</li> <li>• Lease required between owner and participant for rental assistance</li> <li>• ESG rental assistance cannot be provided to a tenant receiving rental assistance through other public sources during the same time period (one-time payment of rental arrears of tenant's portion excepted)</li> <li>• ESG rental assistance cannot be provided to a participant who is also receiving replacement housing payments under the URA during the same time period</li> </ul>

### ESG-Funded HMIS and Administration

ESG recipients and subrecipients may pay the costs of contributing data to the Continuum of Care's HMIS. ESG recipients may use up to 7.5% of its ESG grant for the payment of administrative costs related to the planning and execution of ESG activities.

ESG Component	HMIS	Administration
<p>Eligible Activities</p>	<p>ESG recipient who is also Continuum of Care (CoC) HMIS Lead Agency:</p> <ul style="list-style-type: none"> <li>• Host and maintain HMIS software/data</li> <li>• Back up, recover, repair HMIS software/data</li> <li>• Upgrade, customize, enhance HMIS</li> <li>• Integrate and warehouse data</li> <li>• Administer the system</li> <li>• Report to providers, the CoC and HUD</li> <li>• Conduct training on using the system or comparable database</li> </ul> <p>ESG recipients and subrecipients:</p> <ul style="list-style-type: none"> <li>• Purchase or lease computer hardware</li> <li>• Purchase software or software licenses</li> <li>• Purchase or lease equipment</li> <li>• Obtain technical support</li> <li>• Lease office space</li> <li>• Pay utility charges to operate or contribute data to HMIS</li> <li>• Pay salaries for operating HMIS</li> <li>• Pay costs of staff to travel to and attend HUD-sponsored/approved trainings</li> <li>• Pay staff travel costs to conduct intake</li> <li>• Pay participation fees charged by HMIS lead (if recipient or subrecipient is not HMIS lead)</li> <li>• Establish and operate a comparable database (victim service providers or legal service providers)</li> </ul>	<ul style="list-style-type: none"> <li>• General management, oversight and coordination</li> <li>• Training on ESG requirements</li> <li>• Consolidated plan</li> <li>• Environmental review</li> </ul> <p>[See pages 110-112 of ESG Interim Rule for more details.]</p>
<p>Requirements</p>	<p>HMIS participation is mandatory for ESG recipients and subrecipients. Victim service providers and legal service providers may use a comparable database to produce unduplicated, aggregate reports.</p>	<p>While not a requirement, ESG recipients that are metropolitan cities or urban counties may share administrative funds with subrecipients.</p>

## ESG Program Requirements

<p><b>Area-wide systems coordination</b></p>	<ul style="list-style-type: none"> <li>• Consultation with CoCs</li> <li>• Coordination with other targeted homeless services</li> <li>• System and program coordination with mainstream resources</li> <li>• Centralized or coordinated assessment</li> <li>• Written standards for providing ESG assistance</li> <li>• Participation in HMIS</li> </ul> <p>[See pages 121-126 of ESG Interim Rule for more details.]</p>
<p><b>Evaluation of program participant eligibility and needs</b></p>	<ul style="list-style-type: none"> <li>• Initial evaluations of participant eligibility (in accordance with the centralized or coordinated assessment requirements and established local ESG written standards)</li> <li>• Re-evaluations of participant eligibility for homelessness prevention (at least every 3 months) and rapid re-housing assistance (at least annually)</li> <li>• Annual income calculation using HUD standard</li> <li>• Connecting program participants to mainstream and other resources</li> <li>• Housing stability case management</li> </ul> <p>[See pages 126-128 of ESG Interim Rule for more details.]</p>
<p><b>Guidance on terminating assistance</b></p>	<p>Formal process, including written notice with clear statement of reason for termination, review of decision and written notice of final decision.</p> <p>[See page 129 of ESG Interim Rule for more details.]</p>
<p><b>Shelter and housing standards</b></p>	<ul style="list-style-type: none"> <li>• Lead-based paint remediation and disclosure</li> <li>• Minimum standards for emergency shelters</li> <li>• Minimum standards for permanent housing</li> </ul> <p>[See pages 130-133 of ESG Interim Rule for more details.]</p>

**ESG Program Requirements (continued)**

**Recordkeeping and reporting**

<ul style="list-style-type: none"><li>• At risk of homelessness status (records must include evidence relied upon to establish and verify the individual or family's "at risk of homelessness" status, including an intake and certification form)</li><li>• Determinations of ineligibility (records must include documentation of the reason for ineligibility)</li><li>• Annual income documentation (for all participants who receive homelessness prevention assistance or those participants who receive rapid re-housing assistance longer than one year)</li><li>• Program participant records (e.g., services and assistance provided, compliance with ESG component requirements and termination of assistance documentation)</li><li>• Centralized or coordinated assessment systems and procedures (documentation evidencing the use of, and written intake procedures for, the centralized or coordinated assessment system(s) developed by the CoC)</li><li>• Rental assistance agreements and payments (copies of all leases and rental assistance agreements, documentation of payments made to owners for the provision of rental assistance, and supporting documentation for these payments, including dates of occupancy by program participants)</li><li>• Coordination with CoCs and other programs (documentation of consultation with the CoC and coordination/integration of ESG assistance with other programs targeting the homeless and mainstream programs)</li></ul> <p>[See pages 144-153 of ESG Interim Rule for more details.]</p>
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