



**TEXAS DEPARTMENT OF
HOUSING & COMMUNITY AFFAIRS**
Building Homes. Strengthening Communities.

EMERGENCY SOLUTIONS GRANTS (ESG)

FREQUENTLY ASKED QUESTIONS

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OVERVIEW

Answers to our most frequently asked questions have been grouped into the following general topic areas. In addition to the information on the contents page, you may also use this section by clicking on the hyperlinks below to move to the most appropriate category that applies to your question.

Client Eligibility

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CLIENT ELIGIBILITY

General Eligibility

1. *Who can receive ESG assistance?*

There are two populations that are eligible to receive ESG assistance: 1) persons who meet HUD's homeless definition, and 2) persons who meet the at-risk of homelessness definition and have a household income below 30% of Area Medium Income. Both definitions are found in 24 CFR §576.2

For additional information on client eligibility requirements refer to the following documents available on TDHCA's [ESG Program Guidance](#) page:

1. [Criteria and Recordkeeping Requirements for Definition of Homelessness](#);
2. [Criteria for Definition of At Risk of Homelessness](#);
3. [Recordkeeping for At Risk of Homelessness Definition](#); and
4. [The Homeless Definition and Eligibility for SHP, SPC, and ESG](#).

2. *Do persons seeking ESG assistance have to be legal residents?*

Currently ESG Subrecipients are not required but may verify an applicants' status as a qualified alien before providing ESG assistance. The U.S Department of Housing and Urban Development ("HUD") has not identified ESG assistance as a federal public benefit; therefore, it does not require the verification of qualified alien status. If the Subrecipient chooses to verify status, they must do so in a non-discriminatory fashion. Such verification must be included in a Subrecipient's written standards as required by 24 CFR §576.400 and the cost of verification screening is not an eligible charge to ESG administrative, program, or match funds.

3. *We have a client that wants to move to a city not included in our service area, but we would like our clients that are moving out of the shelter to stay within our service area so that we are able to continue services and case management with them locally. Do we have an obligation to help them move to areas outside of our service area?*

An ESG Subrecipient may choose to limit its ESG assistance to a particular geographical area, however, to do so, it must adopt written standards as required by 24 CFR §576.400(e)(2)(B) that are applied consistently and that explicitly list its defined service area as one of the criteria for determining and prioritizing what ESG services an eligible ESG participant is able to receive.

An ESG Subrecipient can decide to update its written standards to add a geographic limitation to its service area, and once it submits its updated standards to TDHCA, it can begin to use such criteria for future clients.

Even once a geographic limitation is established on the ESG written standards, there are exceptions that the ESG Subrecipient may need to make either as a reasonable accommodation or if the program participant is protected by VAWA 2013.

4. *Can we assist an adult son or daughter of one our employees with ESG funds, if the son/daughter meets all the ESG requirements and the employee does not get paid with ESG funds?*

24 CFR § 576.404(b)(1) states that [No employee] "who exercises or has exercised any functions or responsibilities with respect to activities assisted under the ESG program, or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure."

To determine whether providing ESG assistance in this situation would meet the conflict of interest requirements and thus require a waiver from the Department in order to assist the son/daughter, the key issues to consider are the employee's role in the organization, influence over ESG decisions, and access to inside information. For more information please review 24 CFR §576.404(b) and contact the Department if you have any questions.

5. *What type of documentation does TDHCA expect to see in our client files during a monitoring visit?*

Please see 24 CFR §576.500 which details the Recordkeeping requirements; including the documentation that should be maintained locally by each Subrecipient.

Please also visit the HUDHRE website for additional information on Recordkeeping requirements. There are multiple HUD webinars regarding recordkeeping located at the following link: <https://www.hudexchange.info/esg/guides> .

Homeless Definition

6. *Are people living “doubled-up” with friends or family considered eligible to receive ESG funds? Is doubled-up part of the homeless definition?*

Persons living “doubled-up” are not considered eligible for ESG on that criterion alone. They must meet the criteria for at-risk of homelessness and the related income requirements. Currently, being doubled-up is not part of the homeless definition.

- See HEARTH Homeless Definition Final Rule at: <https://www.hudexchange.info/resource/1928/hearth-defining-homeless-final-rule/> .
- You may find additional guidance on the homeless definition and eligibility for ESG at: <https://www.hudexchange.info/resource/2020/the-homeless-definition-and-eligibility-for-shp-spc-and-esg/>

7. *Can we use self-declaration by the client without any other supporting documentation to prove that they were homeless prior to entering jail? Can a history of services in HMIS be used?*

In some circumstances persons exiting jail may qualify as Homeless. For documentation of homelessness for persons exiting an institution please follow 24 CFR §576.500 (b)(2)(i)(ii). Also keep in mind HUD's order of priority for documentation:

- 1) Third Party-Written (including already available documents), Oral. The HMIS records are also an acceptable form of third party documentation.
- 2) Intake Staff Observations
- 3) Self-Certification. Self certification is one of the acceptable forms of documentation.

8. *If a person was not homeless prior to being arrested and placed in jail, but will be homeless upon discharge from jail, can they qualify to meet the homeless definition?*

If the applicant was not homeless prior to residing in an institution, the applicant's status would need to be determined after exiting the institution. This means that the individual would need to meet 24 CFR §576.2:

- Category 1 (i) or (ii) of the homeless definition to receive rapid re-housing or emergency shelter services, OR
- Category 1 (i), (ii), and (iii)(F) of the at risk of homelessness definition to receive homelessness prevention services. The Department has not received any additional clarification on this question.

At-Risk of Homelessness Definition

9. *Is an eviction notice sufficient documentation to qualify an applicant as meeting the “at-risk of homelessness” definition?*

No. An eviction notice alone does not qualify someone as meeting the at-risk of homelessness definition. The eviction notice does meet the qualification of 24 CFR §576.2 (1)(iii)(C): “has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance.” For persons to qualify for ESG assistance under the at-risk of homeless definition, the person must meet other applicable category criteria including the criteria for income determination.

10. *If a lease clearly states that a tenant will be in violation of the lease if utilities are not paid, can we use utility disconnect notices to qualify someone as meeting the at-risk of homelessness definition?*

A utility termination notice alone is not sufficient to determine if a person is eligible for ESG assistance. To determine whether a person is eligible to receive ESG assistance, the person must meet ESG eligibility requirements for homeless or at-risk of homelessness definitions, including having a household income that is below 30%.

Where a lease clearly indicates that a utility disconnect is a violation of the lease, an eligible applicant may be assisted with utilities, per 24 [CFR §576.105 \(a\) \(5\)](#), given that the above requirements are met. However, prior to proving utility assistance, it is essential to (1) connect program participants to mainstream and other resources, per [24 CFR §576.401 \(d\) \(i\)](#), and (2)

provide housing stability case management, per [24 CFR §576.401 \(e\) \(1\)](#), both of which may help with long-term housing stability.

Income Eligibility

11. *What documentation is required to determine income eligibility for persons applying for ESG assistance? Is there income eligibility training available for ESG Subrecipients?*

Homeless Prevention applicants must be determined income eligible. Income must be determined at the time of the initial evaluation and every three (3) months thereafter, as long as the service continues.

Street Outreach, Emergency Shelter, and Rapid Re-housing applicants who are determined to meet the Homeless Definition do not have to meet the income requirements at the time of initial evaluation, but are required to do so twelve (12) months from the initial application, if the services continue to be provided.

Subrecipients must use the Income Screening Tool and Income Certification forms available on the [ESG Program Guidance Page](#) to calculate the income of applicants.

The documentation collected and maintained for income eligibility needs must also meet the standards identified in the following regulations:

- [HUD Handbook 4350.3 Chapters 3&5](#)
- [24 CFR §576.401\(c\)](#)
- [24 CFR §5.609](#)
- [24 CFR §576.400\(e\)](#)
- [24 CFR §576.500 \(d\)\(e\)](#)

The following income trainings are available:

- The Department has posted a webinar for ESG income eligibility at the following link:
<http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm>.
- The Department’s Compliance Division also offers a first-come, first-serve training the first Thursday of every month in Austin – “1st Thursday Income Eligibility Training”. You may register for the class by submitting the registration form available at: <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html>.

12. *Where can I find the current Area Median Income (AMI) table that is used to determine income eligibility for ESG assistance?*

HUD updates the AMI dataset each year. Subrecipients should always use the most current income guidelines available. The latest Area Median Income limits can be found on the Department’s ESG webpage: <http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm>

13. How should the number of persons in the household and income be calculated for victims of domestic violence who are still residing with their batterer while developing a plan to flee?

If the person meets the homeless definition, category 4 then his/her income plus the income of any persons in the household who are also fleeing must be counted to determine eligibility for the ESG assistance.

14. Is re-certification required for only the Homelessness Prevention component of the grant or also the Rapid Re-housing component?

24 CFR §576.401(b) Re-evaluations for homelessness prevention and rapid re-housing assistance states: (1) The recipient or Subrecipient must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs:

- not less than once every 3 months for program participants receiving homelessness prevention assistance, and
- not less than once annually for program participants receiving rapid re-housing assistance.
- For re-certification details please see the 24 CFR §576.401(b)

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ELIGIBLE ESG ACTIVITIES AND EXPENSES

Street Outreach

15. Can you clarify if essential services under Street Outreach services may be offered in an office or shelter setting?

Under the Street Outreach component, ESG funds may be used to cover costs of providing services to unsheltered homeless people on the street (the services must be provided on the street, not in a facility or an office). If persons are coming into a facility to receive essential services, that would not be considered Street Outreach. For details please see 24 CFR §576.101.

16. Can case management for street outreach activities be completed in the office?

To be considered part of the Street Outreach component, all eligible activities, including case management, must be provided in the street, not in a permanent fixed location. An agency may however decide to provide case management or housing case management services in their shelter/offices for clients who initially receive street outreach services, but such case management services would have to be budgeted and reported under its applicable ESG component (i.e. Emergency Shelter or Rapid Re-housing).

17. Under street outreach eligible activities (services for special populations), can hotline services for domestic violence victims be included under this category?

Hotline services for domestic violence victims cannot be included under the street outreach budget category, as street outreach services have to be performed in unsheltered areas where persons who are homeless are living, e.g. in parks, under bridges, etc. While the clients you mention may be calling you from these places, the service is not being provided out in these places and therefore is not considered Street Outreach. However, if during an eligible street outreach activity, a domestic violence victim needed to call a hotline and used the cell phone of a case worker, the cost of this service would be eligible as Street Outreach.

Emergency Shelter

18. What are the guidelines for using ESG funds to cover hotel/motel assistance?

The use of ESG funds to pay for hotels or motels vouchers is allowable under the following conditions:

- (1) Under 24 CFR §576.102(a)(3), the ESG Interim rule allows for ESG funds to cover the costs of a hotel or motel stay in cases where no appropriate emergency shelter is available for a homeless family or individual.
- (2) Per HUD's guidance provided for the applicability of the Equal Access to Housing Rule to the ESG program:
 - Sex-segregated shelters may make alternative accommodations for transgender people on a case-by-case basis, such as providing a hotel voucher to ensure their safety, and
 - Shelters serving households with children may make alternative accommodations such as providing a hotel voucher, to men with children or two adults and children to ensure all household are served equally, with equivalent lodging amenities to those offered in the shelter. For example, if the persons being served in a shelter have access to a kitchen, the persons being served with hotel vouchers must also have access to a kitchen.

19. While redoing the floor/carpet in our shelter, we will displace shelter clients for a week. Can we use ESG funds to pay for a hotel to shelter displaced clients?

If there is not an appropriate emergency shelter available for a homeless family or individual, ESG funds can cover the costs of a hotel or motel stay. 24 CFR §576.102 (a)(3).

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) generally does not apply to emergency shelters since they are not considered to be a "dwelling" because such a facility is usually not a place of permanent, transitional or customary and usual residence. 49 CFR §24.2(a)(10)

20. We can't find a definition of "maintenance, including minor or routine repairs." Can you give some examples of what is and is not included in that area?

Per HUD's definition in 24 CFR §58.2, maintenance includes activities such as cleaning, painting, replacement of appliances (free standing such as refrigerator), and protective/preventative maintenance such as pest control. Minor repair is not defined by HUD guidance, but is included in HUD's definition of rehabilitation. However, activities

such as the replacement of fixed appurtenances such as toilets or sinks, crown molding, drywall patching and roof repair are distinctly not considered maintenance.

21. *Are landscaping services for a shelter an eligible cost?*

This is a possible eligible cost. 24 CFR §576.102(a)(3) allows for reimbursement of necessary and reasonable costs to operate and maintain emergency shelters.

22. *An ESG funded shelter would like to provide services (food/medicines/etc) to homeless persons who do not stay at their shelter. Is this allowable?*

It depends on the activities that the Shelter is performing.

- Meals may be provided to homeless persons being served at the shelter, under the Shelter Operations budget category, regardless if they stay overnight; see 24 CFR §576.102(a).
- If the shelter staff is engaging in street outreach activities, meals and emergency health services can be provided on the street; see 24 CFR §576.101(a)(1) and (3).

Homelessness Prevention and Rapid Re-Housing

23. *I am currently working to rapidly re-house a family. The family has a Section 8 voucher and will only need assistance with applicable application fees, security & utility deposits. The client has been told that in addition to the "application fee" there is a required "administrative" fee. Are "Administrative Fees" allowable ESG expenditures? If so, can the fee be considered part of the application fee?*

Please see 24 CFR §576.105 Housing Relocation and Stabilization Services (HRSS), which states the following: (a) Financial assistance costs. Subject to the general conditions under 24 CFR §576.103 and §576.104, ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs: (1) Rental application fees. ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.

This means that a rental application fee is an allowable HRSS cost if the client meets the eligibility requirements in 24 CFR §576.103 and §576.104. Subrecipients will need to determine locally if the administrative fee is part of the application fee and if it charged by the owner to all applicants. If so, then it would be an allowable ESG cost.

24. *If a client qualifies for program assistance and has rental arrears (which include late fees), can ESG funds be used to pay the late fees?*

This is a possible allowable program expenditure. Please see the requirements in 24 CFR §576.106(a)(3), which state “Payment of rental arrears consists of a one-time payment for up to 6 months of rental arrears, including any late fees on those arrears.”

Subrecipients should keep in mind that habitability standards (24 CFR §576.403(c)) apply any time ESG funds are used to help a program participant remain in or move into housing

under the Rapid Re-housing or Homelessness Prevention components. This would include providing rental arrears assistance.

25. *Since the contract is for 12 months, can we assist clients with lease agreements past the end of the contract period? Is there a way to "roll over" assistance to the following year's grant?*

Any lease agreements that run past the end of the contract period may not be paid out of that contract year's grant funds. While it is possible that the Subrecipient will receive ESG funds for the next grant cycle, this is not guaranteed.

In situations where the lease runs past the contract end date, it is important to find other sources of funds to assist the client before signing an assistance agreement. Should rental assistance continue to be needed beyond the term of the lease, Subrecipients should work with clients to connect them to other mainstream services.

26. *Can we use ESG funds while the client waits to receive assistance from another fund source such as Section 8?*

Yes, as long as the client meets the definition of homeless or at-risk of homelessness and the client qualifies to receive assistance under a component of ESG that the Subrecipient administers. Once the client begins receiving assistance from an additional fund source, then the ESG assistance would no longer be allowable: "rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance, or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources. Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the URA during the period of time covered by the URA payments." See 24 CFR §576.106(c).

27. *For utility assistance, with the client's name on the lease, do the utilities also have to be in the client's name, or can we pay for the utilities under a different name?*

Please see 24 CFR §576.106(a)(5) "Utility payments. ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears, per service. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No program participant shall receive more than 24 months of utility assistance within any 3-year period."

28. *What is the guidance on utility assistance?*

Utility assistance payments are an allowable ESG activity per 24 CFR §576.105 (a)(4) and (5), which states "(a) Financial assistance costs. Subject to the general conditions under 24 CFR §576.103 and §576.104, ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs:"

(4) Utility deposits. ESG funds may pay for a standard utility deposit required by the utility company for all customers for the utilities listed in paragraph (5) of this section.

(5) Utility payments. ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears, per service. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No program participant shall receive more than 24 months of utility assistance within any 3-year period.

According to HUD, HRSS Financial Assistance and Services require inspections for Housing Standards and Lead-Based Paint Requirements (when applicable). Please see the following link for further guidance: <https://www.hudexchange.info/resource/2890/applicable-requirements-for-rental-assistance-and-housing-relocation-services/>

Depending on the type of assistance provided, a vendor agreement and/or a rental agreement may be required. Please see 24 CFR §576.106(e), Rental assistance agreement, for additional details.

29. *Can we use ESG funds to help with mortgages?*

No, this is not an allowable ESG activity.

30. *If a potential client is about to have their home foreclosed, can ESG funds be used to pay utilities or fees to try and help prevent foreclosure?*

No. Since the client owns a home they do not meet the definition of homeless or at-risk of homelessness. Mortgage assistance is also not an allowable ESG activity. Subrecipients can refer clients who are facing foreclosure to the **HOPE for Homeowners Hotline at 1-888-995-HOPE (4673)**.

Cross-cutting

31. *Is staff overtime an eligible expense?*

If the overtime can be attributed to the ESG program and accounted for, then it's an allowable expense. See OMB Circular A-122, A-87 Att. B(8)(f).

32. *Can we charge paid time off to the ESG grant? Or is it actual time work on the grant only?*

Paid time off is an allowable ESG expenditure. See OMB Circular A-122, Att. B(8)(g)(1); OMB Circular A-87 Att. B(8)(d)(2).

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PROGRAM REQUIREMENTS

General

33. *Are the new OMB regulations applicable to our grant?*

2 CFR Part 200 – the “Omni Circular” will go into effect on 12/26/2014, but generally will not impact 2014 ESG funds.

34. *Where can we find guidance about procurement?*

The Department has developed a webpage to provide more in-depth guidance about procurement for Community Affairs Subrecipients; please utilize this site: <http://www.tdhca.state.tx.us/community-affairs/procurement/index.htm>

Most of the new OMB regulations in 2 CFR Part 200 will not be in effect until the 2015 ESG funds are distributed. However, there is an exception for procurement activities. For procurement, for the first full fiscal year that begins on or after December 26, 2014, the Subrecipient must document whether it is in compliance with the old or new standard, and must meet the documented standard. For example, the first full fiscal year for a Subrecipient with a June 30th year end would be the year ending June 30, 2016.

35. **Where can we find any required ESG forms/documents to be used by current ESG Subrecipients?**

The Department has posted relevant and/or required ESG program documents on the TDHCA ESG Program Guidance Page (<http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm>) under the “Program Forms” heading. Some of the forms currently posted are:

- Budget Amendment Form
- Income Screening Tool
- Income Certification
- Rental Assistance Agreement Form*
- Vendor Agreement
- Community Affairs Contract System Access Request Form
- Audit Certification Form
- Cumulative Inventory Report Form
- Vendor Direct Deposit Authorization Form

*The Rental Assistance Agreement Form is a TDHCA-required form.

Written Standards

36. *Do Subrecipients have to follow the ESG written standards that they submitted to TDHCA at the beginning of the contract during the entire contract period?*

Yes, ESG Written Standards must be adhered to during the entire contract period. ESG written standards will also be reviewed during the monitoring visits from the TDHCA Compliance division. If Subrecipients wish to revise their written standards during the contract period, they may do so, but the written standards would only become effective whenever submitted to the Department.

Rental Assistance and Vendor Agreements

37. What type of rental units may be assisted with ESG Homelessness Prevention and Rapid Re-Housing funds?

Rental units paid with ESG Homelessness Prevention or Rapid Re-Housing funds must:

- (1) Comply with Fair Market Rent limits as calculated in 24 CFR §982.503;
- (2) Comply with Rent Reasonableness requirements outlined in 24 CFR §982.507;
- (3) Comply with Minimum Habitability Standards, including lead-based paint requirements;
- (4) Have a Rental Assistance Agreement with specific lease stipulations between the Subrecipient and the landlord (property manager or owner)
- (5) Have a legally binding, written lease agreement between tenant and landlord; and
- (6) Not be used with other subsidies of the same type.

If the aforementioned criteria are met, then rental assistance would be an allowable expenditure of ESG funds for persons meeting the ESG program client eligibility requirements. Rental assistance may be provided for apartments, rental houses, rented rooms in houses, etc.

38. We are having difficulty getting the utility vendors to agree with the vendor agreement, particularly the part that requires the vendor to return the deposit to the Subrecipient. Do we need a vendor agreement?

The ESG contract no longer requires that utility deposits be returned to the Subrecipient.

39. Can the ESG rental agreement required between the Subrecipient and the landlord be month to month?

Yes. It may be month to month. The ESG Interim rule does not restrict the term of the agreement.

Please note that the monthly payment must not exceed the FMR and must pass the rent reasonable requirements. Please refer to 24 CFR §576.106 (e) and (h) for details.

Fair Market Rent and Rent Reasonableness

40. What is the maximum rental assistance a client may be provided with ESG funds?

According to the ESG regulations (24 CFR §576.106), the maximum rental assistance a client may be provided under the ESG program is the lower of the FMR standard or a “reasonable rent”. Rent reasonableness means that the rent charged for a unit must be reasonable in relation to rents currently being charged for comparable units in the private, unassisted market. Both FMRs and “reasonable rents” serve as rent ceilings in the ESG program.

For additional guidance on FMR and Rent Reasonableness, follow this link:

41. *When a person's rent is above the FMR for their area, can we assist with rent at all?*

If the rent for the unit does not meet FMR for their area, then ESG funds may not be used to assist the household with rental assistance for that unit. ESG funds may only be used to pay for rental assistance that does not exceed the FMR amount and passes the rent reasonableness test. The ESG program does not allow for clients to pay for the difference between the FMR and the unit's actual rent.

Subrecipients can however, assist them to find another unit that does meet the FMR and passes the rent reasonableness test. When a unit does not meet the FMR and rent reasonableness test, Subrecipients may still be able to assist eligible applicants to receive other allowable assistance from other ESG components, or other funding sources (CSBG, CEAP, WX, etc.).

42. *Local housing authorities (HA) update the utility allowance (UA) periodically. What do we do if we enter an agreement with the HA in January and then they update the UA in June, which would make the unit over the FMR, what do we do then?*

Subrecipients should always use the most current UA amount when determining gross rent and FMR for a new client moving into a new location/property. If a client already has a lease and rental assistance agreement established, like in the example above, that met the FMR back when the client moved in, that property should continue to honor that leased rate amount for the remainder of the lease term.

43. *Where can I find the current FMR numbers for rental units?*

FMR's are typically published by HUD in October. Subrecipients should always use the most current rates available. These rates may be found at <http://www.huduser.org/portal/datasets/fmr.html>.

Minimum Habitability Standards

44. *Where can I find guidance for conducting ESG habitability standard inspections?*

Please refer to 24 CFR 576.403 for guidance on the ESG Shelter and Housing Standards, which include habitability standards.

- For Lead-Based Paint requirements, please refer to 24 CFR §576.403 (a);
- For Emergency Shelters minimum standards, refer to 24 CFR §576.403 (b);
- For Permanent Housing minimum standards, refer to 24 CFR §576.403 (c).

Example 1 – If a unit has failed even one area of the habitability standards and the landlord will not approve the repair before payment, must we consider relocation for the client in these cases to be able to use ESG funds? Yes. To use ESG funding, all areas must pass the minimum habitability standards inspection prior to funding.

Example 2 – If a repair to a unit is underway to fix one of the habitability issues, can we approve the unit and the assistance to such unit? No. To use ESG funding, all areas must pass the minimum habitability standards inspection prior to funding.

45. If I am providing only housing relocation and stabilization services under the RRH or HP components, do the habitability requirements apply?

Yes, habitability standards, 24 CFR § 576.403(c), apply any time ESG funds are used to help a program participant remain in or move into housing under the RRH or HP components. This would include providing only rental arrears assistance, only security deposits, only legal assistance, only credit repair, etc.

In cases where the program participant will be moving to a new unit, the habitability requirement applies to the new unit the program participant will move to, not the unit the household is leaving.

This question was answered on [HUD's FAQ website](#), question #2240.

46. Regarding ESG activities that require home inspections: For the inspections of the units, does it have to be a certified inspector?

No, the persons conducting the inspection of units do not need to be certified. Subrecipients must use a minimum habitability checklist posted on the Department website title: “Emergency Solutions Assisted Housing Inspection Checklist” and that checklist can be completed by anyone designated by your agency. <http://www.tdhca.state.tx.us/pmcomp/inspections/physical.htm>

47. If every unit we assist with rental assistance, whether it be prevention or rapid re-housing, has to have an inspection to meet Minimum Habitability Standards, which forms do we use?

Habitability standards, 24 CFR § 576.403(a),(c), apply any time ESG funds are used to help a program participant remain in or move into housing under the Rapid Re-housing or Homelessness Prevention components.

- TDHCA has posted the Emergency Solutions Assisted Housing Inspection Checklist document on the Department website: <http://www.tdhca.state.tx.us/pmcomp/inspections/physical.htm>.
- The following link will take you to a form for lead based paint inspections (Lead Safe Housing Requirements Screening Worksheet): http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/training/web/leadsafe/usefulforms
- Subrecipients may wish to look on the HUD website (<http://portal.hud.gov/hudportal/HUD>) for samples from other HUD programs.
- Please note that the process followed for habitability inspections and lead-based paint remediation must follow the requirements in the sections of the ESG Interim Rule cited above. Below is a link to the Lead Based Paint Visual Assessment Training Course for your information. <http://www.hud.gov/offices/lead/training/visualassessment/h00101.htm>

Continuums of Care (CoCs)

48. Our local CoC is trying to enforce which components we can, and cannot, offer. How are we supposed to proceed?

Regarding the relationship between Subrecipients and their respective CoCs: The 24 CFR §576.400 states that recipients (TDHCA) must consult with the CoCs in determining how to allocate ESG funds each program year, which the Department has done. It goes on to state that Subrecipients and CoCs must coordinate an intake assessment process as well as ‘coordinate and integrate, to the maximum extent practicable, ESG-funded activities with other programs targeted to homeless people in the area covered by the Continuum of Care or area over which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness for that area.’ With that stated in the rule, once those aforementioned requirements are met, it is up to the Subrecipient to work in coordination with the CoC regarding what services are actually provided to the potential clients in their service area. The particular activities that the Subrecipient provides is still a decision to be made by each Subrecipient individually, keeping in mind the potential collaborative effort put forth by all the Subrecipients from the same general geographic area.

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Fair Housing

49. Can an ESG Subrecipient shelter have a policy of only serving single moms with their minor children?

For a shelter, transitional housing project, or permanent housing project to be eligible to receive ESG funds, it must serve all households equally. This includes women with children 17 years of age and younger, men with children 17 years of age and younger, and a household with two or more adults with children 17 years of age and younger. Subrecipients may be able to meet this requirement by 1) offering alternative lodging in the form of hotel vouchers or other lodging equivalent to that in your project, 2) making sure your policies and procedures clearly include serving all households with minor children as a target population of the project; and 3) having marketing materials that clearly indicate that all types of households are eligible to be served.

MATCH REQUIREMENTS

50. Can anybody in the collaborative group provide match? Or does it have to be the lead agency?

The match requirement may be satisfied by one collaborative partner, by the lead agency alone, or by all partners.

51. How do Subrecipients report donations regarding match? When the donation is received? Or when it is spent? Example: Subrecipient receives a \$5,000 private grant in October to use as match. Subrecipient deposits the money in the bank in October, but only spends

\$3,000 of that money in October on ESG allowable activities. On the October Monthly Expenditure Report (MER), does the Subrecipient report the \$5,000 (collected amount), or \$3,000 (the amount spent on allowable expenditures)?

To count toward the required match for the Subrecipient's contract year, cash contributions must be expended within the contract period. The match amount to be reported is the amount spent, just like the other expenditure figures reported on the MER. In the example provided, the Subrecipient would only be able to report \$3,000 on the MER, the amount expended.

52. What is TDHCA's requirement for recording the ESG match financially? Should we keep a spreadsheet or track it in our accounting software?

Please refer to 10 TAC §5.2008 (c) in accounting for program income, the Subrecipient must accurately reflect the receipt of match funds separate from the receipt of federal funds.

Yes, tracking match in the accounting software should be done. You may also track it in a spreadsheet. Refer to 10 TAC §5.2009 (a) – (c) for recordkeeping requirements.

53. Can furniture be used as match?

Yes, donated furniture may be utilized as a match source. However, per 24 CFR §576.201(c), to use funds as match for ESG, the matching contributions must meet all requirements that apply to the ESG funds, therefore only furniture that is allowable under the ESG Interim Rule would be allowed to count as match.

For example, a bed and mattress that is donated to a client who is being rapidly re-housed cannot be used as match, because the purchase of a bed or mattress for clients receiving rapid-housing services is not allowed per the ESG interim rule. However, a bed and mattress that is donated to a shelter could be used as match because such furniture is an allowable expense per 24 CFR §576.102(a)(3).

54. Is the use of general revenue funds as match considered supplanting?

Matching funds are funds that are to be paid in equal amount to funds available from ESG. Supplanting would mean to displace and substitute ESG funds.

24 CFR §576.201(b)(2) states that “Matching contributions may be obtained from any source, including any Federal source other than the ESG program, as well as state, local, and private sources.” If the general funds used as a match meet all the other requirements referenced in 24 CFR §576.201, they could be an eligible match source.

55. As long as a match item meets all qualifying criteria, are we allowed to use match that is not specified within our application budget? For example, we may want to use some private funding to pay for additional ESG client expenses such as utilities. We did not have these funds when the application was submitted. Are there any restrictions on substituting allowable match without going through an amendment procedure?

Additional sources of match that are utilized during the contract period, that were not identified as a match source at the beginning of the contract period does NOT require a budget amendment. The match source must meet all applicable program requirements, especially those outlined in 24 CFR §576.201.

56. *If part of our match salaries are paid out of CSBG funds, will these go under “Federal funds” or “Other” category in the Match section of the Budget Target form?*

CSBG is a federal fund, so it would go under Federal funds.

57. *What is the current rate that we are allowed to claim for Volunteer Hours for this grant for match purposes?*

24 CFR §576.201(e)(2) states “Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the recipient’s or Subrecipient’s organization. If the recipient or Subrecipient does not have employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market.” The rate that may be claimed would be determined by the comparable staff rates, or by the market rate for those duties. Support documentation for comparable rates should be maintained.

BUDGETS

58. *Must Subrecipients use the ESG funds as stated in the original budget?*

Yes, unless you request a budget amendment. Through an amendment, Subrecipients may be able to move money from one budget category to another. However, since performance targets in the contract may not be changed, Subrecipients need to keep in mind how moving money between different budget categories impacts their ability to meet those targets.

Example – A Subrecipient has a Homelessness Prevention budget of \$40,000 for short-term rental assistance (with a performance target of 500), and \$10,000 for medium term rental assistance (with a performance target of 100). Can the Subrecipient amend the budget to have \$25,000 in both medium and short term rental assistance?

Yes, a budget amendment could be done, but if the Subrecipient makes that budget amendment, the Subrecipient needs to determine whether they would still be able to meet the established performance targets by the end of the program year.

59. *How long after the end of the contract, do Subrecipients have to return program income to TDHCA?*

Program income received by the Subrecipient during the two (2) years following the end of the contract period must be returned to the Department. Program income must be returned within ten (10) working days of receipt by the Subrecipient.

Program income earned during the ESG contract period shall count toward meeting the Subrecipient’s matching requirements and should be reported as match, provided the costs are eligible ESG costs that supplement the Subrecipient’s ESG program.

60. *When we initially receive our contracts, what procedures do we follow to withdraw funds in advance?*

To request an advance, Subrecipients need to submit an ESG Monthly Expenditure report. This report is not available until after the ESG contract has been signed. Advances are limited to a one-time 30 day need or \$5,000 whichever is greater.

61. When are Subrecipients allowed to do a budget amendment?

The ESG contracts allow for budget amendments. Written requests for contract amendments may be submitted at any time; however they must be received by the Department by no later than sixty (60) days prior to the end of the Contract Term.

62. How do Subrecipients submit a budget amendment?

The budget amendment form must be completed by the Subrecipient and received by the Department 60 days prior to the contract end date. This budget amendment form should be submitted to the Department Community Affairs Fiscal Section.

Typical reasons for budget amendments include, but are not limited to:

- Movement of funds between any of the budget line items (Street Outreach; Emergency Shelter including Essential Services & Operations; Homeless Prevention including HRSS & TBRA; Rapid Re-Housing including HRSS & TBRA; HMIS; and Admin Costs) listed on the Monthly Expenditure Report. Examples include, but are not limited to:
 - Unable to expend dollars in one category (Street Outreach), so movement from that category (Street Outreach) to another budget category (HP), where the dollars will be spent.
 - Initial budget underestimation of HP assistance, so movement of funds from one category (Emergency Shelter), to HP to cover the expenses.

Typical reasons that would not require a budget amendment include, but are not limited to:

- Movement of funds within the same budget line items listed on the Monthly Expenditure Report (same list as above):
 - Movement of HP HRSS funds within HP HRSS from utility deposits to security deposits

Subrecipients should keep in mind that since targets in the contract may not be changed, Subrecipients need to keep in mind how moving money between different budget categories impacts their ability to meet those performance targets.

The budget amendment form is currently posted on the Department website: <http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm>

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REPORTING

63. In a collaborative where the lead is a victims services provider and refers the ESG client to a partner who is not a victims services provider for rental assistance, does the partner report the client and the related rental assistance into HMIS? In other words does the requirement not to report into HMIS follow the client who is a victim or is it only requirement if the service provider is a victims' services provider?

If an organization is not a victim service provider (agencies with a primary mission to provide services to victims of domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions), it must collect and enter client-level data into

HMIS for all program participants, even those who are victims of these dangerous or life-threatening conditions. Exclusion from participation in HMIS is determined by the mission of the homeless service provider, not by the status of the individual client.

Victim Service Providers and Legal Service Providers do not participate in their community's HMIS, must use a comparable database for collecting client information. All other agencies, , are required to contribute client-level data to HMIS.

While HUD expects all homeless service providers to collect and enter complete and accurate client information into HMIS, clients have the option to refuse to participate in HMIS. Service providers cannot refuse services to a client solely because the client refuses to participate in HMIS. CoCs, HMIS Lead Agencies and service providers are required to ensure confidentiality and to protect the privacy of all clients served.

64. *Are all CoC recipients and Subrecipients required to enter data into HMIS?*

Yes, with two exceptions: victim services providers and legal services providers. Both victim and legal services providers are required to collect client-level data according to the HMIS data collection requirements. Victim services providers are prohibited from entering client data into HMIS and must enter required data into a comparable database instead. Legal services providers are NOT prohibited from entering client-level data into HMIS, but may elect to use a comparable database instead of the HMIS, if the data is protected by attorney-client privilege. However, legal services providers are allowed to enter client data into the HMIS, where victim service providers are NOT. Both victim services providers and legal services providers may use CoC Program funds to establish and operate a comparable database that complies with HMIS requirements.

65. *Does every staff entering monthly reports have to get their own username and password or can everyone in the organization share the same username and password?*

It is recommended that each person have their own login/password. This information shows on reports and makes it easier to track who did what; especially if there are any questions. Please fill out and submit to the Department the Community Affairs Contract System Access Request Form that can be found on the TDHCA ESG Program Guidance webpage: (<http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm>).

66. *Can an ESG Subrecipient report clients seen by agency case managers in the ESG Monthly Performance Report, if those case managers are not directly funded by ESG? What if the case managers are being counted as a match to ESG?*

ESG Subrecipients must report clients if the client is seen under a “match” arrangement. Only report “match clients” who meet the ESG eligibility requirements, receive an ESG-eligible service, AND whose data is entered into an HMIS or comparable database may be reported in the ESG Monthly Performance report.

67. *When completing the demographic information on the ESG Monthly Performance report, are those numbers a combination of the Emergency Shelter numbers and the Homeless Prevention numbers?*

Please refer to Monthly Performance Report Instructions found at: <http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm>
Examples on reporting demographic data only once:

- *Example # 1* – If a person in a homeless situation enters the program in October and receives emergency shelter and case management, that person should be reported in the report for October in the demographic data (Sections A. through G.) and in the Emergency Shelter section (Section I.) in the Shelter and Case Management activities. If the person does not receive any other services before exiting the program, he or she will not be reported again in the demographic data but will be reported in any appropriate outcome measures that are reported at or after a participant’s exit from the program, such as “temporary or transitional housing destination.” If the person receives another service before exiting the program, such as essential services, he or she will not be reported again in the demographic data but will be reported in the Essential Services activity the first time he or she receives the additional service.
- *Example # 2* – If a person/household is initially sheltered in a facility and exits the ESG program, then later during the same contract term re-enters the ESG program and receives rental assistance, the person/household must only be reported once in the demographic data (Sections A. through G.), once in the Emergency Shelter section (Section I.) for their first program enrollment, and once in the Homelessness Prevention section (Section J.) for the second program enrollment.

68. *If an applicant is assessed for program eligibility, and the applicant ultimately does not meet program requirements, should the client be reported on the ESG Monthly Performance report?*

No. Please see the ESG Monthly performance Report Instructions, pg. 5 which states:

General Definitions: Persons Served refers to persons who apply for ESG assistance, meet the ESG eligibility requirements, receive an ESG service, and whose data is entered into an HMIS or comparable database. Except in the case of counting the number of persons with increased income, Subrecipients should count all members of the household as benefitting from a service, regardless of who directly participates in the service.

Here is a link to the instructions located on the ESG page of the TDHCA website. <http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm>

Should they be entered into HMIS?

Subrecipients who have customized their HMIS to track denials may choose to enter data on ineligible clients into the HMIS if their system. Otherwise do not count these individuals.

69. *When reporting clients who self-identify as Hispanic, for example, under ethnicity, how are they categorized under race?*

All data on race should be collected in accordance with *Federal Register* (62 FR 58782), the Office of Management and Budget (OMB) published “Standards for Maintaining, Collecting, and Presenting Federal Data on Race and Ethnicity.” If a client identifies themselves as Hispanic under ethnicity and does not self-identify as any of the races listed then use ***Don’t Know/Refused***. This category reports the unduplicated number of persons served during the month who did not identify their race. Please see pg. 8 of the Monthly Performance Report and Monthly Expenditure Report Instructions for details on race and ethnicity. Also note, staff observations should not be used to collect information on race.

70. *When reporting outcome in the Performance Monthly Report, can we include the outcomes targets associated with match funds?*

Yes, Subrecipients must report outcomes of clients that were directly served with ESG funds AND ESG match funds.

71. *Who do we submit the Cumulative Inventory Report to?*

Inventory reports should be submitted to Department Fiscal & Reporting staff. The contact information for those staff can be found at:

<http://www.tdhca.state.tx.us/community-affairs/contacts.htm>

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