

COUNTY OF MORRIS



EMERGENCY SOLUTIONS GRANT PROGRAM

2024 APPLICATION PACKAGE

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Office of Community Development

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DEADLINE DATE: February 28, 2024



PROGRAM DESCRIPTION

The purpose of the Emergency Solutions Grants (ESG) program is to assist individuals and families quickly to regain stability in permanent housing after experiencing a housing crisis or homelessness. ESG provides grants by formula to states, metropolitan cities, urban counties and U.S. territories to support homelessness prevention, emergency shelter and related services. The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) amended the McKinney-Vento Homeless Assistance Act, revising the Emergency Shelter Grants Program in significant ways and renaming it the Emergency Solutions Grants (ESG) program. The ESG Interim Rule took effect on January 4, 2012. ESG funds may be used for five program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and HMIS; as well as administrative activities (up to 7.5% of a recipient's allocation can be used for administrative activities).

PROGRAM GOALS

The County of Morris Program Goals are concurrent with those stated in the Homeless Definitions and Identifications and in the 2020-2024 5 Year Consolidated Plan. The county funds organizations who exemplify the capacity to promote benefits to persons experiencing homelessness or those at risk of homelessness. Priorities include:

1. Engage homeless individuals and families living on the street;
2. Improve the number and quality of emergency shelters for homeless individuals and families;
3. Help operate these shelters;
4. Provide essential services to shelter residents;
5. Rapidly re-house homeless individuals and families; and
6. Prevent families and individuals from becoming homeless.

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**PLEASE READ ALL OF PART I AND
THE APPLICATION INSTRUCTIONS PORTION OF PART II BEFORE
COMPLETING THIS APPLICATION.**

PLEASE DO NOT STAPLE ORIGINAL.

EMERGENCY SOLUTIONS GRANT

The former Emergency Shelter Grant has been modified as a result of passage of the Homeless Emergency and Rapid Transition to Housing (HEARTH) Act of 2009, which amended the McKinney-Vento Homeless Assistance Act. The new Emergency Solutions Grant (ESG) bears greater emphasis on prevention and the rapid re-housing model.

The Emergency Solutions Grant Program will be made available to local governments and to private nonprofit organizations providing assistance to persons experiencing homelessness or at risk of homelessness.

DEFINITIONS:

AT RISK OF HOMELESSNESS:

(1) An individual or family who:

- (I) Has an annual income below 30 percent of median family income for the area, as determined by HUD;
- (II) Does not have sufficient resources or support networks, *e.g.*, family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “homeless” definition in this section; and

(III) Meets one of the following conditions:

- (A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
- (B) Is living in the home of another because of economic hardship;
- (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;
- (D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
- (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
- (F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, or correction program or institution); or
- (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient’s approved consolidated plan;

(2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C.

5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e– 2(6)), Section 330(h)(5)(A) of the Public Health Service

Act (42 U.S.C. 254b(h)(5)(A)), section 3(m) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 725(2) of the McKinney- Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

HOMELESS:

- (1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - (I) An individual or family 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;
 - (II) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low income individuals); or
 - (III) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- (2) An individual or family who will imminently lose their primary nighttime residence, provided that:
 - (I) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - (II) No subsequent residence has been identified; and
 - (III) The individual or family lacks the resources or support networks, *e.g.*, family, friends, faith-based or other social networks, needed to obtain other permanent housing;
- (3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
 - (I) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e–2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);
 - (II) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
 - (III) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
 - (IV) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration

or detention for criminal activity, and a history of unstable employment; or

(4) Any individual or family who:

- (I) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;
- (II) Has no other residence; and
- (III) Lacks the resources or support networks, *e.g.*, family, friends, faith based or other social networks, to obtain other permanent housing.

CHRONICALLY HOMELESS:

(A) the individual or family

- (I) is homeless and lives or resides in a place not meant for human habitation, a safe haven, or in an emergency shelter;
- (II) has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least 1 year or on at least 4 separate occasions in the last 3 years; each separate occasion must be at least 15 days in duration; and
- (III) has an adult head of household (or a minor head of household if no adult is present in the household) with a diagnosable substance use disorder, serious mental illness, developmental disability, post traumatic stress disorder, cognitive impairments resulting from a brain injury, or chronic physical illness or disability, including the co-occurrence of 2 or more of those conditions. A family will qualify as chronically homeless if the head of household has met all of the requirements in paragraphs (i) through (iii) of the statutory definition, given that a family's composition may fluctuate during the course of the head of household's homeless experience. Additionally, a person who currently lives or resides in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital or other similar facility, and has resided there for fewer than 90 days shall be considered chronically homeless if such person met all of the criteria for homeless prior to entering that facility.

ELIGIBLE ACTIVITIES & OTHER REQUIREMENTS

1. Emergency Solutions Grant applications must be for **one** of the following activities; at least 40% of the County's award must be used for rental assistance and housing stabilization services. The total amount of the recipient's fiscal year grant that may be used for street outreach and emergency shelter activities cannot exceed 60% of the recipient's fiscal year grant;
 - (a) ESG funds may be used for five program components:
 - Street outreach
 - Emergency shelter
 - Homelessness Prevention
 - Rapid Re-housing Assistance
 - HMIS

For detailed descriptions of each component and eligible activities under each, please refer to the Appendix at the end of this document.

(b) *General restrictions.* Activities funded under this section must comply with HUD's standards on participation, data collection, and reporting under a local HMIS.

2. All Emergency Solutions Grant funds must be matched dollar for dollar. This source of match must be indicated on the application. Match can be secured through volunteer hours to carry out program, salary paid to staff to carry out the program, fair market value of donated material or building, or value of any lease on a building.
3. All Emergency Solutions Grant funds must be expended within 24 months from the date of the grant award by HUD.
4. All subgrantees must enter information into HMIS or a comparable database.
5. All subgrantees must comply with Coordinated Entry.

APPLICATION PROCESS

1. Applications must be completed and submitted to the Office of Community Development by 4:00 P.M. Wednesday, February 28, 2024. The office address is 1 Medical Drive, Parsippany. The mailing address is County of Morris, Office of Community Development, P.O. Box 900, Morristown, NJ 07963-0900. A drop box (please advise if using this option) for submitting the applications is located outside of the building. Applications must be received prior to the above listed deadline to be considered for funding.
2. All applications will be reviewed by the Division for completeness and eligibility. All eligible applications will be reviewed by the **Human Services Advisory Committee (HSAC)**.
3. Applicants of eligible activities will have the opportunity to present their application to the HSAC Program Review Committee (PRC).

NOTE: ANY MISSING OR REQUESTED ITEMS FROM THIS OFFICE MUST BE SUBMITTED BY MARCH 11, 2024

4. The HSAC PRC will prioritize activities and determine funding levels.
5. The Regional Coordinators of the Community Development Revenue Sharing (CDRS) Advisory Committee will recommend funding allocations for each subcommittee category and identify activities for 2024 funding.
6. The list of proposed activities will be reviewed at a Public Hearing and presented to the Board of County Commissioners and CDRS Advisory Committee membership for their approval.
7. The Annual Action Plan will be submitted to HUD.
8. HUD is expected to approve the Annual Action Plan. Funding for each approved activity will be available upon completion and approval of an Environmental Review as well as a fully executed Grant Agreement.
9. **You cannot obligate, commit, or disburse these *anticipated* funds until there is an executed Grant Agreement with the County of Morris. Costs incurred prior to this may not be eligible for program reimbursement.**
10. When printing out the application, please do not print out instructional pages.

ESG APPLICATION CHECKLIST

This checklist is provided as a guide for the most vital documentation and information needed for a complete ESG application. This does not relieve any applicants from reading the entire application or submitting all information required within the application or requested from the Office of Community Development or Community Development Revenue Committee (CDRS).

- ☐ Program/Project Eligibility as defined in 24 CFR Part 570.201
- ☐ Document Homelessness in ESG
- ☐ UEI number
- ☐ SAMS/CAGE number
- ☐ Federal ID number
- ☐ Budget with breakdown on how ESG funds being requested are to be used
- ☐ 100% Matching or leveraged funds and/or in-kind services documented as committed to project
- ☐ Funds available to implement project with reimbursement process
- ☐ Letters of commitment for other funds or matching funds
- ☐ Acknowledge the definition of homeless and at risk of becoming homeless
- ☐ Acknowledge that funds provided under this agreement may not be utilized for inherently religious activities
- ☐ Acknowledge how your program meets a public service with narrative
- ☐ Provide Affirmative Action Plan in Place
- ☐ Standard policies and procedures for evaluating individuals' and families eligibility; targeting and Providing essential services related to street outreach; admission, diversion, referral and discharge by emergency shelters; assessing, prioritizing, and reassessing individuals' and families' needs, coordination among providers, determining what percentage or amount of rent and utility costs,

determining how long a particular program participant will be provided with rental assistance;
determining the type, amount, and duration of housing stabilization and/or relocation services for assistance under ESG

- ☐ Code of Standards or Conduct/Conflict of Interest in place for all officers, employees, agents-please provide a copy
- ☐ Confidentiality Policy provided
- ☐ Assure to acknowledge that you will be providing monthly CAPER reports if and when grant is approved (due on the 10th of every month)
- ☐ *Provide Audit for calendar year in which funds were expended per executed Grant Agreement.
- ☐ Mandatory Pre-Application orientation will occur separately for CDBG, ESG, and HOME applicants in January 2024. Presentations occur in early March on scheduled dates, please call the office to schedule an appointment as soon as possible. If assistance is needed to determine pre-eligibility call office.
- ☐ Once awarded with a grant agreement (**NO DOUBLE SIDED COPIES PLEASE**), it must be returned expeditiously and in completed form for us to process it and get it approved
- ☐ Application is complete – accurate cover sheet and all exhibits provided. Please sign and date. **All copies should be single sided-NO DOUBLE SIDED COPIES-PLEASE-DO NOT STAPLE.**

NOTE: Any missing or requested items from this office must be submitted by **March 11, 2024.**

2024 APPLICATION INSTRUCTIONS

YOU MUST USE THIS FORM. LIMIT YOUR RESPONSES TO THE LINES PROVIDED. SIGN THE APPLICATION. SUBMIT ONLY ONE ORIGINAL APPLICATION. DO NOT STAPLE ORIGINAL. AN APPLICANT MAY SUBMIT A TOTAL OF ONE APPLICATION.

SECTION I - GENERAL

- A. Insert grant request. (Maximum request - \$35,000)
- B. The applicant is the agency proposing the activity.
- C. Self-explanatory.
- D. Person **most knowledgeable** about the application and accessible to the staff of the Office of Community Development.
- E. UEI and SAMS CAGE Code Information is required.

SECTION II - ACTIVITY

- A. Use a title such as "Emergency Shelter" or "Rapid Re-Housing Assistance."
- B. Specific location by street or service area, e.g., Elm Street or county-wide.

SECTION III - IMPLEMENTATION SCHEDULE

- A. Self-explanatory
- B. Self-explanatory

SECTION IV - APPLICANT SIGNATURE

Authorized signature of person preparing the application.

SECTION V - TYPE OF ACTIVITY

Check the appropriate box.

SECTION VI - CERTIFICATION

Chairperson certifies that the application has been discussed at a HSAC Committee Meeting.

SECTION VII –SPECIFIC ACTIVITY & OVERALL AGENCY BUDGETS

PART I

- A. Revenues: fill in all sources of revenue both confirmed and requested for the specific activity (including the 2024 ESG request)
- B. Expenses: fill in all expenses for the specific activity (excluding depreciation).
- C. Fill in source of Match for this activity.

PART II

- D: Attach agency overall budget for current year and a copy of the most recent Balance Sheet.

SECTION VIII – SPECIFIC ACTIVITY INFORMATION

Complete appropriate activity page for Grant Request and submit that page only. Call the office to determine appropriate page for your request.

2024 EMERGENCY SOLUTIONS GRANT APPLICATION

I. GENERAL

A. Grant Request \$ (\$35,000 maximum)

B. Applicant

C. Address of Applicant: (Street)

(Municipality) (Zip)

D. Contact Person

(Name)

(Phone Number)

(Ext)

(Fax Number)

(E-mail)

E. UEI Number SAMS CAGE Code Number

II. ACTIVITY

A. Title:

B. Location:

III. IMPLEMENTATION

If this activity cannot commence between 7/1/24 - 6/30/25 the applicant should not consider submitting the activity at this time.

A. What is your anticipated start date?

B. What is your anticipated completion date?

IV. TYPE OF ACTIVITY

- ☐ Street Outreach (*complete page 11*)
☐ Emergency Shelter (*complete page 12*)
☐ Homelessness Prevention (*complete page 13*)
☐ Rapid Re-housing Assistance (*complete page 14*)
☐ HMIS (*complete page 15*)

V. CERTIFICATION

The HSAC Committee Chairperson certifies that this application has been discussed at a HSAC Committee meeting.

(Chairperson's Signature)

(Date)

VI. SPECIFIC ACTIVITY & OVERALL AGENCY BUDGETS

PART I

A. Activity Revenues (including ESG Request)

REVENUES	AMOUNT	STATUS
Government		
Federal (ESG)		
Other Federal		
State		
County		
United Way		
Foundations		
In Kind		
General Contributions (from public)		
Internally Generated Funds (fees for service, membership)		
Other (Please specify)		
TOTAL		

B. Activity Expenses
(excluding depreciation)

EXPENSES	COST/UNIT	TOTAL COST
Salaries & Wages		
Benefits & Taxes		
Professional Fees/Dues		
Travel/Transportation		
Equipment/Supplies		
Printing/Publications		
Telephone/Fax		
Postage		
Rent/Utilities		
Individual Guest Assistance		
In Kind		
Construction Materials		
Other (Please Specify)		
TOTAL EXPENSES		
SURPLUS/DEFICIT		

C. Match 100%:

SOURCE	AMOUNT

PART II

D. Attach agency's operating budget for current year and a copy of the most recent Balance Sheet and spending plan for requested agency funds.

STREET OUTREACH
Please read eligible activities, found in APPENDIX

Essential Services necessary to reach out to unsheltered homeless people.

1. **BRIEFLY** describe your present service:

2. Describe how the requested funds will be used and the level of service they will provide
(e.g., Engagement, Case Management, Emergency Health Services/Mental Health Services):

3. (a) Type of Service: New ☐ Continued ☐ Increase in Service ☐

(b) Total number of persons currently served by facility/service:

(c) Number of persons to be served by this request:

(d) Number of eligible persons on waiting list:

4. How will you define the success of this activity? Please attach those results as appropriate for the activity. *(This could be on an outcome form or a short narrative)*

5. Have you applied to other funding sources and been denied? Note sources and reason for denial:

EMERGENCY SHELTER
Please read eligible activities, found in APPENDIX

Essential services to homeless families and individuals in emergency shelters, renovating buildings to be used as emergency shelter for homeless families and individuals and operating emergency shelters.

1. a) Total number of Beds (b)/Units (u) in project:

b) Number of persons to be assisted with requested funds:

2. Specifically describe proposal e.g., Essential Services, Essential Services and Shelter Operations

3. What is the documented need for this activity?

4. What is the status of site control?

Site Control: Own ☐ Option ☐ Lease ☐ Other ☐
(if other, please explain)

5. Other than building permits, are any other approvals necessary? (e.g., Board of Adjustment, NJ DCA)

6. How would you define the success of this activity? Please attach those results as appropriate for the activity. (This could be on an outcome form or a short narrative.)

7. Have you applied to other funding sources and been denied? Note sources and reason for denial:

HOMELESS PREVENTION
Please read eligible activities, found in APPENDIX

Housing relocation or stabilization services for homeless individuals or families or individuals or families at risk of homelessness

1. **BRIEFLY** describe your present service.

2. Describe specifically what this grant would be used for:

- (a) housing search
- (b) mediation or outreach to property owners
- (c) legal services
- (d) credit repair
- (e) providing security or utility deposits, utility payments, rental assistance for a final month at a location
- (f) assistance with moving costs
 - a) stabilizing individuals and families in their current housing; or
 - b) quickly moving such individuals and families to other permanent housing.

3. Does applicant have a case management plan in place to assist clients in becoming housing stabilized? If yes, please describe.

4. Outline a format for following a client's progression while receiving assistance.

RAPID RE-HOUSING ASSISTANCE
Please read eligible activities, found in APPENDIX

Provide housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing.

1. Please check the type of rental assistance sought:

Tenant Based	Project Based
--------------	---------------

2. What is the documented need for this activity?

3. Describe how the requested funds will be used and the level of service they will provide e.g., 12 months rent for 3 bedroom unit in XYZ Rental Housing Complex.

4. If Project Based Rental Assistance, what is the status of site control?

Site Control: Own ☐ Option ☐ Lease ☐ Other ☐
(if other, please explain)

5. If Project Based Rental Assistance, does the facility meet housing quality standards?

6. How will you define the success of this activity?

7. What is applicant's plan for tenants whose circumstances change and rent needs increase?

HMIS
Please read eligible activities, found in APPENDIX

1. Describe the need for funding this component.

2. Do you have a dedicated HMIS administrator? Explain

3. Are you a registered HMIS user? Explain

4. Have you attended the HMIS training(s)? Explain

Print Form

VII. APPLICANT SIGNATURE

The applicant acknowledges understanding the following responsibilities if the application for funding is accepted for funding (each item must be initialed in acknowledgement:

1. _____ The applicant will be required to provide reports on outcomes and performance measures to Morris County on a quarterly basis to explain the services and various funding sources being used. If vouchering/invoicing on a quarterly basis, quarterly reports are not required.
2. _____ Acknowledges understanding of the homeless definition and persons at risk of homeless and can apply those criteria to the category of services to be provided with ESG funding.
3. _____ The applicant understands that ESG funds cannot be used for activities that are inherently religious.

I certify that the information in this application is correct to the best of my knowledge.

(Signature)

(Name and Title)

BUDGET ATTACHMENTS

LINE-ITEM BUDGET FORM – SERVICE PROJECTS (SALARIES)

Name of Applicant:

Project Name:

Instructions: Please use the following format to present your proposed line-item budget. In Column A, list the items for which you anticipate the need for ESG funds. In Column B, provide the calculation explaining how you arrived at the estimated cost of the line item. In Column C, provide the projected request for ESG funds. On the **Budget Narrative Attachment** provide a description of other funds and volunteer and donated services/resources to be used in the project.

A	B	C
Budget Item	Calculation	ESG Request
PERSONNEL		
Salaried Positions – Job Titles	Provide rate of pay (hourly/salary) and percentage of time spent on project (Full-Time Equivalent) or hours per week	
Salaries Total		
Fringe Benefits		
PERSONNEL TOTAL	Total of Personnel & Fringe Benefits	
OPERATING COSTS	Provide description of how you arrive at total for each line item	
Supplies		
Equipment		
Rent/Lease		
Insurance		
Printing		
Telephone		
Travel		
Other		
TOTAL OPERATING COSTS		
CONTRACT SERVICES		
TOTAL CONTRACT SERVICES		
BUDGET TOTAL		

LINE-ITEM BUDGET FORM –SERVICE (UNITS) PROJECTS

Name of Applicant:

Project Name:

Instructions: Please use the following format to present your proposed line-item budget. In Column A, list the items for which you anticipate the need for ESG funds. In Column B, provide the calculation explaining how you arrived at the estimated cost of the line item. In Column C, provide the projected request for ESG funds. On the **Budget Narrative Attachment** provide a description of other funds and volunteer and donated services/resources to be used in the project.

A	B	C
Budget Item	Calculation	ESG Request
UNITS	(Calculation of how you arrived at the unit price)	
TOTAL SERVICES		
BUDGET TOTAL		

APPENDIX

ELIGIBLE ACTIVITIES

Street outreach component.

(a) *Eligible costs.* Subject to the expenditure limit in § 576.100(b), ESG funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility. For the purposes of this section, the term “unsheltered homeless people” means individuals and families who qualify as homeless under paragraph (1)(i) of the “homeless” definition under § 576.2. The eligible costs and requirements for essential services consist of:

(1) *Engagement.*

The costs of activities to locate, identify, and build relationships with unsheltered homeless people and engage them for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs. These activities consist of making an initial assessment of needs and eligibility; providing crisis counseling; addressing urgent physical needs, such as providing meals, blankets, clothes, or toiletries; and actively connecting and providing information and referrals to programs targeted to homeless people and mainstream social services and housing programs, including emergency shelter, transitional housing, community-based services, permanent supportive housing, and rapid re-housing programs. Eligible costs include the cell phone costs of outreach workers during the performance of these activities.

(2) *Case management.*

The cost of assessing housing and service needs, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant. Eligible services and activities are as follows: using the centralized or coordinated assessment system as required under § 576.400(d); conducting the initial evaluation required under § 576.401(a), including verifying and documenting eligibility; counseling; developing, securing and coordinating services; obtaining Federal, State, and local benefits; monitoring and evaluating program participant progress; providing information and referrals to other providers; and developing an individualized housing and service plan, including planning a path to permanent housing stability.

(3) *Emergency health services.*

(i) Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered homeless people are living. (ii) ESG funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area. (iii) Eligible treatment consists of assessing a program participant’s health problems and developing a treatment

plan; assisting program participants to understand their health needs; providing directly or assisting program participants to obtain appropriate emergency medical treatment; and providing medication and follow-up services.

(4) *Emergency mental health services.*

(i) Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living. (ii) ESG funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the community. (iii) Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances. (iv) Eligible treatment consists of crisis interventions, the prescription of psychotropic medications, explanation about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.

(5) *Transportation.*

The transportation costs of travel by outreach workers, social workers, medical professionals, or other service providers are eligible, provided that this travel takes place during the provision of services eligible under this section. The costs of transporting unsheltered people to emergency shelters or other service facilities are also eligible. These costs include the following:

(i) The cost of a program participant's travel on public transportation; (ii) If service workers use their own vehicles, mileage allowance for service workers to visit program participants; (iii) The cost of purchasing or leasing a vehicle for the recipient or subrecipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance for the vehicle; and (iv) The travel costs of recipient or subrecipient staff to accompany or assist program participants to use public transportation.

(6) *Services for special populations.*

ESG funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs:

(a)(1) through (a)(5) of this section. The term *victim services* means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking.

(b) *Minimum period of use.* The recipient or subrecipient must provide services to homeless individuals and families for at least the period during which ESG funds are provided.

(c) *Maintenance of effort.* (1) If the recipient or subrecipient is a unit of general purpose local government, its ESG funds cannot be used to replace funds the local government provided for street outreach and emergency shelter services during the immediately preceding 12-month period, unless HUD determines that the unit of general purpose local government is in a severe

financial deficit.

(2) Upon the recipient's request, HUD will determine whether the unit of general purpose local government is in a severe financial deficit, based on the recipient's demonstration of each of the following:

(i) The average poverty rate in the unit of general-purpose local government's jurisdiction was equal to or greater than 125 percent of the average national poverty rate, during the calendar year for which the most recent data are available, as determined according to information from the U.S. Census Bureau.

(ii) The average per-capita income in the unit of general-purpose local government's jurisdiction was less than 75 percent of the average national per-capita income, during the calendar year for which the most recent data are available, as determined according to information from the Census Bureau. (iii) The unit of general-purpose local government has a current annual budget deficit that requires a reduction in funding for services for homeless people.

(iv) The unit of general-purpose local government has taken all reasonable steps to prevent a reduction in funding of services for homeless people. Reasonable steps may include steps to increase revenue generation, steps to maximize cost savings, or steps to reduce expenditures in areas other than services for homeless people.

§ 576.102 Emergency shelter component.

(a) *General.* Subject to the expenditure limit in § 576.100(b), ESG funds may be used for costs of providing essential services to homeless families and individuals in emergency shelters, renovating buildings to be used as emergency shelter for homeless families and individuals, and operating emergency shelters.

(1) *Essential services.* ESG funds may be used to provide essential services to individuals and families who are in an emergency shelter, as follows:

(i) *Case management.* The cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant is eligible.

Component services and activities consist of:

(A) Using the centralized or coordinated assessment system as required under § 576.400(d);

(B) Conducting the initial evaluation required under § 576.401(a), including verifying and documenting eligibility;

(C) Counseling;

(D) Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;

(E) Monitoring and evaluating program participant progress;

(F) Providing information and referrals to other providers;

(G) Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking; and

(H) Developing an individualized housing and service plan, including planning a path to permanent housing stability.

(ii) *Child care.* The costs of child care for program participants, including providing meals and

snacks, and comprehensive and coordinated sets of appropriate developmental activities, are eligible. The children must be under the age of 13, unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.

(iii) **Education services.** When necessary for the program participant to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language, and General Educational Development (GED). Component services or activities are screening, assessment and testing; individual or group instruction; tutoring; provision of books, supplies and instructional material; counseling; and referral to community resources.

(iv) **Employment assistance and job training.** The costs of employment assistance and job training programs are eligible, including classroom, online, and/or computer instruction; on-the-job instruction; and services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential. The cost of providing reasonable stipends to program participants in employment assistance and job training programs is an eligible cost. Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates. Services that assist individuals in securing employment consist of employment screening, assessment, or testing; structured job skills and job-seeking skills; special training and tutoring, including literacy training and prevocational training; books and instructional material; counseling or job coaching; and referral to community resources.

(v) **Outpatient health services.** Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals. Emergency Solutions Grant (ESG) funds may be used only for these services to the extent that other appropriate health services are unavailable within the community. Eligible treatment consists of assessing a program participant's health problems and developing a treatment plan; assisting program participants to understand their health needs; providing directly or assisting program participants to obtain appropriate medical treatment, preventive medical care, and health maintenance services, including emergency medical services; providing medication and follow-up services; and providing preventive and non-cosmetic dental care.

(vi) **Legal services.** (A) Eligible costs are the hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association of the State in which the services are provided, and by person(s) under the supervision of the licensed attorney, regarding matters that interfere with the program participant's ability to obtain and retain housing. (B) Emergency Solutions Grant (ESG) funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community. (C) Eligible subject matters are child support, guardianship, paternity, emancipation, and legal separation, orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking, appeal of veterans and public benefit claim denials, and the resolution of outstanding criminal warrants. (D) Component services or activities may include client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling. (E) Fees based on the actual service performed (*i.e.*, fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the subrecipient is a legal services provider and performs the services itself, the

eligible costs are the subrecipient's employees' salaries and other costs necessary to perform the services.

(F) Legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are ineligible costs.

(vii) *Life skills training*. The costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, substance use, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently in the community. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation, and parenting.

(viii) ***Mental health services***. (A) Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions.

(B) ESG funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community.

(C) Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or symptom management.

(D) Eligible treatment consists of crisis interventions; individual, family, or group therapy sessions; the prescription of psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.

(ix) ***Substance abuse treatment services***. (A) Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals.

(B) ESG funds may only be used for these services to the extent that other appropriate substance abuse treatment services are unavailable or inaccessible within the community.

(C) Eligible treatment consists of client intake and assessment, and outpatient treatment for up to 30 days. Group and individual counseling and drug testing are eligible costs. Inpatient detoxification and other inpatient drug or alcohol treatment are not eligible costs.

(x) *Transportation*. Eligible costs consist of the transportation costs of a program participant's travel to and from medical care, employment, childcare, or other eligible essential services facilities. These costs include the following:

(A) The cost of a program participant's travel on public transportation;

(B) If service workers use their own vehicles, mileage allowance for service workers to visit program participants;

(C) The cost of purchasing or leasing a vehicle for the recipient or subrecipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes, and maintenance for the vehicle; and (D) The travel costs of recipient or subrecipient staff to accompany or assist program participants to use public transportation.

(xi) ***Services for special populations***. ESG funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs:

(a)(1)(i) through (a)(1)(x) of this section.

The term *victim services* means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape

crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking.

(2) *Renovation*. Eligible costs include labor, materials, tools, and other costs for renovation (including major rehabilitation of an emergency shelter or conversion of a building into an emergency shelter). The emergency shelter must be owned by a government entity or private nonprofit organization.

(3) *Shelter operations*. Eligible costs are the costs of maintenance (including minor or routine repairs), rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter. Where no appropriate emergency shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individual.

(4) *Assistance required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)*. Eligible costs are the costs of providing URA assistance under § 576.408, including relocation payments and other assistance to persons displaced by a project assisted with ESG funds. Persons that receive URA assistance are not considered “program participants” for the purposes of this part, and relocation payments and other URA assistance are not considered “rental assistance” or “housing relocation and stabilization services” for the purposes of this part. (b) *Prohibition against involuntary family separation*. 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 Emergency Solutions Grant (ESG) funding or services and provides shelter to families with children under age 18. (c) *Minimum period of use*. (1) *Renovated buildings*. Each building renovated with ESG funds must be maintained as a shelter for homeless individuals and families for not less than a period of 3 or 10 years, depending on the type of renovation and the value of the building. The “value of the building” is the reasonable monetary value assigned to the building, such as the value assigned by an independent real estate appraiser. The minimum use period must begin on the date the building is first occupied by a homeless individual or family after the completed renovation. A minimum period of use of 10 years, required for major rehabilitation and conversion, must be enforced by a recorded deed or use restriction.

(i) *Major rehabilitation*. If the rehabilitation cost of an emergency of the building before rehabilitation, the minimum period of use is 10 years.

(ii) *Conversion*. If the cost to convert a building into an emergency shelter exceeds 75 percent of the value of the building after conversion, the minimum period of use is 10 years.

(iii) *Renovation other than major rehabilitation or conversion*. In all other cases where ESG funds are used for renovation, the minimum period of use is 3 years.

(2) *Essential services and shelter operations*. Where the recipient or subrecipient uses ESG funds solely for essential services or shelter operations, the recipient or subrecipient must provide services or shelter to homeless individuals and families at least for the period during which the ESG funds are provided. The recipient or subrecipient does not need to limit these services or shelter to a particular site or structure, so long as the site or structure serves the same type of persons originally served with the assistance (*e.g.*, families with children, unaccompanied youth, disabled individuals, or victims of domestic violence) or serves homeless persons in the same area where the recipient or subrecipient originally provided the services or shelter.

(d) *Maintenance of effort*. The maintenance of effort requirements under § 576.101(c), which apply to the use of ESG funds for essential services related to street outreach, also apply for the use of such funds for essential services related to emergency shelter.

§ 576.103 Homelessness prevention component.

ESG funds may be used to provide housing relocation and stabilization services and short- and/or

medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place described in paragraph (1) of the “homeless” definition in § 576.2. This assistance, referred to as homelessness prevention, may be provided to individuals and families who meet the criteria under the “at risk of homelessness” definition, or who meet the criteria in paragraph (2), (3), or (4) of the “homeless” definition in § 576.2 and have an annual income below 30 percent of median family income for the area, as determined by HUD. The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in the program participant’s current permanent housing or move into other permanent housing and achieve stability in that housing. Homelessness prevention must be provided in accordance with the housing relocation and stabilization services requirements in § 576.105, the short-term and medium-term rental assistance requirements in § 576.106, and the written standards and procedures established under § 576.400.

§ 576.104 Rapid re-housing assistance component.

ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. This assistance, referred to as rapid re-housing assistance, may be provided to program participants who meet the criteria under paragraph (1) of the “homeless” definition in § 576.2 or who meet the criteria under paragraph (4) of the “homeless” definition and live in an emergency shelter or other place described in paragraph (1) of the “homeless” definition. The rapid rehousing assistance must be provided in accordance with the housing relocation and stabilization services requirements in § 576.105, the short- and medium term rental assistance requirements in § 576.106, and the written standards and procedures established under § 576.400.

§ 576.105 Housing relocation and stabilization services.

(a) *Financial assistance costs.* Subject to the general conditions under § 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.

(2) *Security deposits.* ESG funds may pay for a security deposit that is equal to no more than 2 months’ rent.

(3) *Last month’s rent.* If necessary to obtain housing for a program participant, the last month’s rent may be paid from ESG funds to the owner of that housing at the time the owner is paid the security deposit and the first month’s rent. This assistance must not exceed one month’s rent and must be included in calculating the program participant’s total rental assistance, which cannot exceed 24 months during any 3-year period.

(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.

(6) *Moving costs.* ESG funds may pay for moving costs, such as truck rental or hiring a moving

company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance under paragraph (b) of this section and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.

(b) *Services costs.* Subject to the general restrictions under § 576.103 and § 576.104, ESG funds may be used to pay the costs of providing the following services:

(1) *Housing search and placement.*

Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:

- (i) Assessment of housing barriers, needs, and preferences;
- (ii) Development of an action plan for locating housing;
- (iii) Housing search;
- (iv) Outreach to and negotiation with owners;
- (v) Assistance with submitting rental applications and understanding leases;
- (vi) Assessment of housing for compliance with Emergency Solutions Grant (ESG) requirements for habitability, lead-based paint, and rent reasonableness;
- (vii) Assistance with obtaining utilities and making moving arrangements; and
- (viii) Tenant counseling.

(2) *Housing stability case management.* ESG funds may be used to pay cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing. Component services and activities consist of:

- (A) Using the centralized or coordinated assessment system as required under § 576.400(d), to evaluate individuals and families applying for or receiving homelessness prevention or rapid re-housing assistance;
- (B) Conducting the initial evaluation required under § 576.401(a), including verifying and documenting eligibility, for individuals and families applying for homelessness prevention or rapid rehousing assistance;
- (C) Counseling;
- (D) Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
- (E) Monitoring and evaluating program participant progress;
- (F) Providing information and referrals to other providers;
- (G) Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
- (H) Conducting re-evaluations required under § 576.401(b).

(3) *Mediation.* ESG funds may pay for mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides.

(4) *Legal services.* ESG funds may pay for legal services, as set forth in § 576.102(a)(1)(vi), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides.

(5) *Credit repair.* ESG funds may pay for credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.

(c) *Maximum amounts and periods of assistance.* The recipient may set a maximum dollar amount that a program participant may receive for each type of financial assistance under paragraph (a) of this section. The recipient may also set a maximum period for which a program participant may receive any of the types of assistance or services under this section. However, except for housing stability case management, the total period for which any program participant may receive the services under paragraph (b) of this section must not exceed 24 months during any 3-year period. The limits on the assistance under this section apply to the total assistance an individual receives, either as an individual or as part of a family.

(d) *Use with other subsidies.* Financial assistance under paragraph (a) of this section cannot be provided to a program participant who is receiving the same type of assistance through other public sources or 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.

§ 576.106 Short-term and medium-term rental assistance.

(a) *General provisions.* Subject to the general conditions under § 576.103 and § 576.104, the recipient or subrecipient may provide a program participant with up to 24 months of rental assistance during any 3-year period. This assistance may be short-term rental assistance, medium-term rental assistance, payment of rental arrears, or any combination of this assistance.

(1) Short-term rental assistance is assistance for up to 3 months of rent.

(2) Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.

(3) Payment of rental arrears consists of a one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears.

(4) Rental assistance may be tenant based or project-based, as set forth in paragraphs (h) and (i) of this section.

(b) *Discretion to set caps and conditions.* Subject to the requirements of this section, the recipient may set a maximum amount or percentage of rental assistance that a program participant may receive, a maximum number of months that a program participant may receive rental assistance, or a maximum number of times that a program participant may receive rental assistance. The recipient may also require program participants to share in the costs of rent.

(c) *Use with other subsidies.* Except for a one-time payment of rental arrears on the tenant's portion of the rental payment, 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.

(d) *Rent restrictions.* (1) Rental assistance cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888, and complies with HUD's standard of rent reasonableness, as established under 24 CFR 982.507.

(2) For purposes of calculating rent under this section, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.

(e) *Rental assistance agreement.* The recipient or subrecipient may make rental assistance payments only to an owner with whom the recipient or subrecipient has entered into a rental assistance agreement. The rental assistance agreement must set forth the terms under which rental assistance will be provided, including the requirements that apply under this section. The rental assistance agreement must provide that, during the term of the agreement, the owner must give the recipient or subrecipient a copy of any notice to the program participant to vacate the housing unit, or any complaint used under state or local law to commence an eviction action against the program participant.

(f) *Late payments.* The recipient or subrecipient must make timely payments to each owner in accordance with the rental assistance agreement. The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease. The recipient or subrecipient is solely responsible for paying late payment penalties that it incurs with non-ESG funds.

(g) *Lease.* Each program participant receiving rental assistance must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the owner and the program participant. Where the assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the program participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks. For program participants living in housing with project-based rental assistance under paragraph (i) of this section, the lease must have an initial term of one year.

(h) *Tenant-based rental assistance.*

(1) A program participant who receives tenant-based rental assistance may select a housing unit in which to live and may move to another unit or building and continue to receive rental assistance, as long as the program participant continues to meet the program requirements.

(2) The recipient may require that all program participants live within a particular area for the period in which the rental assistance is provided.

(3) The rental assistance agreement with the owner must terminate and no further rental assistance payments under that agreement may be made if:

(i) The program participant moves out of the housing unit for which the program participant has a lease;

(ii) The lease terminates and is not renewed; or

(iii) The program participant becomes ineligible to receive ESG rental assistance.

(i) *Project-based rental assistance.* If the recipient or subrecipient identifies a permanent housing unit that meets ESG requirements and becomes available before a program participant is identified to lease the unit, the recipient or subrecipient may enter into a rental assistance agreement with the owner to reserve the unit and subsidize its rent in accordance with the following requirements:

(1) The rental assistance agreement may cover one or more permanent housing units in the same building.

Each unit covered by the rental assistance agreement ("assisted unit") may only be occupied by program participants, except as provided under paragraph (i)(4) of this section.

(2) The recipient or subrecipient may pay up to 100 percent of the first month's rent, provided that a program participant signs a lease and moves into the unit before the end of the month for which the first month's rent is paid. The rent paid before a program participant moves into the unit must not exceed the rent to be charged under the program participant's lease and must be included when determining that program participant's total rental assistance.

(3) The recipient or subrecipient may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a program participant. When a program

participant moves out of an assisted unit, the recipient or subrecipient may pay the next month's rent, *i.e.*, the first month's rent for a new program participant, as provided in paragraph (i)(2) of this section.

(4) The program participant's lease must not condition the term of occupancy to the provision of rental assistance payments. If the program participant is determined ineligible or reaches the maximum number of months over which rental assistance can be provided, the recipient or subrecipient must suspend or terminate the rental assistance payments for the unit. If the payments are suspended, the individual or family may remain in the assisted unit as permitted under the lease, and the recipient or subrecipient may resume payments if the individual or family again becomes eligible and needs further rental assistance. If the payments are terminated, the rental assistance may be transferred to another available unit in the same building, provided that the other unit meets all ESG requirements.

(5) The rental assistance agreement must have an initial term of one year. When a new program participant moves into an assisted unit, the term of the rental assistance agreement may be extended to cover the initial term of the program participant's lease. If the program participant's lease is renewed, the rental assistance agreement may be renewed or extended, as needed, up to the maximum number of months for which the program participant remains eligible. However, under no circumstances may the recipient or subrecipient commit ESG funds to be expended beyond the expenditure deadline in § 576.203 or commit funds for a future ESG grant before the grant is awarded.

(j) *Changes in household composition.*

The limits on the assistance under this section apply to the total assistance an individual receives, either as an individual or as part of a family.

§ 576.107 HMIS component.

(a) *Eligible costs.*

(1) The recipient or subrecipient may use ESG funds to pay the costs of contributing data to the HMIS designated by the Continuum of Care for the area, including the costs of:

- (i) Purchasing or leasing computer hardware;
- (ii) Purchasing software or software licenses;
- (iii) Purchasing or leasing equipment, including telephones, fax machines, and furniture;
- (iv) Obtaining technical support;
- (v) Leasing office space;
- (vi) Paying charges for electricity, gas, water, phone service, and high-speed data transmission necessary to operate or contribute data to the HMIS;
- (vii) Paying salaries for operating HMIS, including:
 - (A) Completing data entry;
 - (B) Monitoring and reviewing data quality;
 - (C) Completing data analysis;
 - (D) Reporting to the HMIS Lead;
 - (F) Training staff on using the HMIS or comparable database; and
 - (G) Implementing and complying with HMIS requirements;
- (viii) Paying costs of staff to travel to and attend HUD-sponsored and HUD approved training on HMIS and programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act;
- (ix) Paying staff travel costs to conduct intake; and
- (x) Paying participation fees charged by the HMIS Lead, if the recipient or subrecipient is not the HMIS Lead. The HMIS Lead is the entity designated by the Continuum of Care to operate the area's HMIS.

(2) If the recipient is the HMIS lead agency, as designated by the Continuum of Care in the most recent fiscal year Continuum of Care Homeless Assistance Grants Competition, it may also use ESG funds to pay the costs of:

- (i) Hosting and maintaining HMIS software or data;
- (ii) Backing up, recovering, or repairing HMIS software or data;
- (iii) Upgrading, customizing, and enhancing the HMIS;
- (iv) Integrating and warehousing data, including development of a data warehouse for use in aggregating data from subrecipients using multiple software systems;
- (v) Administering the system;
- (vi) Reporting to providers, the Continuum of Care, and HUD; and (vii) Conducting training on using the system or a comparable database, including traveling to the training.

(3) If the subrecipient is a victim services provider or a legal services provider, it may use ESG funds to establish and operate a comparable database that collects client-level data over time (*i.e.*, longitudinal data) and generates unduplicated aggregate reports based on the data.

Information entered into a comparable database must not be entered directly into or provided to an HMIS.