

# Emergency Solutions Grants Program

**FY2025**  
POLICY MANUAL



Delaware State Housing Authority  
18 The Green  
Dover, DE 19901  
(302) 739-4263  
[www.destatehousing.com](http://www.destatehousing.com)

# Introduction

The Emergency Solutions Grants program is a competitive grant that awards funds to private nonprofit organizations, cities, and counties in the State of Delaware to provide the services necessary to help persons that are at risk of homelessness or homeless quickly regain stability in permanent housing. The ESG program is funded by the U.S. Department of Housing and Urban Development (HUD) and is administered by the Delaware State Housing Authority in the State of Delaware.

**The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009 was amended to the McKinney-Vento Homeless Assistance Act.** revised the Emergency Shelter Grants Program, and renamed it to the Emergency Solutions Grants (ESG) program. The ESG Interim Rule took effect on January 4, 2012. The change in the program name reflects the change in focus from addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

The ESG program provides funding to:

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

This manual of policy and procedures reflects both the Federal regulations that govern the ESG, and the procedures used by the Delaware State Housing Authority (DSHA) in the administration of this grant as directed by the U.S. Department of Housing and Urban Development (HUD). DSHA shall conform to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Requirements) of 2 CFR 200.302, Financial management, 2 CFR Part 200, Subpart F, Audit Requirements and 2 CFR 200,303, internal Controls, as well as comply with the regulations, policies, guidelines and requirements of OMB Circular Nos. A-122 and A-133, as they relate to the acceptance and use of Federal funds under this Federally-assisted program. DSHA is also responsible for the environmental regulations of 24 CFR Part 58. These Federal laws and regulations are hereby included by reference as part of these policies and procedures.

Changes may occur as statutory interpretations and clarifications become available from HUD or as DSHA rules, procedures, or guidelines are revised. The Emergency Solutions Grants Program Policies and Procedures Manual does not replace the regulations contained in 24 CFR Part 576, and subsequent amendments, or any other applicable Federal, State, and local laws, ordinances, and regulations about the Emergency Solutions Grants Program. It simply highlights and emphasizes grant requirements. State-Recipients must always refer to the regulations and the grant agreement in determining what is allowable under the ESG program. These policies supersede any previous ESG policies and are updated yearly. The effective date of this policy manual is January 1, 2026.

In addition to the policies and procedure sections, this manual includes DSHA Grant Forms and an Index of Reference Information to facilitate easy access in a format that will accommodate the users' needs and contribute to the proper implementation of the grant.

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## SECTION 1 – APPLICABILITY AND PURPOSE

The HEARTH Act of 2009 established funding through HUD, to support specialized housing services for the homeless. The HEARTH Act refocuses homelessness-related strategies on the ultimate goal of reducing and ending homelessness and aligns them with the Continuum of Care planning strategies and performance measures, such as shortening the period of time that person’s experience homelessness and helping people who were recently homeless avoid becoming homeless again.

Communities receiving ESG funds should develop formal strategies that will ensure the success of the HEARTH Act. Local Continuums of Care and ESG State-Recipients need to work together and need to establish and meet performance standards such as:

1. Reducing the average length of time, a person is homeless;
2. Reducing returns to homelessness;
3. Increasing access to permanent housing;
4. Reducing the number of homeless individuals and families;
5. Improving employment rate and income amounts of clients;
6. Reducing first-time homelessness; and
7. Preventing homelessness and achieving independent living in permanent housing for families and youth defined as homeless under other Federal programs.

DSHA administers these funds for the State of Delaware through ESG. DSHA delegates the implementation to State-Recipients; however, as the HUD grantee for this program, DSHA is responsible for ensuring the performance and compliance of all State-Recipients.

The HEARTH Act of 2009 authorizes the ESG. The updated version of the ESG Program Interim Rule incorporates the addition to the ESG Program Interim Rule of section [576.409](#) regarding protections for victims of domestic violence, dating violence, sexual assault, or stalking, which was established in response to the [Violence Against Women Reauthorization Act of 2013](#). The grant is available to units of general local government or private nonprofit organizations. The ESG is designed to help improve the quality of existing emergency shelters for the homeless, to make available additional emergency shelters, to help meet the costs of operating emergency shelters, and to provide certain essential social services to homeless individuals. Pursuant to [24 CFR 91.5](#), all shelters receiving ESG funds must meet the definition of the term Emergency Shelter. The term Emergency Shelter means “any facility with overnight sleeping accommodations, the primary purpose of which is to provide temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements”. Shelters must be open around the clock, throughout the year. They must offer refuge tailored to special circumstances determined by environment and individual needs.

In administering this program, DSHA offers the following guiding principles with which to approach shelter and service delivery:

1. Housing is a basic human need, so State-Recipients need to ensure it is accessible, safe, and affordable for participants.

2. Participants' basic needs should be met first (food, housing, clothing, etc.), with other needs focused on only after those are met (recovery, parenting, education, etc.) and even then, offered voluntarily.
3. Participants have the right to set their own goals and make their own decisions, even if their goals are different from those of the State-Recipients providing the service. State-Recipients should work to reduce as many barriers to services as possible.
4. Participants are the expert in what they need and how they can achieve their goals. Participants who are homeless are incredibly resilient and possess many strengths and assets, which should always be leveraged and considered in service delivery.
5. Every participant has inherent dignity and worth, so State-Recipients need to treat participants in a caring and respectful fashion, mindful of individual differences and cultural and ethnic diversity.
6. Participants have a right to confidentiality and to be informed of their rights, especially as it relates to their records, program termination, grievances, etc.
7. Services delivered to participants should promote participant well-being and work to integrate the participant with mainstream resources and the larger community as much as possible.
8. Families, individuals, and children are better off in "home-like" settings rather than institutions.
9. Establish a respectable standard of quality for services; program cost-effectiveness; and financial assistance for Rapid Re-Housing.

This manual provides guidance to State-Recipients that receive ESG funds. This guidance is to ensure that grants are administered in compliance with applicable statutory and regulatory requirements. To ensure that ESG grants are managed well, DSHA staff is expected to have regular contact with State-Recipients. The purpose of this contact is to provide technical assistance to grantees and to advise them of program deadlines and reporting requirements. In addition, DSHA will use this contact and its access to the Integrated Disbursement and Information System (IDIS) to track and remind State-recipients of the status of obligations and drawn down requirements well before the applicable HUD deadlines.

## **Governing Regulations**

The ESG is authorized by the HEARTH Act of 2009. This program is governed by regulations at 24 CFR Parts 91 and 576. The applicable statutory changes in the National Affordable Housing Act (Pub. L. 101-625, as amended November 28, 1990) govern the program as well. The regulations for the ESG affirm that the State grantee, DSHA, is responsible for ensuring that their respective State-Recipients carry out ESG-supported efforts in compliance with all applicable requirements.

## SECTION 2 – SUMMARY INFORMATION

### Method of Distribution

The State of Delaware received \$249,982 in ESG funds in FY2025. The funds are made available to interested applicants each year through a *Notice of Funding Availability*, which is emailed to interested parties, and published in prominent newspapers statewide. Instructions on how to apply for these grant monies are provided in the notice. Delaware State Housing Authority (DSHA) held a virtual public information session on Thursday, October 23, 2025, from 10:00 to 10:30 a.m. for the purpose of providing any prospective applicants with the opportunity to discuss the Emergency Solutions Grants (ESG) Program and the application process. A contact person is listed in the notice for the benefit of interested parties who may have questions about the program.

ESG funds for the FY2025 allocation (\$249,982) may be used for the following activities:

1. Street Outreach activities (**\$161,481**); and
2. Homelessness Prevention activities (**\$88,501**)

### Eligible Applicants

For the State of Delaware ESG, eligible applicants are:

1. Units of general local government located in Kent and Sussex Counties and
2. Private nonprofit organizations located in Kent and Sussex Counties.

Assistance may be provided under this part to a religious organization if the religious organization agrees to provide all eligible activities under this program in a manner that is free from religious influences and in accordance with the following principles:

- It will not discriminate against any employee or applicant for employment based on religion and will not limit employment or give preference in employment to people based on religion;
- It will not discriminate against any person applying for shelter or any of the eligible activities under this part based on religion and will not limit such housing or other eligible activities or give preference to people based on religion; and
- It will provide no religious instruction or counseling; conduct no religious worship or services; engage in no religious proselytizing and exert no other religious influence in the provision of shelter and other eligible activities under this part. Applicants that are primarily religious organizations are encouraged to contact DSHA for specifics or refer to 24 CFR Part 576.23.

### Application Guidelines

1. **Applicants must submit a completed and electronically signed application package to DSHA by 4:00 p.m. on Friday, December 12, 2025;**
2. The ESG application is available online at: [www.destatehousing.com/OtherPrograms/Emergency Solutions Grants Programs](http://www.destatehousing.com/OtherPrograms/EmergencySolutionsGrantsPrograms);

3. The ESG application process will be an electronic-application process only. The application and required support documentation must be submitted to DSHA electronically to the [DSHA\\_Comdev@delaware.gov](mailto:DSHA_Comdev@delaware.gov) **e-mail** by the above-stated deadline. Applications will not be accepted in any other format (e.g., paper, fax);
4. Required documentation for each individual exhibit needs to be labeled “Exhibit “X” – “Name of Exhibit”. The application and all exhibits should be combined into a **single PDF** and labeled “Application-Program Name”. For confirmation purposes, please send e-mails with a “**Read Receipt**” request; and
5. Partial-application submissions will not be accepted. Applications received after 4:00 p.m. on Friday, December 12, 2025, will not be accepted. Application must be complete at the time of submission with all required back-up documentation. There will be no cure period.

Accommodations are available for applicants with disabilities in all phases of the application process. Please call DSHA at 302.739.4263 or 888.363.8808 with any questions or requests. TTY/ ASCII/ VOICE/ VCO users may utilize the Telecommunications Relay Service (TRS) at 800.676.3777.

## Scoring

The basic elements of the threshold score are presented in the Application Narrative section of the ESG Application. The Narrative Exhibits must be included in the application for the project to be considered for maximum funding capability. The Exhibits are determined by DSHA before the application process begins and may change periodically at their discretion according to funding focus and HUD guidelines. Using defined rating criteria, applications are reviewed and rated by a Review Panel comprised of professionals with knowledge and experience in homeless issues and grant management. Scores from each member are averaged for each proposal and the average score reflects the Panel’s determination of the merit of the project.

## Awards and Agreements

State-Recipients will be notified in writing of the amount of the grant award. Included with the award letter will be a Grant Agreement and a Match Certification form, which must be signed and returned within a specified time frame.

## SECTION 3 – PROGRAM ACTIVITIES

### Homeless Status

The State-recipient must develop, maintain and follow written intake procedures to ensure compliance with the homeless definition in 24 CFR 576.500(b). The procedures must require documentation at intake of the evidence relied upon to establish and verify homeless status. The procedures must establish the order of priority for obtaining evidence as third-party documentation first, intake worker observations second, and certification from the person seeking assistance third.

However, a lack of third-party documentation must not prevent an individual or family from being immediately admitted to an emergency shelter, receiving services, or being immediately admitted to a shelter or receiving services provided by a victim service provider. Records contained in a CMIS or comparable database used by a victim service provider or the Housing Alliance Delaware are acceptable evidence of third-party documentation.

### Homeless Definition and Certification

Applicable under relevant Emergency Shelter and Rapid Re-Housing programs

\*\*\*Providers of Emergency Shelter and Rapid Re-Housing services shall admit individuals and families who meet the HUD definition of “homeless” as specified in 24 CFR 573.2 (Categories, 1, 2, 3, 4)

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#### **\*\*GENERAL HOMELESS CERTIFICATION**

***\*\*Categories 1 and 4 are eligible for Emergency Shelter and Rapid Re-housing Assistance***

#### **CATEGORY 1: Literally Homeless**

Individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

- a) Has a primary nighttime residence that is a public or private place not meant for human habitation; **or**
- b) Is living in a 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, and local government programs).

**To certify homeless status for the above, the State-recipient must provide documentation of two of the following:**

- i. Written referral by another housing or service provider; or
  - ii. Written observation by the outreach worker; or
  - iii. Certification by the individual or head of household seeking assistance stating that (s) he was living on the streets or in a shelter.
- 
- c) Is exiting an institution where (s)he has 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

**Documentation must include one of the above forms of evidence AND 1 of the following:**

- iv. Discharge paperwork or written/oral referral; or
- v. Written record of intake worker's due diligence to obtain the above evidence and certification by the individual that they exited the institution.

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***\*\*Category 2 is considered "homeless," but is for clients who receive assistance under Homeless Prevention***

**CATEGORY 2: Imminent Risk of Homelessness**

Individual or family who will imminently lose their primary nighttime residence, provided that:

- a) Residence will be lost within 14 days of the date of application for homeless assistance;
- b) No subsequent residence has been identified; and
- c) The individual or family lacks the resources or support networks needed to obtain other permanent housing.

**Documentation must include one of the following:**

- i. A court order resulting from an eviction action notifying the individual or family that they must leave; or
- ii. For individuals and families leaving a hotel or motel—evidence that they lack the financial resources to stay; or
- iii. A documented and verified oral statement.

**In addition to one of the above, documentation must include BOTH of the following:**

- iv. Certification that no subsequent residence has been identified; AND
- v. Self-certification or other written documentation that the individual lack the financial resources and support necessary to obtain permanent housing.

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**CATEGORY 3: Homeless under Other Federal Statutes**

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:

- a) Are defined as homeless under the other listed federal statutes;
- b) Have not had a lease, ownership interest, or occupancy agreement in permanent housing during the 60 days prior to the homeless assistance application;
- c) Have experienced persistent instability as measured by 2 moves or more during the preceding 60 days; and
- d) Can be expected to continue in such status for an extended period of time due to special needs or barriers.

**Documentation must include all of the following:**

- i. Certification by the nonprofit or state or local government that the individual or head of household seeking assistance met the criteria of homelessness under another federal statute; and
- ii. Certification of no public housing in the last 60 days; and
- iii. Certification by the individual or head of household, and any available supporting documentation, that (s)he has moved 2 or more times in the past 60 days; and
- iv. Documentation of special needs or 2 or more barriers.

#### **CATEGORY 4: Fleeing/Attempting to Flee Domestic Violence**

Any individual or family who qualifies as homeless under this definition, but who:

- a) 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; and
  - i. Has no other residence; **and**
  - ii. Lacks the resources or support to obtain other permanent housing.

#### **Documentation required:**

*For victim service providers:*

- An oral statement by the individual or head of household seeking assistance which states: they are fleeing; they have no subsequent residence, and they lack resources. The statement must be documented by a self-certification **and** a certification by the intake worker.

*For non-victim service providers (must document **all** of the following):*

- Oral statement by the individual or head of household seeking assistance that they are fleeing. This statement is documented by a self-certification **or** by the caseworker. Where the safety of the individual or family is not jeopardized, the oral statement must be verified; **and**
- Certification by the individual or head of household that no subsequent residence has been identified; **and**
- Self-certification or other written documentation, that the individual or family lacks the financial resources and support networks to obtain other permanent housing.

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#### **CHRONICALLY HOMELESS: Eligible for Rapid Re-Housing Assistance Only.**

An individual or family that:

- a) Is homeless and resides in a place not meant for human habitation, a safe haven, or in an emergency shelter and has been homeless and residing in such a place for at least 12 months *or* on at least four separate occasions in the last three (3) years where the combined occasions must total at least 12 months; **and**
- b) Has a head of household with a diagnosable substance use disorder, serious mental illness, developmental disability (as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002)), post-traumatic stress disorder, cognitive impairments resulting from a brain injury, or chronic physical illness or disability.

**To certify an individual living in a place not meant for human habitation, a safe haven, or an emergency shelter, the following documentation must be provided.**

#### **Option 1:**

- A CMIS record or record from a comparable database. If not documented in CMIS for 12 months proceed to Option 2.

#### **Option 2\*\*:**

- A written observation by an outreach worker of the conditions where the individual was living  
*or*

- A written referral by another housing or service provider where the individual was living.

**\*\*Note:** One encounter per month, documented breaks in CMIS (stayed with a relative for the night, etc. counts as homeless) is acceptable documentation. Must be documented in the client file.

**Option 3: For use *only* in situations where no third-party certification is available; self-certification can be used only after attempts to collect documentation of Options 1 and 2 above.**

- Self-certification by the individual seeking assistance, which must be accompanied by the intake worker's documentation of the living situation of the individual or family seeking assistance and the steps that were taken to obtain evidence in Steps 1 and 2.

**To certify a head of household disability, the following documentation must be provided:**

Verification of Disability

**NOTE:**

1. Transitional Housing *does not* qualify an individual/family for chronic status;
2. Veterans receiving Supportive Services for Veteran Families (SSVF) or other grant per-diem programs offered by the Veterans Administration **do** maintain their Chronic Status;
3. ESG Rapid Re-housing is not considered transitional housing;
4. Institution stays of less than 90 days do not constitute a break and *can be* included in the time calculation as long as the individual/family were on the streets, in an emergency shelter, or safe haven when they began;
5. Stays in "housed" environments that are *less* than seven (7) consecutive nights *do not* constitute a break in homelessness.
6. A BREAK in homelessness is defined as a stay in housing that lasts at least seven (7) consecutive nights; therefore, a client *must have* at least four (4) separate occasions to qualify under this option.

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## Eligible Expenditures/Activities

### Categories of Eligible Spending

The four categories of eligible spending for State of Delaware ESG funds are as follows:

1. Emergency Shelter: renovation, major rehabilitation, conversion, shelter operations, and essential services;
2. Rapid Re-Housing: short-term and medium-term rental assistance, housing relocation, and stabilization services;
3. Homelessness Prevention; and
4. Street Outreach;

Other eligible spending includes:

5. Community Management Information System (CMIS) licenses and fees.

## Emergency Shelter\*\*

**\*\*The State of Delaware will not allocate any ESG funds for this use in FY2025.**

### *Eligible Activities*

The State of Delaware ESG funds may be used for activities that are designed to increase the quantity and quality of temporary shelters provided to homeless people, through the renovation or major rehabilitation of existing shelters or conversion of buildings to shelters, paying for the operating costs of shelters, and providing essential services per [24 CFR Section 576.102](#).

#### 1. **Renovation**

- Defined as rehabilitation that involves costs that do not exceed **75 percent of the value of the building before rehabilitation**. “Value of the building” means the monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by the grantee or State recipient.
- Renovations assisted under this part must meet local government safety and sanitation standards (24 CFR 576.55) and the shelter receiving this level of improvement must be used as a shelter for at least 3 years.
- In addition, for projects of 15 or more units where rehabilitation costs are less than 75 percent of the replacement cost of the building, that project must meet the requirements of 24 CFR 8.23(b).
- Renovation costs may include labor, materials, tools, and other costs of improving buildings, including repair directed toward an accumulation of deferred maintenance; replacement of principal fixtures and components of existing buildings; installation of security devices; and improvement through alterations or incidental additions to, or enhancement of, existing buildings, including improvements to increase the efficient use of energy in buildings.

#### 2. **Major rehabilitation**

- This means rehabilitation that involves costs **in excess of 75 percent of the value of the building before rehabilitation**.
- Renovations assisted under this part must meet local government safety and sanitation standards (24 CFR 576.55) and the shelter receiving this level of improvement must be used as a shelter for at least ten years.
- In addition, for projects of 15 or more units where rehabilitation costs are 75 percent of the replacement cost of the building, that project must meet the requirements of 24 CFR 8.23(a), and the accessibility requirements of Section 504 of the Rehabilitation Act of 1973, as amended.

#### 3. **Conversion**

- Defined as a change in the use of a building to an emergency shelter for the homeless, where the costs of conversion exceed 75 percent of the value of the building after conversion.

**NOTE:** Any building for which ESG funds are used for renovation must be maintained as a shelter for the homeless for not less than a three-year period after which such assistance is provided; or if the ESG funds are used for major rehabilitation or conversion, the building must be used for a shelter for not less than ten (10) years after which such assistance is provided.

#### 4. Shelter Operations

- Eligible costs are the costs of maintenance (including minor or routine repairs under \$1,000.00), rent, security, fuel, equipment, insurance, utilities, food, furnishings, supplies necessary for the operation of the emergency shelter, and hotel/motel voucher, only for families and individuals where no emergency shelter is available.

#### 5. Essential Services

- Defined as the immediate needs of the homeless. ESG funds may only be used to provide essential services to individuals and families who are in emergency shelters. **NOTE: Essential Services are limited to no more than 30% of the total awarded grant.** Eligible essential services are as follows:
  - Case Management: The cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the client for eligibility. Component services and activities consist of:
    - Conducting the initial evaluation required including verifying or documenting the participant's homelessness;
    - Counseling;
    - Developing, Securing, and coordinating services and obtaining Federal, State, and Local benefits;
    - Monitoring and evaluating client progress;
    - Providing information and referrals to other providers;
    - Providing ongoing risk assessment and safety planning with victims of domestic violence, dating, violence, sexual assault, and stalking; and
    - Developing an individualized housing and service plan, including planning a path to permanent housing stability.
  - Child Care: The costs of childcare for clients, 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.
  - Education Services: When necessary for the client 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.
  - 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 clients in employment assistance and job training programs is

eligible. 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.

- Outpatient Health Services: Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals. 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 client's health problems and developing a treatment plan; assisting clients to understand their health needs; providing directly or assisting clients 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.
- Legal Services: ESG funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community and only fees based on the actual service performed are eligible. Legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are also considered ineligible costs.
  - 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 the person(s) under the supervision of the licensed attorney, regarding matters that interfere with the client's ability to obtain and retain housing.
  - 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, the appeal of veterans and public benefit claim denials, and the resolution of outstanding criminal warrants.
  - Component services or activities may include client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling.
- 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 client to function independently in the community. Component life skills training is budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation, and parenting.
- Mental Health Services: Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions. 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.

- Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about a positive resolution of the problem or improve individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or symptom management.
  - 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.
- Substance Abuse Treatment Services: 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. 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.
- 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.
- Transportation: Eligible costs consist of the transportation costs of a client's travel to and from medical care, employment, childcare, or other eligible essential services facilities. These costs include:
- The cost of a client's travel on public transportation; and
  - The travel costs of recipient or State-recipient staff to accompany or assist clients to use public transportation.
- 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. The term victim services mean services that assist clients who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelter, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking.
- Serving Youth Who Lack 3rd Party Documentation or Live in Unsafe Situations: Notwithstanding any contrary requirements under the McKinney-Vento Homeless Assistance Act or 24 CFR part 576, youth aged 24 and under who seek assistance (including shelter, services or rental assistance) shall not be required to provide third-party documentation that they meet the homeless definition in 24 CFR 576.2 as a condition for receiving assistance; and unaccompanied youth aged 24 and under (or families headed by youth aged 24 and under) who have an unsafe primary nighttime

residence and no safe alternative to that residence shall be considered homeless for purposes of assistance provided by any private nonprofit organization whose primary mission is to provide services to youth aged 24 and under and families headed by youth aged 24 and under.

#### 6. **Centralized Intake**

- All applicants approved and awarded State of Delaware ESG funds are required to participate in the Delaware Centralized Intake Emergency Shelter Referral Process and Rejection Policy effective August 1, 2015.

### **Rapid Re-Housing\*\***

**\*\*The State of Delaware will not allocate any ESG funds for this use in FY2025.**

#### *Eligible Activities*

State of Delaware ESG funds may be used for activities that are designed to move homeless people quickly to permanent housing and achieve stability in that housing through short-term and/or medium-term rental assistance and housing relocation and stabilization services per CFR 24 Section 576.104.

#### 1. **Rental Assistance**

- General Provisions: A State-recipient may provide a client with up to 18 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.
  - Short-term rental assistance - is assistance for up to 3 months of rent.
  - Medium-term rental assistance - is assistance for more than 3 months but not more than 18 months of rent.
  - Rental Arrears - consist of a one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears.
  - Rental Assistance - can be tenant-based or project-based.
- Tenant-Based Rental Assistance: Clients select a housing unit in which to live (must be within the specified service area) and receive short- or medium-term rental assistance.
- Project-Based Rental Assistance: State-Recipients identify permanent housing units (must be within the specified service area) that meet ESG requirements and enter into a rental assistance agreement with the owner to reserve the unit and subsidize its rent so that eligible clients have access to the units.
- Rental Assistance Agreement: The State-recipient may make rental assistance payments only to an owner with whom the State-recipient has entered into a rental assistance agreement. **NOTE**: The rental assistance agreement must set forth the terms under which rental assistance will be provided, including the following requirements that apply under this section:
  - The landlord shall give the State-recipient a copy of any notice to the client to vacate the housing unit, or any complaint used under state or local law to commence an eviction action against the client;
  - The rental assistance agreement cannot extend longer than 12 months;

- Payment due date, grace period, and late payment penalty requirements will be the same as documented in the client’s lease;
  - If the rental assistance is tenant-based or project-based;
  - If the State recipient incurs late payment penalties, it is the sole responsibility of the agency to pay those penalties;
  - The amount to be paid by the State-recipient for payment of rent arrears, the number of months covered, any other terms and conditions of the payment, and certification that the client is liable, and the landlord has provided sufficient evidence of the rent arrears and that payment of such arrears is necessary for the participant to obtain permanent housing and maintain stability in that housing.
- Late Payments: The State-recipient 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 client’s lease. The State-recipient is solely responsible for paying late payment penalties that are incurred with non-ESG funds.
- Lease Agreement: A lease agreement is a legally binding, written lease between tenant and landlord and is required to receive either short-term or medium-term rental assistance. “Master-leasing” is not allowed whereby the State-recipient signs the lease and sub-leases it to the client. A lease agreement must be in place, and the client must be on the lease in order to use ESG funds for the rent or security deposit.
- Fair Market Rent (FMR) Requirement: HUD establishes FMRs to determine rent ceilings for HUD-funded rental assistance programs. HUD publishes the FMR schedule annually for 530 metropolitan areas and 2,045 nonmetropolitan county areas. [FY2026 Advisory Small Area FMR Lookup System -- Select Geography \(huduser.gov\)](#)
  - Gross rent for units in which ESG provides rental assistance must be the same or less than the FMR for that location.
  - If the State-recipient’s service area includes more than one county, the State-recipient must use the appropriate FMR for the county in which the assisted rental unit is located.
  - The applicable FMR data should be copied and placed in the client file to document the FMR for that participant’s unit size and geographic area.
- Rent Restrictions & Calculating Rent
  - Medium-term or short-term rental assistance cannot be provided unless the rent plus utilities do not exceed the Fair Market Rent (FMR) 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.
  - 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.

- If the gross rent for the unit exceeds either the rent reasonableness standard or FMR, the State-recipient is prohibited from using ESG funds for any portion of the rent, even if the household is willing and/or able to pay the difference.
- A utility allowance is a projection of the cost of utilities the client will pay monthly while renting their unit. State-recipient must determine the amount of utility allowance to be used in the calculation of gross rent. DSHA maintains a utility allowance chart that considers the number of bedrooms and types of utilities in a unit for Kent and Sussex Counties only (e.g., gas and/or electric, water, sewer, and trash). Any utilities included in the rent payment must not be included in the utility allowance calculation. Telephone, cable or satellite television service, and internet service are not counted as utility costs.

To calculate the gross rent of a unit by the FMR Standard:

$$\begin{array}{r} \text{Total contract rent amount of the unit} \\ + \\ \text{Any fees required for occupancy under the lease (excludes late fees and pet fees)} \\ + \\ \text{Monthly utility allowance established by the local public housing authority} \\ = \\ \text{Gross Rent Amount} \end{array}$$

- Example:
  - A case manager wants to rapidly re-house a mother and son and has identified a 2-bedroom unit at a rent of \$1,200 per month, not including utilities.
  - The utility allowance for that size and type of unit is \$150.
  - Therefore, the gross rent is \$1,350.
  - A check of three similar units in the neighborhood reveals that the reasonable rent is \$1,400 for that area of the city.
  - However, the FMR for the jurisdiction is \$1,300. This means the household cannot be assisted with ESG in this unit because the gross rent exceeds the FMR.
- 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 client who is receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance.
- Setting Caps and Conditions: Subject to the requirements of this section, the State-recipient must set a maximum amount or percentage of rental assistance that a client may receive as well as a maximum period for which a client may receive any of the types of

assistance or services described within this section. The State-recipient may also allow clients to share in the cost of rent if both participants are listed on the lease agreement.

## 2. **Financial Assistance (§ 576.105(a))**

- **General Provisions:** Subject to the general conditions under CFR 24 Section 576.103, ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs
  - **Rental Application Fees (§ 576.105(a)(1)):** ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.
  - **Security Deposits (§ 576.105(a)(2)):** ESG funds may pay for a security deposit that is equal to no more than one month's rent.
  - **Last Month's Rent (§ 576.105(a)(3)):** If necessary to obtain housing for a client, 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 client's total rental assistance, which cannot exceed 18 months during any 3-year period.
  - **Utility Deposits (§ 576.105(a)(4)):** ESG funds may pay for a standard utility deposit required by the utility company for utilities required for the rental unit. Eligible services are gas, electric, water, and sewage.
  - **Utility Payments (§ 576.105(a)(5)):** ESG funds may pay for up to 18 months of utility payments per client, 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 client 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 client shall receive more than 18 months of utility assistance within any 3-year period.
  - **Moving Costs (§ 576.105(a)(6)):** ESG funds may pay for moving costs, such as truck rental or hiring a moving company.
  - **Other Subsidies:** Except for a one-time payment of no more than 6 months of utility arrears, utility assistance cannot be provided to a client who is receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance.
- **Setting Caps and Conditions:** Subject to the requirements of this section, the State-recipient must set a maximum amount or percentage that a client may receive for each type of financial assistance under this section. The State-recipient must also set a maximum period for which a client may receive any of the types of assistance described

within this section. The limits on the assistance under this section apply to the total assistance an individual receives and must not exceed 18 months during any 3-year period.

### 3. Services Costs

- General Provisions: Subject to the general conditions under CFR 24 Section 576.104, ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs:
  - Housing search and placement (§ 576.105(b)(1)): Services or activities necessary to assist clients in locating, obtaining, and retaining suitable permanent housing.
  - Housing stability case management (§ 576.105(b)(2)): ESG funds may be used to pay the cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a client who resides in permanent housing or to assist a client in overcoming immediate barriers to obtaining housing.
    - This assistance cannot exceed 30 days during the period the client is seeking permanent housing and cannot exceed 18 months during the period the client is living in permanent housing.
    - State-Recipients are encouraged to provide case management to all clients receiving homelessness prevention and rapid rehousing services.
    - Clients receiving short and medium-term rental assistance are required to be case-managed and have a housing stability service plan, except where funding under the Violence Against Women Act (VAWA) or the Family Violence Prevention and Services Act (FVPSA) prohibits the recipient or subrecipient from making shelter or housing conditional upon the receipt of services (§ 576.401(e)).
  - Eligibility Re-certification: Reassessments are required for homelessness prevention and rapid re-housing participants.
    - Homelessness prevention reassessments are required every three months and must verify that a household continues to have an annual income at or below 30% of the area median income and lacks the resources or support to retain or obtain appropriate permanent housing.
    - Rapid rehousing assessments are required at least once per year to verify that a household's income is at or below 30% area median income and they lack the resources and support networks to retain or obtain appropriate permanent housing.
    - If a client informs the State-recipient of a change in income there is no immediate effect on the client's eligibility and assistance can continue at the discretion of the State-recipient until the next required re-evaluation. There is no HUD or DSHA requirement that the client notifies the State-recipient of changes to income prior to the required re-evaluations, as specified above.

- Mediation (§ 576.105(b)(3)): ESG funds may pay for mediation between the client and the owner or person(s) with whom the client is living, provided that the mediation is necessary to prevent the client from losing permanent housing in which the client currently resides.
- Legal Services (§ 576.105(b)(4)): ESG funds may pay for legal services, 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 client from obtaining permanent housing or will likely result in the client losing the permanent housing in which the client currently resides.
- Credit Repair (§ 576.105(b)(5)): ESG funds may pay for credit counseling and other services necessary to assist clients 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 payment or modification of debt.

#### 4. **Centralized Intake**

- All applicants approved and awarded State of Delaware ESG funds are required to participate with the Housing Alliance Delaware's Centralized Intake and the Delaware Continuum of Care Rapid Re-Housing Standards effective October 11, 2016.
- HAD will maintain the Rapid Re-Housing waiting list, assess, and prioritize households that qualify for assistance, and make appropriate referrals.
- If there are no HAD Rapid Re-Housing centralized intake applicants, the State of Delaware ESG grant may assist qualified applicants from other referral systems, including the recipient, only upon DSHA's prior written approval.

## **Homeless Prevention**

Homelessness Prevention Services are intended to prevent persons who are housed from becoming homeless by helping them regain stability in their current housing or other permanent housing. Eligible participants must be at imminent risk of homelessness, homeless under other federal statutes, fleeing/attempting to flee domestic violence or meet the criteria for being at-risk of homelessness and have annual incomes at or below 30% of the area median income. The income verification must be completed during initial income certification, and proof of income should be kept in the client's folder.

Generally, Homelessness Prevention assistance intends to quickly transition clients to stability, either through their own means or through public benefits, as appropriate. Participants may maintain their current housing or move into new housing. The assistance should be focused on housing stabilization, linking clients to community resources and mainstream benefits, and helping them develop a plan for preventing future housing instability.

If a client was first assisted under homelessness prevention and then became homeless, State-recipient must exit the client from the homelessness prevention component and enter the

individual or household into a rapid re-Housing component.

### *Homeless Prevention Eligible Activities*

- Financial Assistance;
- Short-term rental assistance (3 months);
- Medium-term rental assistance (4 to 24 months);
- Rent arrearages (up to 6 months);
- Security deposits and Utility deposits (but only in a new apartment);
- Utility payments (up to 18 months including up to 6 months' arrearages);
- Moving cost assistance;
- Staffing and operating costs associated with implementing eligibility;
- Financial assistance activities; and
  - Housing Relocation and Stabilization Services;
  - Case management;
  - Outreach and engagement;
  - Landlord/Tenant Education;
  - Housing search and placement (including inspections);
  - Legal services; and
  - Credit Repair/Financial Counseling.

### *Homeless Prevention Eligible Costs*

1. **Housing Relocation and Stabilization Services Financial Assistance Costs:** ESG funds may ONLY be used to pay housing owners, utility companies, and other third parties for the following costs (cannot pay funds directly to participant):
  - Rental application fees: ESG can support Fees, only if the Fee is charged by the owner to ALL applicants, not just participant(s) receiving assistance.
  - Security deposits: Equal to no more than 2 months' rent.
  - Last month's rent: If necessary to obtain housing, 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 client's total rental assistance, which cannot exceed 24 months during any 3-year period.
  - Utility deposits: Only can support a utility deposit that is required by the utility company for all customers (only for gas, electricity, water, and sewage).
  - Utility payments: ESG funds may pay for up to 24 months of utility payments per client, per service, including up to 6 months of utility payments in arrears, per service.
    - The partial payment of a utility bill counts as one month.

- This assistance may only be provided if the client or a member of the same household has an account in their name with a utility company or proof of responsibility to make utility payments.
    - Eligible utility services are gas, electricity, water, and sewage.
    - No client shall receive more than 24 months of utility assistance within any 3-year period.
- 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 client begins receiving assistance and before the client moves into permanent housing.
  - Payment of temporary storage fees in arrears is not eligible.
- Services Costs: ESG funds may be used to pay the costs of providing the following services:
  - Housing search and placement: Services or activities necessary to assist clients in locating, obtaining, and retaining suitable permanent housing, include:
    - Assessment of housing barriers, needs, and preferences;
    - Development of an action plan for locating housing;
    - Housing search;
    - Outreach to and negotiation with owners;
    - Assistance with submitting rental applications and understanding leases;
    - Assessment of housing for compliance with (ESG) requirements for habitability, lead-based paint, and rent reasonableness;
    - Assistance with obtaining utilities and making moving arrangements; and
    - Tenant counseling.
  - Housing stability case management: ESG funds may be used to pay the cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a client who resides in permanent housing or to assist a client in overcoming immediate barriers to obtaining housing. This assistance cannot exceed 30 days during the period the client is seeking permanent housing and cannot exceed 24 months during the period the client is living in permanent housing.
    - Component services and activities consist of:
      - Using the Coordinated Entry system to evaluate participants applying for or receiving assistance;
      - Conducting the initial evaluation, including verifying and documenting eligibility;
      - Counseling;
      - Developing, securing, & coordinating services/benefits;
      - Monitoring and evaluating client progress;
      - Providing information and referrals;
      - Developing an individualized housing and service plan, including a path to permanent housing stability; and

- Conducting re-evaluations is required under §576.401(b).
- Mediation: ESG funds may pay for mediation between the client and the owner or person(s) with whom the client lives, provided that the mediation is necessary to prevent the client from losing permanent housing the client currently resides.
- Legal services: Legal services MUST be necessary to resolve a legal problem that prevents a participant from obtaining or maintaining permanent housing.
  - Eligible subject matters include;
    - Landlord/tenant matters;
    - Child support, guardianship, paternity, emancipation, and legal separation;
    - Orders of protection;
    - Other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking;
    - Appeal of veterans and public benefit claim denials, and
    - Resolution of outstanding criminal warrants.
  - Eligible costs include hourly fees for legal advice and representation by attorneys. Fees based on the actual service performed (i.e., fee for service) can only be supported with ESG funds if the cost is less than the hourly fee.
  - Other eligible costs may include participant intake, preparation of cases for trial, provisions of legal advice, representation at hearings, counseling, filing fees, and other necessary court costs.
  - State-recipient's employees' salaries and other costs necessary to perform the services are eligible if the State-recipient is a legal services State-recipient and performs the services itself.
  - **NOTE: Legal services for immigration and citizenship matters and issues relating to mortgages are INELIGIBLE. Retainer fee arrangements and contingency fee arrangements are also ineligible.**
- Credit Repair: ESG funds may pay for credit counseling and other services necessary to assist clients 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 payment or modification of debt.
- Short-Term and Medium-Term Rental Assistance: Clients may receive 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.
  - Rental assistance may be tenant-based or project-based.
  - Short-term rental assistance is assistance for up to 3 months of rent.
  - Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.

- Payment of rental arrears consists of a **one-time payment** for up to 6 months of arrears, including any late fees.
- **NOTE: 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 client 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 (such as Housing Choice Voucher/Section 8 or other public housing).**

## Homelessness Prevention and Rapid Re-Housing Comparison

The chart below shows the differences between Homelessness Prevention and Rapid Re-Housing service components.

|                       | <b>Homelessness Prevention</b>  | <b>Rapid Re-Housing</b>  |
|-----------------------|---|--|
| Eligible Participants | <b>Category 2</b> – Imminent Risk<br><b>Category 3</b> – Other Federal Statutes<br><b>Category 4</b> – Fleeing/Attempting to Flee Domestic Violence<br><b>OR</b><br><b>At-Risk of Homelessness</b>                              | <b>Category 1</b> – Literally Homeless<br><b>OR</b><br><b>Category 4</b> – Fleeing/Attempting to Flee Domestic Violence  |
| Purpose               | <ul style="list-style-type: none"> <li>• To <u>prevent</u> persons who are housed from becoming homeless</li> <li>• To help such persons <u>regain stability</u> in their current housing or other permanent housing</li> </ul> | <ul style="list-style-type: none"> <li>• To help homeless persons living on the streets or in an emergency shelter <u>transition</u> as quickly as possible into permanent housing, and then</li> <li>• To help such persons <u>achieve stability</u> in that housing</li> </ul> |
| Reassessment          | <ul style="list-style-type: none"> <li>• Every 3 months</li> <li>• Must have income at <u>or below</u> 30% AMI, <b>and</b></li> <li>• Lack of resources and support network</li> </ul>  | <ul style="list-style-type: none"> <li>• Every 12 months</li> <li>• Must have income <u>at or below</u> 30% AMI, <b>and</b></li> <li>• Lack of resources and support network</li> </ul>  |
| Eligible Activities   | Housing Relocation and Stabilization Services and Financial Assistance  | Housing Relocation and Stabilization Services and Financial Assistance   |
|                       | Short- and Medium-Term Rental Assistance  | Short- and Medium-Term Rental Assistance   |

## Street Outreach

Delaware State Housing Authority's ESG funds may be used for activities under Street Outreach services to engage individuals and families experiencing literal homelessness who are unsheltered. Outreach activities are designed to build trust, address immediate needs, connect people with community resources, and ensure their inclusion in the Delaware CoC's Coordinated Entry (CE) system. Services are consistent with [24 CFR 576.101](#) and the CoC Written Standards.

### *Street Outreach Eligible Activities*

Street Outreach staff may provide, document, and/or refer clients for:

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 and community-based service 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 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 & Safety Needs:**
  - 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.
  - ESG funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area.
  - 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:**

- 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.
- 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.
- 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.
- 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:

- The cost of a program participant's travel on public transportation;
- If service workers use their own vehicles, mileage allowance for service workers to visit program participants;
- The cost of purchasing or leasing a vehicle for the recipient or sub-recipient 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
- The travel costs of recipient or sub recipient 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 mean 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.

### ***Street Outreach Eligible Costs***

The Eligible costs and requirements for essential services consist of:

1. **Client Engagement**

- Outreach staff proactively visit locations where unsheltered homelessness is known (encampments, streets, cars, abandoned buildings).
- Staff approach with respect, cultural humility, and trauma-informed care principles.
- Engagement may require multiple visits before a client is ready to accept services.

**2. Assessment & CE Referral**

- Outreach staff complete the [CoC assessment tool name] in the field.
- All clients are entered into CMIS (or comparable database for VSPs).
- Clients are referred into CE for prioritization and connection to shelter, RRH, or PSH when available.

**3. Immediate Services**

- Outreach staff may provide ESG-eligible basic needs items (food, clothing, hygiene kits, blankets).
- Crisis needs (e.g., emergency medical or safety response) are addressed through 911 or local emergency partners.

**4. Case Management**

- Staff maintain ongoing contact with each client to reduce barriers to housing.
- Services include housing navigation, assistance obtaining IDs or documentation, and connections to benefits and income.
- Staff keep client information updated in CMIS to ensure accurate CE prioritization.

**5. Coordination**

Outreach staff coordinate with:

- CE lead agency
- Emergency shelters (when beds are available)
- RRH and PSH providers
- Behavioral health and medical partners
- Law enforcement and first responders (when appropriate)

**6. Documentation**

- Each client interaction is documented in CMIS.
- If providing material goods or transportation, staff must record the type, value, and justification in the client's case notes.
- For VSPs, all information is recorded in a HUD-compliant comparable database, with confidentiality maintained.

## Ineligible ESG Activities

ESG funds shall not be used for activities other than those stated in this ESG manual or in accordance with HUD regulations. Examples of ineligible uses include:

### 1. Emergency Shelter

- Acquisition costs of real property to be used as an emergency shelter.
- New Construction of an emergency shelter.
- Property clearance or demolition.
- Rehabilitation administration.
- Staff training or fundraising costs associated with rehabilitation.
- Major building maintenance and repairs over \$1,000.00.
- Mortgage payments for shelters.
- Staff training or conference costs.
- Bad debts/late fees.
- Depreciation.

### 2. Rapid Re-Housing

- Rental assistance longer than 18 months.
- Utility assistance longer than 18 months.
- Direct payments to clients.
- Payment of credit arrears (credit cards, loans, etc.)
- Operational costs for housing programs.
- Mortgage assistance.
- Rental arrear payment over 6 months.
- Utility arrear payment over 6 months.
- Subsidized rental assistance.
- Rent and utility assistance in subsidized housing.

### 3. Prevention

- Ongoing or Long-Term Rental Subsidies.
- Mortgage Payments.
- Utility assistance longer than 6 months of arrears.
  - Paying for phone, cable, or internet is not allowed
- Cannot be used for meals, groceries, or clothing.
- Cannot be used for Building Rehab, property maintenance.

## SECTION 4 – PROGRAM REQUIREMENTS

This section describes the program requirements and responsibilities under the ESG program. As a grantee of ESG funding and a grantee through DSHA, there is a responsibility to demonstrate compliance with all of the program requirements as well as the ESG Regulations in [24 CFR Part 576](#).

1. **Initial Intake Assessment:** The State-recipient must conduct an initial evaluation or intake assessment if one is not provided to the State-recipient by the CMIS provider to determine the eligibility of each individual or family and the types of assistance the individual or family needs.
2. **Documentation of Homelessness:** Every client served by ESG funds must qualify for assistance according to HUD standards. Service providers are responsible for determining the eligibility status, of homeless clients. Staff documentation may include oral statements made by a social worker, case manager, or another appropriate official at an institution, shelter, or other facility and documented by the program intake worker/case manager. Use of oral statements is allowable when third-party documentation is not available.
  - Self-certification requires a written and signed document by the individual or head of household seeking assistance attesting to the eligibility facts for which they are certifying. A third party may be designated by a participant to sign documents on their behalf when they are unable to do so. If needed, the State-recipient must provide access to language interpretation services and assistive devices necessary for participants to understand the documents they are certifying.
  - Self-certification documentation is only used when documented staff efforts verify that third-party or worker observation documentation is not available. However, the lack of third-party documentation must not prevent an individual or household from being immediately admitted to emergency shelters, from receiving street outreach services or immediately accessing domestic violence/victim service shelter and assistance.
  - A copy of the documentation must be kept in the client file and made available to DSHA or HUD for monitoring or risk analysis purposes. Simply knowing that each individual you serve is homeless is not sufficient.
3. **Community Management Information System (CMIS):** HUD and DSHA require State-Recipients of Federal funds to collect unduplicated client data each year by CMIS. This is a computerized data collection tool specifically designed to capture client-level system-wide information over time on the characteristics and service needs of men, women, and children experiencing homelessness. The system is used not only for an accurate count of the homeless in Delaware but also to assist them in getting the appropriate services faster, decrease duplicative intakes and assessments and streamline the referral process. The Statewide integrated system can track the use of services throughout Delaware by people who are homeless and can provide agencies the ability to see what services have been accessed in the past and help to determine what referrals are needed. Participation in the CMIS is mandatory for those who received ESG assistance from DSHA.

- ESG funded client and activity data must be entered into the CMIS (WellSky) or alternative database for clients who are victims of violence. Data entry and reporting expectations include:
  - Timely and accurate data entry into the CMIS;
  - Acquiring and documenting informed written consent from clients;
  - Protecting clients' confidentiality;
  - Using the CMIS as a tool to analyze data to inform and improve the delivery of services.
  - Victim service providers are prohibited from entering data in CMIS; however, they are required to maintain comparable databases of their design which provide aggregate information and data consistent with CMIS data collection requirements. Projects serving survivors of domestic violence where the recipient is not a victim services provider are required to enter data in their CMIS. [FY 2025 HMIS Comparable Database Manual \(hudexchange.info\)](http://hudexchange.info)
  
- 4. **Coordination with Mainstream and Targeted Homeless Providers:** DSHA requires State-Recipients receiving funds through ESG to maximize the use of available Federal, State, and local mainstream resources to ensure the long-term stability of clients. Providers shall actively seek to engage in partnerships with programs and services that are targeted to address homelessness and poverty within their communities.
  
- 5. **Termination or Denial of Assistance:** ESG State-Recipients may terminate assistance provided by ESG-funded activities to participants who violate program requirements. The termination must allow for the due process of the terminated participants' rights.
  - State-Recipients must have written denial, termination, and grievance policies and procedures. The policies and procedures should be readily available to clients either in writing or by posting them in a public place. Copies and explanations of the policies and procedures must be provided directly to any client when denial, termination, or other action affects the client's ability to receive assistance. The notice must provide the specific reason(s) for the action and provide a process the applicant can follow to request a review of the decision.
  - State-Recipients may terminate assistance to a client who violates program requirements. However, the State-Recipients must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination so that a client's assistance is terminated only in the most severe cases.
  - It is acceptable to require all clients to meet with a case manager, but it is not acceptable to require participation in supportive services. It is important to note that the purpose of any case management should be to engage the client. Additionally, a client must not be evicted from or terminated from, the program for failure to meet with the case manager.
  - If State-recipient is terminating rental assistance to the client, they must immediately notify the landlord of the date rental assistance for their tenant will end.
  - Termination from assistance does not prevent State-recipient from providing further assistance, later, to the same household or individual if they are determined eligible for such assistance.

7. **Grievance and Appeals Process:** State-Recipients are required to have an established process for addressing client grievances. At a minimum, the process must include the following components:
  - For Rapid Re-housing clients, allow the participant a minimum of seven days within which to request an administrative review;
  - For Shelter clients, allow the participant a minimum of 24 hours within which to request an administrative review; and
  - Inform the participants of their right to present written or oral objections;
  - Inform the applicant/participant in writing of the final determination and the basis for the decision within ten days of the determination;
  - Any person or persons designated by State-recipient can complete the administrative review. State-Recipients must make accommodations for clients who have language or disability barriers that would prevent them from participating in the appeals process.
8. **Preventing Involuntary Family Separation:** Maintaining family unity is important when homeless households with children under the age of 18 enter homeless shelters or housing. DSHA expects State-Recipients to ensure homeless households with children under the age of 18 are not denied admission and are not separated.
9. **Length of Stay:** State-Recipients shall make every effort to ensure clients are discharged from Emergency Shelter services in accordance with their shelter policies. For Domestic Violence situations, any additional Length of Stay limitations shall be determined by the individual service provider's policies and procedures and clearly communicated to clients. Length of Stay extensions may be granted at the discretion of the shelter's case manager after discussion with the client. All Length of Stay extensions must be documented in the client's case file.
10. **Confidentiality:** All records containing personally identifying information of any individual or family who applies for and/or receives ESG assistance will be kept secure and confidential. Disclose information only to determine program eligibility, provide benefits, or investigate a possible violation of federal, state, and local regulation(s) associated with ESG delivery and never in a public setting.
  - State-Recipients must have policies and procedures that ensure all client information and records are secure and confidentially maintained. State-Recipients' officers, employees, and agents must be aware of and comply with State-Recipients' confidentiality policies and procedures. All participants should sign a confidentiality statement with notification of their privacy during the intake process.
  - The address or location of any domestic violence, dating violence, sexual assault, or stalking shelter projects assisted under the ESG will not be made public except with the written authorization of the person responsible for the operation of the project. [42 U.S.C. 11375\(c\)\(5\)](#) requires service providers assisting participants in domestic violence situations to ensure that their records are kept confidential.
  - DSHA will not disclose non-public, personal information to any non-affiliated third party except as required by law, or with the client's written permission. Client information should not be accessible to any persons other than authorized Service Provider personnel, or authorized personnel from DSHA and HUD for Compliance Monitoring and/or Audit purposes.

- Client release of information should not be released without written authorization from the client. A Release of Information form must be completed by the applicant at the time of intake. Client refusal to provide such authorization cannot be the basis for denying program services to otherwise eligible clients. Release forms must be time-limited and specific as to whom and what information will be shared.
11. **Electronic Confidentiality:** Electronic collection of client information requires procedures for ensuring confidentiality. The following guidelines apply to the use of a computer:
- The computer terminal(s) used must be in a secure location, limiting access to only those persons who have a legitimate interest in and are responsible for viewing client records.
  - The computer monitor must be cleared (or a screen saver activated) immediately after accessing a client record.
  - The computer terminal must be on a “locked” mode or turned off if the terminal is unattended.
  - Access to the CMIS program shall be given to authorized staff persons and only to that degree as access is necessary for performing the work required for the ESG program.

## Emergency Shelter Requirements\*\*

**\*\*The State of Delaware will not allocate any ESG funds for this use in FY2025.**

Emergency Shelter Program outcomes can only be measured if full and precise information about activities and services provided is gathered and maintained for reporting.

Sufficient records must be established and maintained to enable DSHA and HUD to determine whether ESG requirements are being met. State-Recipients must maintain appropriate and complete records.

1. **Client Files:** At a minimum, client files should document the following;
  - Initial/Intake assessment by shelter;
  - Verification of use of Centralized Intake or coordinated entry;
  - Homelessness Eligibility/Certification;
  - Confidentiality Statement;
  - Case management notes;
  - Evidence of 3<sup>rd</sup> party referral;
  - Documentation of payment made on the client’s behalf;
  - Discharge or Termination Letter;
  - Release of Information Form; and
  - Kept secured in a locked cabinet.
  
2. **Emergency Shelter Habitability Standards:** DSHA requires the following minimum habitability standards for ESG funded shelters:
  - Structure and Materials: The shelter should be structurally sound to protect the residents from the elements and not pose any threat to their health and safety of the residents. Any

- renovation (including major rehabilitation and conversion) carried out with ESG assistance uses Energy Star and Water Sense products and appliances.
- Access: Where applicable, the shelter is accessible in accordance with Section 504 of the Rehabilitation Act ([29 U.S.C. 794](#)) and implementing regulations at [24 CFR part 8](#); the Fair Housing Act ([42 U.S.C 3601 et seq.](#)) and implementing regulations at [24 CFR part 100](#); and Title II of the Americans with Disabilities Act ([42 U.S.C. 12131 et seq.](#)) and [28 CFR part 35](#).
  - Space and Security - The shelter provides each client in the shelter with an acceptable place to sleep and adequate space and security for themselves and their belongings.
  - Interior Air Quality - Each room or space within the shelter has a natural or mechanical means of ventilation. The interior air is free of pollutants at a level that might threaten or harm the health of residents.
  - Water Supply: The shelter's water supply should be free of contamination.
  - Sanitary Facilities: Each client in the shelter has access to sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste.
  - Thermal Environment: The shelter has any necessary heating/cooling facilities in proper operating condition.
  - Illumination and Electricity: The shelter has adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There are sufficient electrical sources to permit the safe use of electrical appliances in the shelter.
  - Food Preparation: Food preparation areas, if any, should contain suitable space and equipment to store, prepare and serve food in a safe and sanitary manner.
  - Sanitary Conditions: The facility should be maintained in a sanitary condition.
  - Fire Safety: There is at least one working smoke detector in each occupied unit of the shelter. Where possible, smoke detectors are located near sleeping areas. All public areas of the shelter have at least one working smoke detector. The fire alarm system is designed for hearing-impaired residents. There is a second means of exiting the building in the event of a fire or other emergency.
3. **Emergency Shelter Reasonable Accommodation and the Americans with Disabilities Act (ADA)**: DSHA requires all ESG funded shelters to follow the following regulation.
- The Fair Housing Act requires owners of housing facilities to provide reasonable accommodations to persons with disabilities. Reasonable accommodations are changes, exceptions, or adjustments to a program, service, or procedure that allow a person with a disability to have equal enjoyment of the housing program.
  - There must be an identifiable relationship between the requested accommodation and the person's disability.

- Reasonable accommodations need not be provided if they would constitute an undue financial and/or administrative burden, or if they would be a fundamental alteration of the provider's program.
- Persons with disabilities may request a reasonable accommodation for any assistance animal, including an emotional support animal, under both the Fair Housing (FH) Act and Section 504.
- In situations where the Americans with Disabilities Act (ADA) and the FH Act/Section 504 apply simultaneously, housing providers must meet their obligations under both the reasonable accommodation standard of the FH Act/Section 504 and the service animal provisions of the ADA.
- Please note that while recipients and State-Recipients of ESG funds must meet their obligations under Section 504 of the Fair Housing Act and the service animal provisions of the ADA and make reasonable accommodations as required, the handler is responsible for caring for and supervising the service animal, which includes toileting, feeding, and grooming and veterinary care. Covered entities are not obligated to supervise or otherwise care for a service animal.
- For additional guidance on these requirements and how to evaluate a request for a reasonable accommodation, you may find it helpful to review the [FHEO Notice: FHEO-2013-01](#): Persons with disabilities may request a reasonable accommodation for any assistance animal, including an emotional support animal, under both the [Fair Housing Act and Section 504](#).

## Rapid Re-Housing Requirements\*\*

**\*\*The State of Delaware will not allocate any ESG funds for this use in FY2025.**

1. **Client Files:** Client files should document the following:
  - ESG Client File Checklist;
  - Agency Intake Assessment;
  - 3<sup>rd</sup> Party referral documentation;
  - Homelessness Certification Form;
  - Confidentiality Statement;
  - Income-related source documents (after 12 months);
  - Case Management documentation;
  - Housing and Services Plan;
  - Rent Reasonableness and FMR documentation;
  - Utility Allowance documentation;
  - Copy of Lease Agreement;
  - NSPIRE/ Habitability Standards Inspection of rental unit;
  - Lead Disclosure Form (if applicable);
  - Termination & Appeal Policy Receipt Form;
  - 30 Day follow-up documentation after close-out; and
  - Kept secured in a locked cabinet.

2. **3<sup>rd</sup> Party Referral Documentation:** documentation from a 3<sup>rd</sup>-party that the household was assessed and determined to be literally homeless.
3. **Confidentiality Statement:** The statement must document that all records containing personally identifying information (as defined in HUD's standards for participation, data collection, and reporting in a local CMIS) of any individual or family who applies for and/or received ESG assistance will be kept secure and confidential.
4. **Case Management Documentation:** Assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for each client. This includes:
  - Developing, securing, and coordinating services,
  - Obtaining Federal, State, and local benefits,
  - Monitoring and evaluating client progress,
  - Providing information and referrals to other providers, if applicable, and
  - Maintaining documentation of all the above.
5. **Housing and Services Plan:** Housing and services plan should be completed for all participants that receive an initial intake evaluation. The plan is intended to be a guide for both the participant and the State-recipient. It should focus on obtaining or maintaining housing with defined goals, outcomes, and timelines. The plan should also identify needed community resources, and referrals to partner agencies, especially for mainstream benefits, budget education, and tenant education.
6. **Rent Reasonableness Documentation:** Rent reasonableness is an ESG requirement when determining if a unit is eligible for ESG assistance. It is determined on a case-by-case basis and should consider the following:
  - The reasonableness in relation to rents being charged for comparable unassisted units, considering the location, size, age, and amenities of each unit; and
  - The rent should not be in excess of rents currently being charged by the same owner for comparable unassisted units. Comparison can include units advertised for rent as well as documenting actual rent charged.
  - State-Recipients must determine the review method(s) they will use to establish the rent reasonableness standards for their area (e.g., A list of comparable rents can be compiled by using a market study of rents charged for units of different sizes or reviewing advertisements for comparable rental units).
  - Comparable rents vary over time with market modifications. Rent Reasonableness standards must be reviewed periodically and adjusted to align with these rent market changes. The Rent Reasonableness review completed for each unit must be documented in the client case file.
7. **Utility Allowance Documentation:** The utility allowance established by the applicable Public Housing Authority should be used in determining the utility allowance calculation for the permanent housing unit. Records must document the monthly allowance for utilities (excluding telephone) used to determine compliance with the rent restriction.

8. **FMR Documentation:** Per the ESG Rule, rental assistance cannot be provided if the tenant rent plus utility allowance exceeds the Fair Market Rent (FMR) 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](#).
9. **Lease Agreement:** Each client 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 client.
10. **Re-Evaluation:** After 12 months assistance and/or if the State-recipient determines that long-term financial and/or rental assistance is necessary, the participant must be re-evaluated. At a minimum, the re-evaluation of eligibility must establish that:
  - The client does not have an annual income that exceeds 30 percent of the median family income for the area, as determined by HUD and documentation must be in the client file.
  - The client lacks sufficient resources and support networks necessary to retain housing with ESG assistance.
  - The State-recipient may require each client receiving assistance to notify the State-recipient regarding changes in the participant's income or other circumstances that affect the participant's need for assistance under ESG.
11. **Income Eligibility:** When determining the annual income of an individual or family, the State-Recipients must use the standard for calculating annual income under [24 CFR 5.609](#).
  - All assistance provided through the ESG program must benefit individuals and/or families who have an annual income below 30 percent of the median income for the area based on the household size as updated by HUD. To obtain area income limits, go to [Income Limits | HUD USER](#).
  - The ESG regulations require that State-Recipients will determine income eligibility by examining source documentation. All family and/or household members are included in the determination of income and recipients over the age of 18 must sign 3<sup>rd</sup> party verification forms which will allow staff to verify any income source required to determine eligibility.

## Homelessness Prevention Requirements

1. **Client Files:** Client files should document the following:
  - Agency Intake Assessment;
  - Third-Party Referral Documentation (if applicable);
  - Imminent Risk of Homelessness Form
  - Confidentiality Statement;
  - Income-Related Source Documents;
  - Case Management Documentation;
  - Housing Stability/Services Plan;
  - Proof of Imminent Risk of Homelessness (e.g., eviction notice, utility shut-off notice, court summons, etc.);

- Rental Assistance Documentation (Rent Reasonableness and FMR, if rental assistance provided)
- Utility Allowance Documentation (if applicable)
- Copy of Lease Agreement (if rental assistance provided);
- NSPIRE/ Habitability Standards Inspection Report of assisted unit (if rental assistance provided)
- Lead Disclosure Form (if applicable);
- Termination & Appeal Policy Receipt Form;
- 30-Day Follow-Up Documentation; and
- Kept secured in a locked cabinet.

## Street Outreach Requirements

1. **Client Files:** Client files should document the following;
  - Street Outreach Intake Form/Assessment;
  - Homelessness Certification Form (verifying Category 1: literally homeless);
  - Confidentiality Statement;
  - Case Notes / Engagement Documentation (outreach contacts, attempted contacts, and services provided);
  - Referrals Documentation (healthcare, shelter, benefits, housing);
  - Case Management Documentation (if ongoing case management provided);
  - Housing and Services Plan (if client transitions into shelter or housing navigation);
  - Termination & Appeal Policy Receipt Form (if applicable);
  - Follow-Up Documentation (to show continuity of care, if applicable); and
  - Kept secured in a locked cabinet.

## **Violence Against Women Reauthorization Act of 2013**

This final rule implements in HUD's regulations the requirements of the 2013 reauthorization of the Violence Against Women Act (VAWA), which applies to all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, and which must be applied consistent with all nondiscrimination and fair housing requirements. The 2013 reauthorization (VAWA 2013) expands housing protections to HUD programs beyond HUD's public housing program and HUD's tenant-based and project-based Section 8 programs (collectively, the Section 8 programs) that were covered by the 2005 reauthorization of the Violence Against Women Act (VAWA 2005). Additionally, the 2013 law provides enhanced protections and options for victims of domestic violence, dating violence, sexual assault, and stalking. Specifically, this rule amends HUD's generally applicable regulations, HUD's regulations for the public housing and Section 8 programs that already pertain to VAWA, and the regulations of programs newly covered by VAWA 2013.

In addition to this final rule, HUD is publishing a notice titled the Notice of Occupancy Rights under the Violence Against Women Act (Notice of Occupancy Rights) that certain housing providers must give to tenants and applicants to ensure they are aware of their rights under VAWA and these implementing regulations, a model emergency transfer plan that may be used by housing providers to develop their emergency transfer plans, a model emergency transfer request form that housing providers could provide to tenants requesting an emergency transfer under these regulations, and a new certification form for documenting incidents of domestic violence, dating violence, sexual assault, and stalking that must be used by housing providers.

This rule reflects the statutory changes made by VAWA 2013, as well as HUD's recognition of the importance of providing housing protections and rights to victims of domestic violence, dating violence, sexual assault, and stalking. Increasing opportunities for all individuals to live in safe housing will reduce the risk of homelessness and further HUD's mission of utilizing housing to improve quality of life.

### **Who's Eligible for VAWA protection?**

VAWA protections cover victims of domestic violence, dating violence, sexual assault, or stalking who are seeking admission or utilizing HUD-subsidized units.

VAWA protections are not limited to women. Victims of domestic violence, dating violence, sexual assault, or stalking are eligible for protections without regard to sex, gender identity, or sexual orientation.

### **What rights do victims have under VAWA?**

A HUD-subsidized or assisted unit cannot deny admission to a person or terminate a person just because they are a VAWA victim. In addition, housing authorities must have an emergency transfer process in place for VAWA victims. VAWA also allows a victim to request a lease bifurcation from the landlord to terminate the rights of the abuser, while protecting the victim and other innocent household members. Housing authorities and landlord must also keep the tenant's status as a VAWA victim confidential.

### **Violence Against Women Act (VAWA) Requirements for ESG Programs**

The following must be in each file for ALL clients receiving rental assistance:

1. **Notice of Occupancy Rights (HUD-5380)**: explains VAWA protections, including the right to confidentiality and limitations of the protections
2. **Certification Form (HUD-5382)**: to be completed by the survivor to document an incident of domestic violence, dating violence, sexual assault, or stalking – certification is provided to everyone, but only DV survivors fill out the certification form.
3. **Emergency Transfer Request (HUD-5383)**: In order to request an emergency transfer and confirm eligibility for an emergency transfer under the VAWA, victims can utilize this form. However, it is important to note that submitting this form does not guarantee the approval of an emergency transfer.

**Contracts/leases** between the recipient or sub-recipient and the owner or landlord must include provisions stating that:

1. Landlords must abide by confidentiality measures described in the CoC’s Emergency Transfer Plan;
2. Landlords must provide the Certification Form along with any eviction notices they serve;
3. Clients cannot be terminated or denied assistance due to their status as survivors of DV or due to criminal DV acts committed against them in the home; and
4. DV against a client cannot be grounds for claiming the participant has engaged in a “repeated and serious violation of a lease” or as good cause for terminating that person’s tenancy.

Both forms must be provided whenever a household is:

- Admitted into a housing program;
- Denied admission to a housing program;
- In receipt of an eviction notice; and/or
- Notified that assistance is going to be terminated.

ESG State-Recipients must ensure all VAWA protections are included in rental assistance agreements, and a Notice of Occupancy Rights and Certification Form is provided to all program recipients receiving rental assistance.

## **VAWA Resources**

- [Violence Against Women Act \(VAWA\) Resources for Multifamily Assisted Housing | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)
- [Final Rule: Violence Against Women Act 2013 \(VAWA 2013\) - HUD Exchange 2016-25888.pdf \(govinfo.gov\)](#)
- [Violence Against Women Act \(VAWA\) | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)

# National Standards for the Physical Inspection of Real Estate (NSPIRE)

The National Standards for the Physical Inspection of Real Estate (NSPIRE) regulations aim to unify and improve inspection standards for HUD-assisted housing, prioritizing resident health and safety.

NSPIRE is an inspection protocol developed by the U.S. Department of Housing and Urban Development (HUD) to replace the previous Uniform Physical Condition Standards (USPS) and Housing Quality Standards (HQS). The goal of NSPIRE is to create a consistent and comprehensive framework for inspecting public housing, Housing Choice Vouchers, and multifamily properties that receive federal assistance. This unified approach helps to ensure that properties are well-maintained and safe for residents.

**NSPIRE Compliance:** It is necessary to ensure that all Emergency Solutions Grant (ESG)-funded facilities, housing units, and service spaces comply with HUD's National Standards for the Physical Inspection of Real Estate (NSPIRE). This policy establishes minimum property standards for health, safety, and accessibility for participants served under ESG.

All facilities and housing units assisted with ESG funds must meet the HUD NSPIRE standards at the time of assistance and remain compliant throughout the period of use. The standards ensure that buildings are decent, safe, sanitary, and in good repair, with a focus on:

1. **Health & Safety:** Units must be free from hazards that endanger life or well-being.
2. **Functionality:** Systems such as electrical, plumbing, and HVAC must be operable and adequate.
3. **Sanitation:** Units must contain appropriate facilities for food preparation, bathing, and waste disposal.
4. **Accessibility:** Units must comply with applicable accessibility requirements under federal, state, and local law.
5. **Applicability**
  - Emergency Shelters: All spaces used by participants (sleeping areas, bathrooms, kitchens, common areas) must meet NSPIRE standards.
  - Homelessness Prevention & Rapid Rehousing Units: Rental units assisted with ESG funds must meet NSPIRE Housing Quality Standards prior to occupancy.
  - Street Outreach Locations: Any facility space (drop-in centers, day shelters) must meet applicable health and safety standards.
6. **Procedures**
  - Initial Inspection
    - Units receiving ESG rental assistance must pass an NSPIRE inspection before assistance begins.

- Shelters and facilities renovated or improved with ESG funds must be inspected upon completion of work.
- Ongoing Monitoring
  - Inspections will be conducted at least annually for units receiving rental assistance.
  - Subrecipients operating shelters must conduct quarterly self-inspections and maintain records for HUD/Grantee review.
- Documentation
  - Inspection results will be documented using the HUD NSPIRE inspection checklist or equivalent tool approved by the Grantee.
  - Records must be retained for five years and be available for HUD or Grantee monitoring.
- Corrective Action
  - Deficiencies identified must be corrected within 30 days (or a HUD-approved timeframe).
  - ESG funds may be withheld until deficiencies are corrected.
  - Life-threatening hazards must be corrected immediately before the unit can be occupied.

**NOTE: Failure to comply with NSPIRE standards may result in suspension of ESG funding, repayment of ineligible costs, or termination of the subrecipient agreement.**

# SECTION 5 - OTHER FEDERAL REQUIREMENTS

## Homeless Participation

The State-recipient is required to provide for the participation of not less than one (1) homeless individual or formerly homeless individual on the Board of Directors or another equivalent policy-making entity, to the extent that the entity considers and makes policies and decisions regarding any facilities, services, or other assistance that receive funding under Emergency Solutions Grant (ESG). Staff members may not be substituted for Board members to meet this requirement. State-Recipients must also involve homeless or formally homeless individuals and families in providing work or services about facilities or activities funded with ESG funds, to the maximum extent practicable.

## Local Match Requirements

State-Recipients shall be required to provide matching funds in an amount at least equal to their approved ESG funding amounts for eligible program activities. Matching funds must be derived from sources other than the ESG Program. In calculating the number of matching funds, the following types may be included:

- Other Federal Funds;
- State/Local Government funds;
- Private Funds/Grants;
- Cash Contributions;
- Fair rental value of any donated material or building;
- In-Kind Donations;
- Staff Salaries (Only staff paid to carry out the ESG program);
- Volunteer Professional Services; and
- The value of the time and services contributed by volunteers to carry out the program of the recipient at a current rate of \$5 per hour.

**NOTE: Volunteers providing professional services such as medical or legal services are valued at the reasonable and customary rate in the community.**

If the applicant is provided assistance under this grant solicitation, the provisions of matching funds as specified by the applicants in the proposal will be considered a commitment to provide the State amounts and types of matching contributions. The provision of matching funds will be a contractual requirement of any assistance agreement. During the review process of proposals, DSHA reserves the right to require additional information concerning matching funds commitments, as necessary to be reasonably assured that such resources will be available. **ESG funds will not be released until after sufficient matching funds requirements have been met.**

## Non-Discrimination

Units of general local government and nonprofit organizations shall make it known that facilities and services supported by this grant are available to any person (who otherwise meets the eligibility criteria for the program) without discrimination on the basis of race, color, religion, sex, marital status, national origin, familial status, disability, age, sexual orientation, or creed.

Minimum standards shall comply with nondiscrimination and equal opportunity requirements identified in [24 CFR 576.407](#). In addition, providers receiving ESG funding shall follow HUD’s “Equal Access to Housing in HUD Programs, Regardless of Sexual Orientation or Gender Identity” final rule, published on February 3, 2015. Providers shall train program staff and contractors to ensure that employees and contractors who interact directly with potential clients and current clients are aware of this rule and take prompt corrective action to address any noncompliance. Refer to CPD Notice 15-02 for further guidance.

## Remedies for Noncompliance

If a non-Federal entity fails to comply with the U.S. Constitution, Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may impose additional conditions. [CRF 200.339](#)

If the Federal awarding agency or pass-through entity determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency or pass-through entity may take one or more of the following actions, as appropriate in the circumstances:

1. Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
2. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
3. Wholly or partly suspend or terminate [CFR 200.340](#) the Federal award.
4. Initiate suspension or debarment proceedings as authorized under [2 CFR part 180](#) and Federal awarding agency regulations (or in the case of a pass-through entity, recommend such a proceeding be initiated by a Federal awarding agency).
5. Withhold further Federal awards for the project or program.
6. Take other remedies that may be legally available.

## Drug and Alcohol-Free Facilities

The 1988 Amendment Act requires grantees, recipients, and project sponsors under each of the homeless housing programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act, to administer in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession or distribution of drugs or alcohol by its beneficiaries.

## Minimum Standards for Conflicts of Interest

1. **Conflict of Interest (Organizational):** ESG assistance will not be contingent on the individual’s or family’s acceptance, or occupancy of emergency shelter or housing owned by the provider or a provider’s subsidiary or parent. No provider, concerning individuals or families occupying housing owned by the provider or a provider’s subsidiary or parent, will carry out the initial evaluation under 24 CFR 576.401.
2. **Conflict of Interest (Individual):** When procuring goods and services, the provider will comply with codes of conduct and conflict of interest requirements under 24 CFR 84.42 (private non-profit) or 24 CFR 85.36 (government).

3. **All Transactions/Activities:** No persons involved with the ESG program or who can participate in a decision-making process or gain inside information regarding the program activities, shall obtain a financial interest or benefit from an assisted activity; or have a financial interest in any related contract, subcontract, or assisted activity; or have a financial interest in the activity's proceeds during his or her tenure or for one year following tenure. These conflict-of-interest provisions apply to any employee, agent, consultant, officer, or elected or appointed official of the provider's agency.

## **Build America, Buy America Act (BABA)**

The [Build America, Buy America Act \(BABA\)](#) requires that all iron, steel, manufactured products, and construction materials used for federally funded infrastructure projects are produced in the United States, unless otherwise exempt or subject to an approved waiver. This requirement is known as the "Buy America Preference (BAP)" and the specific requirements are codified in [2 CFR § 184](#).

Grantees and STATE-RECIPIENTS must comply with the requirements of the Build America, Buy America (BABA) Act, [41 USC 8301 note](#), and all applicable rules and notices, as may be amended, if applicable to the Grantee's infrastructure project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" ([88 FR 17001](#)), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

ESG projects that are considered infrastructure projects, according to BABA, include the renovation of temporary shelters for homeless individuals and families in emergency situations, including major rehabilitation of an emergency shelter or conversion of a building into an emergency shelter. BAP does not apply to activities consisting solely of essential services, shelter operations, and rental assistance activities that are not defined as infrastructure projects.

## **Relocation and Displacement**

Any ESG rehabilitation project that displaces residents is subject to the requirements of the Uniform Relocation Act. The costs of relocation assistance may be paid by ESG funds or other funding sources. See the requirements at 24 CFR 576.59 for more detailed information.

## **Environmental Review Requirements**

The environmental effects of each application must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at [24 CFR Parts 50](#) and [58](#).

1. Environmental regulations provide certain categorical exclusions under NEPA and under Part 58 set conditions under which excluded activities may be determined exempt from all environmental review requirements. In cases where proposed assistance and matching contributions solely involve operating costs for facilities or the provision of essential services, and the structures and sites involved in the project meet the program requirements of this part, these activities are

categorically excluded by regulation and may be determined fully exempt from environmental review by DSHA.

2. Funds may not be obligated or expended for activities in projects that have not been previously environmentally cleared. ESG funds distributed by the State to units of local government will require that unit of local government to assume the environmental responsibility specified in [Section 104 \(g\)\(1\) of the Housing and Community Development Act of 1974](#). The State will be responsible for providing the release of funds in accordance with the requirement of [24 CFR Part 58](#).
3. Funds distributed by the State to nonprofit organizations will require the State to assume the environmental responsibilities specified in [Section 104 \(g\)\(1\) of the Housing and Community Development Act of 1974](#), as amended in 1992. The State will provide the release of funds in this instance. In either case, funds may be obligated or expended only after the Request for Release of Funds and Certification of Compliance with Environmental Regulations at [24 CFR Part 58](#) have been approved for projects provided that fifteen (15) calendar days have elapsed from the time of receipt of the Request for Release of Funds and the Certification and if no objections from the public are received. An Environmental Determination Guide for ESG Activities may be found in Section 9.5 of this manual.

## Faith-Based Activities

Minimum standards for faith-based activities ([24 CFR 576.406](#)) are:

1. Providers receiving ESG funding shall not engage in inherently religious activities as part of the ESG-funded programs or services. Such activities must be offered separately from ESG-funded programs and services and participation must be voluntary.
2. An organization receiving ESG funding shall not discriminate against a participant or prospective participant based on religion or religious beliefs.
3. ESG funding shall not be used for the rehabilitation of structures used specifically for religious activities but may be used for rehabilitating structures that are used for ESG-eligible activities.

## Lead-Based Paint

The lead-based paint requirements exist to protect vulnerable families from potential health hazards. To prevent lead poisoning in young children, ESG grantees must comply with the Lead-Based Paint Poisoning Prevention Act of 1973 and its applicable regulations.

1. The ESG deals primarily with the operation of short-term emergency shelters that can be defined as “zero-bedroom dwellings” according to the Lead-Based Paint (LBP) Hazard Regulations at [24 CFR Part 35](#), which is hereby included for reference. Therefore, ESG is governed by Subpart K of this regulation. Most emergency shelters are exempt from the regulations, such as studio apartments, dormitories, SRO units, barracks, and group homes. Any emergency shelters built before 1978 need only comply with the following simplified lead requirements:
  2. Provide the Lead Hazard Information Pamphlet available through HUD;
  4. Do a visual assessment of painted surfaces to identify deterioration;
  5. Complete paint stabilization by repainting deteriorating surfaces; and
  6. Incorporate ongoing LBP maintenance.

Housing that is not exempted by the definitions above, or housing where children under the age of six (6) reside frequently, is subject to all LBP regulations. Rapid Re-Housing services are subject to lead regulations because the units assisted with these funds are not temporary residences and do not fall under the shelter exemption. Assistance for the first month's rent cannot be provided for housing units that are not known to be free of LBP contamination.

## **Affirmative Outreach**

State-recipient must communicate and make known that use of ESG funded facilities, assistance, and services are available to all on a nondiscriminatory basis. State-recipient must develop and implement affirmative outreach written procedures and communication tools and materials to inform persons without regard to race, color, creed, ethnicity, religion, sex, age, national origin, familial status, or disability, on how to obtain access to facilities and services.

The State-recipient must be committed to an affirmative action program as well as to comply with all "Equal Opportunity" laws and regulations which provide that no person in the United States shall on the grounds of race, color, creed, religion, sex, familial status, sexual orientation or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with ESG funds.

# SECTION 6 - PROGRAM IMPLEMENTATION

## Project Planning

The activities necessary for carrying out the project will be outlined in the original ESG application and should be maintained throughout the period of the grant. Any additional, unplanned, or unexpected activities may not be added to the budget without prior approval by DSHA. Risk Management guidelines dictate that drifting from the original scope of the application is “high risk” in project management and indicates insufficient planning in grant spending that should trigger a monitoring visit.

## Performance Measures

The local government and State-recipient nonprofit organizations must keep unduplicated counts of the number of homeless individual families assisted and report them to the State. For FY2016, this will continue to be done by the Annual Performance Report that is required to be submitted with the Application.

Further, the State-Recipients involved in the activities will be required to complete standardized performance measures for significant outcomes every quarter. **(Keeping in mind the State goal of ESG-funded programs is to increase permanent housing, stability, and self-sufficiency in the homeless population).** Submitting Quarterly Progress Reports implies understanding and agreement with the required data collection for this grant.

**NOTE:** This year the Annual Performance Report will be required under the application submission stage of funding. The data used to submit this document will be projections based on the previous year’s performance reports. This assists the State meet Federal IDIS reporting requirements. As usual, a final Annual Performance Report to close out the grant year will be required.

## Approved Budget

Federal programs are governed by regulations that delineate the types of spending allowed under each grant. The Eligible Activities for the ESG are listed above and at [24 CFR 576.21](#). During the application process, a Budget Worksheet is required to show how the recipient plans to spend the requested ESG funds. These budgets are reviewed and must be approved by DSHA before the activity is set up for drawing funds. The Final Approved Budget is used by DSHA throughout the grant period to monitor spending and the funded agency must adhere to the planned budget line items explicitly unless an **Amendment to the Grant Agreement** is approved by DSHA.

## Spending Deadlines and Recapture

A normal spending cycle for the ESG is 12 months. Rapid Re-Housing spending may be up to 24 months. State-Recipients are expected to plan their budgets in a way that project goals are met by the end of the spending period with little or no budget adjustments. If DSHA determines a State-recipient to be unable to spend all grant monies by the contractual deadline, funds may be recaptured and redistributed to a recipient that will be able to spend the funds promptly on eligible activities. Any State-recipient having funds recaptured by DSHA in a grant cycle will have the same amount subtracted from any ESG award

made to that applicant in the following grant cycle. State-Recipients that are slow to expend the funds may have funds recaptured and allocated to another grantee.

## Reimbursement of Costs

Instructions and forms for requesting reimbursement for eligible expenses are supplied by DSHA with the Grant Agreement. The ESG is built on a reimbursement basis and only costs that have already been paid will qualify. Invoices and receipts with proof of payment will be required before draws will be processed. According to ESG policy guidelines provided by HUD, it is the responsibility of DSHA “to minimize the time between when a recipient incurs grant expenses and when it seeks reimbursement from the Federal government” ([24 CFR 85.20 \(b\)\(7\)](#)).

## Reimbursement Procedure

1. State-Recipients are responsible to use the reimbursement forms provided by DSHA to ensure that funds will be extracted from the proper grant.
2. State-Recipients may choose to submit reimbursement requests on a monthly or quarterly basis. Other reimbursement schedules may be submitted to DSHA for approval.
3. State-Recipients must adhere to the line items approved by DSHA on the budget submitted with the Grant Application for all reimbursement requests.

State-Recipients are responsible to provide the required documentation of program costs. Failure to provide the required documentation will delay processing and prevent a timely reimbursement to the State-recipient.

## Documentation of Allowable Costs

1. Date of Service-Only expenses incurred on or after the date of the formal award is allowable. This includes utility receipts that may have service dates beginning before this date but ending within the grant period. If services begin before the date of the award, receipts must be pro-rated to reimburse costs only for the eligible days within the service period.
2. Proof of Payment-Receipts submitted with draws for reimbursement must show proof of payment. This may come in the form of copied checks, or check numbers written on each receipt and initialed by the contact person. If check numbers are written on receipts as proof of payment, agency draw files should be set up so that DSHA or HUD may easily verify these numbers at an onsite-monitoring visit.
3. Documentation that is insufficient or difficult to decipher will delay or halt the reimbursement process and may be grounds for the entire request to be returned to the State-recipient for clarification and to be resubmitted properly at a later date.

## DSHA Forms

DSHA will provide most of the forms necessary for carrying out this grant. DSHA forms are created to fit the needs of the administration process and, most importantly, to fit the reporting requirements from HUD. State-Recipients need to cooperate with the use of the forms provided, understanding that they are purposeful and necessary. Different or varied forms of these documents created by State-Recipients have proven to be problematic.

## Reporting Requirements

State-Recipients will be required to report fiscal, program, and client data to DSHA within specific time frames. At a minimum, applicants are required to ensure that:

1. Accounting systems shall meet and comply with generally accepted accounting principles. Expenditures shall be supported by source documentation (i.e., time sheets which indicate specific ESG time spent, itemized store receipts, copies of checks, etc.), which identify the source and use of ESG contract funds;
2. State-Recipients shall comply with DSHA requirements to collect demographic information of all homeless and at-risk persons who seek assistance; and
3. State-Recipients shall complete an Annual Performance Report for each program year during which ESG funds are expended. This report documents the services provided, persons served, persons turned away and other demographic information needed for HUD reporting purposes.

**NOTE:** Any demographic and service information requested on the Annual Performance Report should be a regular part of recordkeeping procedures for project sponsors. Client files should reflect dates, types, program costs, etc., of all services in order to document both efficient grant management and the success of the shelter project.

# SECTION 7 - FINANCIAL RESPONSIBILITIES

## Financial Management

Programs will maintain an accounting system that segregates each major ESG funding category. (Emergency Shelter/Rapid Re-Housing) Please note the following:

1. Program must not make payments directly to clients but only to third parties such as landlords and utility companies.
2. Property receiving ESG financial, or rental assistance funds may not be owned by the State-recipient or the parent, subsidiary, or affiliated organization of the State-recipient.
3. Rental assistance paid by the program cannot exceed the actual rent costs.
4. Programs may not charge program fees to participants.

## Financial Standards

Internal controls reflect the overall financial management of an organization. Standards for financial management systems of nonprofit organizations may be found in [24 CFR 84](#). The following areas should be included:

1. **Budget Controls:** When budget controls are adequate, the State-recipient will have a regular, ongoing basis of comparison between actual expenditures and ESG-budgeted amounts for the activities. The ESG budget will cover intended activity expenses with very little necessity for adjustments during the grant period. The State-recipient will also relate its financial information to recorded outcomes since awards are more likely to be made when performance measures are in place and outcomes are tracked.
2. **Accounting Controls:** Expenditures must be supported by invoices, contracts, purchase orders, etc., even when DSHA does not require full details to accompany draw requests. If minimal documentation is allowed with a draw, State-Recipients must have detailed records onsite to provide a complete audit trail at any time.
3. **Wages:** Wages supported by more than one funding source must be documented by records that clearly show the time distribution and wage breakdowns between programs.
4. **Financial records:** Financial records that are relative to the ESG must be maintained for five (5) years from the last transaction with DSHA.
5. **Procurement Rules:** [24 CFR Part 84](#) provides regulations that govern the procurement of supplies, equipment, construction, and services to ensure that they are obtained economically and competitively. In summary, State-Recipients may use their own procurement procedures as long as they conform to the regulations. Important elements for State-Recipients to consider are a system to handle contract disputes; a code of conduct preventing conflicts of interest; some form of cost analysis to ensure economic purchases; positive efforts to use small, minority- and woman-owned businesses to the maximum extent possible.

6. **Property Controls:** The Federal regulations regarding property controls in [24 CFR 84.34\(f\)](#) are for the purpose of tracking the assets purchased with grant funds to ensure that they are properly maintained, secure, and being used for authorized purposes. DSHA is required to do a periodic physical inventory of these items to verify their existence, current utilization, and continued need. For this reason, agencies using ESG funds to purchase furnishings, vehicles, or equipment for an activity should keep accurate records including the following: a complete description of the item purchased a serial or other identification numbers, the source of funds, and Grant Agreement number, the acquisition date, and the cost.

## Audit Requirements

The State-recipient shall conform to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Requirements) of [2 CFR 200.302](#), Financial Management, [2 CFR Part 200, Subpart F](#), Audit Requirements and [2 CFR 200.303](#), Internal Controls, as well as comply with the regulations, policies, guidelines, and requirements of OMB Circular Nos. [A-87](#), [A-110](#), [A-122](#), and [A-133](#), as they relate to the acceptance and use of Federal funds under this Federally-assisted program. If the requirements of the OMB Circular [A-133](#) do not apply, then the STATE-RECIPIENT will submit a financial audit by an independent auditor to DSHA for review.

## Monitoring of State-Recipients

DSHA will employ a risk-based monitoring approach to evaluate State-recipients. Monitoring activities will be prioritized based on the likelihood and impact of non-compliance, lack of performance, or financial mismanagement. The State-recipients must maintain and provide access to all written monitoring procedures and reports as requested by DSHA. State-recipients will be reviewed annually through a risk assessment, and monitoring plans will be developed based on identified risk levels.

Each category will be rated Low, Medium, or High Risk based on documented criteria.

- Low Risk – Strong capacity, good compliance history, timely reporting.
- Medium Risk – Moderate concerns, some history of late reports or staff turnover.
- High Risk – Significant findings, financial issues, or performance concerns.

## Monitoring Approach

- High Risk State-recipients
  - On-site monitoring at least once annually
  - Full review of programmatic and financial records
  - Follow-up monitoring until deficiencies resolved
- Medium Risk State-recipients
  - Desk monitoring or virtual review annually
  - On-site visits at least once every two program years
  - Targeted reviews of areas with known weaknesses
- Low Risk State-recipients
  - Desk review of quarterly/annual reports
  - On-site monitoring at least once every three program years
  - Focus on maintaining compliance and technical assistance

## Records Access

The State-recipient shall permit DSHA, HUD, and the duly authorized representatives of such entities access to, and the right to copy, all program client and fiscal records for such purposes as research, data collection, evaluations, monitoring, and auditing. At the sole discretion of DSHA, access to records shall include the removal of records from the State-recipient's office. Access to records is not limited to the required retention period but lasts as long as the records are retained.

## Record Retention

- Sufficient records must be established and maintained to enable DSHA and HUD to determine whether ESG requirements are being met. DSHA must make sure any contractors assisting State-recipient with the ESG program also maintain appropriate and complete records.
- State-Recipients shall retain all program records pertinent to client services and expenditures paid with ESG funds. Currently, program records including client files must be retained for a period of five (5) years. Fiscal records, which include books, documents, papers, and agency records that document all program expenditures, must be retained for a minimum of six (6) years.
- If client file documents and signatures or policy documents are collected and maintained electronically, required documentation must be made available to DSHA in paper form when requested.

## Other Federal Requirements

State-Recipients' use of ESG funds must comply with the following additional requirements stated in the National Affordable Housing Act and at [24 CFR 576.57](#).

- The requirements of the Fair Housing Act ([42 U.S.C. 3501-20](#)) and implementing regulations at 24 CFR Part 100; Executive Order 11063 and implementing regulations at [24 CFR Part 107](#); and title VI of the Civil Rights Act of 1964 ([42 U.S.C. 2000d-2000d-4](#)).
- The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 ([42 U.S.C. 6101-07](#)) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against otherwise qualified individuals with handicaps under Section 504 of the Rehabilitation Act of 1973 ([29 U.S.C. 794](#)), as amended by the Americans with Disabilities Act, and its implementing regulations at [28 CFR Part 36](#).
- The requirements of Executive Order 11246 and the regulations issued under the Order at [41 CFR Chapter 60](#).
- The requirements of Section 3 of the Housing and Urban Development Act of 1968, [12 U.S.C. 1701U \(see 570.607 \(b\)\)](#).

- The requirements of Executive Orders 11625, 12432, and 12138. Consistent with HUD’s responsibilities under these Orders, the State-recipient must make efforts to encourage the use of minority- and woman-owned businesses in connection with activities funded under this part.
- The requirement that the State-recipient make known that the use of the facilities and services is available to all on a nondiscriminatory basis. Where the procedures that a State-recipient intends to use to make known the availability of such facilities and services are unlikely to reach persons with handicaps or persons of any particular race, color, religion, sex, age, familial status, or national origin within their services area who may qualify for them, the State-recipient must establish additional procedures that will ensure that these persons are made aware of the facilities and services. State-Recipients must also adopt and implement procedures designed to make available to interested person information concerning the existence and location of services and facilities that are accessible to persons with disabilities.

## **Procurement**

Purchases of services from contractors or vendors by nonprofit State-Recipients with ESG funds are subject to [24 CFR Part 84](#). This includes standards that prohibit conflicts of interest, procedures for open competition with consistent technical solicitations, affirmative efforts to hire minority- and women- and veteran-owned businesses, maintenance of selection documentation, and a contract administration system that provides sufficient monitoring. Purchases of services from contractors or vendors by public agencies with ESG funds are subject to [24 CFR Part 85](#).

## **Lead-Based Paint**

State-Recipients must ensure that facilities meet the requirements at [24 CFR Part 35](#) in general for all expenditures of Federal funds.

## **Flood Insurance**

State-Recipients must ensure that facilities meet the requirements at [24 CFR 576.79](#).

## **Relocation**

State-Recipients must ensure that projects meet the requirements at [24 CFR 92.353](#).

## **Minimizing Displacement**

State-Recipients must ensure that projects meet the requirements at [24 CFR 576.59\(a\)](#).

## **Conflicts of Interest**

State-Recipients must ensure that projects meet the requirements at [24 CFR 576.57\(d\)](#) as stated now in [24 CFR 84.42](#) rather than in OMB Circular A-110.

## **Drug-Free Workplace**

State-Recipients must ensure that projects meet the requirements at [24 CFR 576.79\(h\)](#).

## **Primarily Religious Organizations**

State-Recipients' projects must meet the requirements at [24 CFR 576.23](#).

## SECTION 8 - DEFINITIONS

**Applicant** - any unit of general local government or public or private nonprofit organization submitting the necessary paperwork to be considered for funding as an ESG service provider.

**Annual Performance Report** - (APR) is a yearly progress and outcome report required by DSHA for every project during each year that a grant agreement is active.

**Audit Trail** - a complete record of expenditures including the request for purchase and by whom, how approved, source of funds used for expense, date of acquisition, and cost.

**Authorized Signature** - the signature of an executive officer, agency director, or other responsible employee designated by a recipient agency as an “Authorized Person” on the Authorized Signature Card for Requests for Payment and Witness Certification.

**Community Management Information System (CMIS)** - The State of Delaware has instituted the use of CMIS in response to requirements of the United States Congress under the HUD Appropriations Act HR-2620. HUD has required the implementation and operation of management information systems for the purposes of collecting unduplicated counts of homeless people and analyzing patterns of use of assistance funded by the Federal government.

**Conflict of Interest** - the provision of any type or amount of ESG assistance may not be conditioned on an individual’s or family’s acceptance or occupancy of an emergency shelter or housing owned by the State-recipient. The Grantee and its State-Recipients must also comply with the codes of conduct and conflict of interest requirements under 24 CFR 85.36 (for governments) and 24 CFR 84.42 (for private nonprofit organizations). A Conflict-of-Interest policy must be developed and implemented by each State-recipient.

**Conversion** - a change in the use of a building to an emergency shelter for the homeless, where the cost of conversion and any rehabilitation costs **exceed 75% of the value** of the building **after** conversion. Any building converted to an emergency shelter that is assisted with ESG funds must meet local government safety and sanitary standards and must be maintained as a shelter for the homeless for not less than a **ten-year period**.

**DSHA** - the Delaware State Housing Authority, administrator of Federal funds for the State of Delaware.

**Emergency Shelter** - any facility where the **primary purpose** of which is to provide temporary shelter for the homeless in general or specific populations of homeless persons.

**ESG** - the Emergency Solutions Grants Program is defined and controlled under HUD regulations found in Title 24, Code of Federal Regulations, Parts 91 and 576.

**Essential Services** - the coordination of services provided are intended to enable homeless individuals and families to become more independent and to secure permanent housing. These services should focus

on bringing clients to the next step of the continuum. After meeting immediate personal needs, shelter services should provide assistance that will strengthen a client's ability to move into transitional, supportive or permanent housing.

**Fair Market Rent (FMR)** – the amount of money a property would rent or lease for an available unit as determined by HUD. For the ESG program, the rent plus utility allowance shall be less than or equal to the current FMR as established for the area in which the housing is located.

**Faith-Based Organizations** - an organization affiliated with or sponsored by a church or other religious organization.

**Grantee** - the direct recipient of grant funds. In the ESG, DSHA is the grantee responsible to HUD for the proper execution of the grant program through sub-contracted providers of homeless services in Kent and Sussex Counties, Delaware.

**Gross Income** - total income of the household that must be calculated in order to determine eligibility for the program. It must include all eligible income of all persons in the household, even if not a family member.

**Homeless** - means as the term is defined in 24 CFR Parts 91, 582, and 583, hereby included by reference. The definition, in summary, is individuals and families who lack a fixed, regular, and adequate nighttime residence and includes individuals who live in an emergency shelter or a place not meant for human habitation or leaving an institution where he or she temporarily stayed, or individuals and families who will imminently lose their primary nighttime residence, or unaccompanied youth and families with children who are defined as homeless under other federal statutes, or individuals and families who are attempting to flee some sort of abuse, i.e. domestic, dating, sexual, etc.

**Homelessness Prevention** - refers to activities designed to prevent an individual or family from moving into an emergency shelter or living in a place not meant for human habitation. These activities typically include short-term and medium-term rental assistance, housing stability case management, and other supportive services aimed at individuals at risk of homelessness.

**HUD** - the U.S. Department of Housing and Urban Development.

**In-Kind** - donated volunteer services or goods including staff time, shelter rent, shelter facilities, or supplies of the same kind eligible under program guidelines.

**Internal Controls** - a combination of policies, procedures, personnel, defined responsibilities, and records that allow an organization to maintain adequate oversight and control of its finances.

**Lead-Based Paint** - any housing unit constructed before 1978 may contain paint that can cause harm to young children and women who are pregnant. If the unit or building is constructed before 1978, the Lead-Based Paint regulations apply, and an inspection of the property must be conducted and recorded in the file.

**Major Rehabilitation** - rehabilitation that involves costs **in excess of 75% of the value** of the building before rehabilitation. Buildings assisted at this level must be maintained as a shelter for the homeless for not less than a ten-year period.

**Management by Expenditure** - a term used by DSHA to ensure that cash management regulations regarding the timely disbursement of funds are followed. In addition to HUD's "payment by reimbursement" rules for ESG, DSHA promotes financial accountability by asking for consistent draw requests from State-Recipients within 60 days of program expenses to be reimbursed.

**Match** - refers to the number of goods or services required to be expended for the program by the State-recipient to receive ESG funding. The match for ESG must equal every dollar funded 100%.

**Minor Rehabilitation** - rehabilitation that involves costs below 75% of the value of the building before rehabilitation. Buildings assisted at this level must be maintained as a homeless shelter for not less than a three-year period.

**Permanent Supportive Housing** - is a successful, cost-effective combination of affordable housing with services that helps people live more stable, productive lives.

**Privacy Policy** - a policy created by each State-recipient that covers the processing of personal information for clients participating in the ESG program, including data entered into CMIS. The policy must be in writing and included as a part of the State-Recipients' policies and procedures.

**Private Nonprofit Organization** - a secular or religious organization described in Section 501© of the Internal Revenue Code of 1954, which is (a) exempt from taxation under Subtitle A, Title 26 of the Code, (b) has an accounting system and voluntary board, and (c) practices nondiscrimination in the provision of assistance.

**Project Sponsor** - any agency sponsoring an ESG-funded project and holding a formal grant agreement with DSHA for a designated contract period.

**Rapid Re-Housing** - activities designed to end the incidence of homelessness quickly. Primarily, the funds can be used for rental assistance, first month's rent, security, or utility deposits for obtaining permanent housing, as well as relocation and stabilization services, which could include housing case managers who develop landlord relationships, assist with housing search and monitor progress on housing plans for mid-term assistance.

**Rent Reasonableness** - ESG funds cannot be used to pay rental assistance to eligible clients unless the units are "rent reasonable". First, the rent amount must be compared to similar, unassisted units in the surrounding area. Second, the rent must be compared to rents for similar units on the premises.

**Service Provider** - any entity that is successfully involved in providing needed services to Delaware's homeless.

**State-recipient** - For the purpose of ESG, any entity that has successfully applied for grant funds and has been awarded a portion of the statewide ESG with which to support planned services to Delaware's homeless.

**Street Outreach** - activities designed to meet the immediate needs of individuals experiencing homelessness in unsheltered locations. These activities include connecting them with emergency shelter, housing, or critical services, and providing urgent, non-facility-based care. Street outreach programs aim to engage unsheltered individuals at various settings, such as campsites, public parks, and bus stations, and serve as a vital link to housing and essential services.

**Transitional Housing** - for the purpose of ESG assistance, housing that extends past the "3 days to 3 months" reasonable period for temporary housing (emergency shelter). HUD defines transitional housing as having the "purpose" of moving homeless individuals and families to permanent housing within 24 months. (42 U.S.C. 11384(b))

**Units of General Local Government** - a general-purpose political subdivision of the State of Delaware as determined by the Delaware Code.

**Utility Allowance** - an allowance used in place of actual utility costs to calculate a household's total housing expense. The utility allowance is required when determining the rent reasonableness of a unit when using ESG funds for rental assistance.

**Value of the Building** - the monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by DSHA.

# SECTION 9 - ENVIRONMENTAL DETERMINATION GUIDE FOR ESG ACTIVITIES

| ESG ACTIVITIES |   | LEVEL OF ENVIRONMENTAL REVIEW  |  |  |  |
|----------------|---|--|--|--|--|
| Category       | Eligible Activities   | Exempt   | Categorically Excluded: Not Subject to §58.5 | Categorically Excluded: Subject to §58.5 (Also subject to §58.6)   | Environmental Assessment (An EIS may be required if the project meets any of the conditions in §58.37)                                       |
|                |   | 24 CFR 58.34   | 24 CFR 58.35(b)                              | 24 CFR 58.35(a)  | 24 CFR 58.36   |
| 1              | <b>Administrative Costs</b><br>24CFR 576.21(a)(5)   | Staff to operate the program, preparation of progress reports, audits, and monitoring of recipients.   | T  |  |  |
| 2              | <b>Essential Services</b><br>24 CFR 576.3   | Includes services concerned with employment, health, drug abuse, or education, and may include assistance obtaining permanent housing; medical and psychological counseling and supervision; employment counseling; nutritional counseling; substance abuse treatment and counseling; assistance in obtaining other Federal, State, and local assistance; other services such as childcare, transportation, job placement, and job training; and staff salaries necessary to provide the above services. | T  |  |  |
| 3              | <b>Rapid Re-Housing Activities</b><br>24 CFR 576.3  | Short-term subsidies for rent for families that are homeless; security deposits or first month's rent to permit a homeless family to move into its own apartment; security deposits for utilities and other innovative programs, and activities designed to prevent the incidence of homelessness.   |  | T  |  |
| 4              | <b>Operational Costs</b><br>24 CFR 576.21(a)(3)   | Payment for shelter maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food, and furnishings (not more than 10% of the grant amount and can be used for costs of staff).  |  | T  |  |
| 5              | <b>Renovation/ Major Rehab/ Conversion</b><br>24 CFR 576.3<br><br><b>Renovation</b><br><br><b>OR</b><br><br><b>Major Rehabilitation</b><br><br><b>OR</b><br><br><b>Conversion</b> | Rehabilitation that costs <u>less than 75%</u> of the value of the building before rehabilitation.<br><br>Rehabilitation that costs <u>more than 75%</u> of the value of the building before rehabilitation.<br><br>Changing the use of a building to an emergency shelter where the cost of conversion and any rehab costs exceed 75% of the value of the building after conversion.<br><br>NOTE: Lead-based paint work is a renovation/rehab/conversion activity.                                      |  | T<br><br>Costs are less than 75% of the replacement value of the building after rehabilitation; and<br>Unit density is not changed by more than 20%; and<br>There is no change in land use (e.g., from commercial or industrial to residential). | T<br><br>If any one of the three criteria that qualify the activity as categorically excluded (listed in the column to the left) is NOT met. |

# SECTION 10 - LEAD-BASED PAINT REQUIREMENTS FOR ESG

[ESG Desk Guide, Section 8.2]

| TYPE of PROJECT   | CONSTRUCTION PERIOD |  |
|---|---------------------|--|
| Rehabilitation on property receiving less than \$5,000 assistance per unit          | Pre-1978            | <ul style="list-style-type: none"> <li>- Provision of pamphlet</li> <li>- Conduct paint testing of surfaces to be disturbed</li> <li>- Implement safe work practices during rehab</li> <li>- Repair all disturbed paint surfaces</li> <li>- Clearance examination of the work site</li> <li>- Notice to Occupants of finished testing</li> </ul> |
| Rehabilitation on property receiving more than \$5,000, and up to \$25,000 per unit | Pre-1978            | <ul style="list-style-type: none"> <li>- Provision of pamphlet</li> <li>- Conduct paint testing of surfaces to be disturbed</li> <li>- Risk assessment</li> <li>- Interim controls</li> <li>- Notice to Occupants</li> </ul>   |
| Rehabilitation on property receiving more than \$25,000 per unit                    | Pre-1978            | <ul style="list-style-type: none"> <li>- Provision of pamphlet</li> <li>- Conduct paint testing of surfaces to be disturbed</li> <li>- Risk assessment</li> <li>- Abatement of LBP hazards</li> <li>- Notice to Occupants</li> </ul>   |
| Essential Service and/or Operations   | (a) Pre-1978        | <ul style="list-style-type: none"> <li>- Provision of pamphlet</li> <li>- Visual assessment to identify deteriorated surfaces</li> <li>- Paint stabilization of deteriorated surfaces</li> <li>- Notice to Occupants</li> <li>- Ongoing LBP maintenance as part of operations</li> </ul>   |

## Exempt from LBP Regulations

- Housing built after January 1, 1978
- Housing exclusively for the elderly or disabled, unless small children reside there
- Zero-bedroom dwellings: SRO units, dormitories, barracks
- Inspector-certified properties that have been found to be free of LBP
- Properties where LBP removal has been completed
- Unoccupied housing that will be vacant until demolition
- Non-residential property
- Projects where rehabilitation will not disturb painted surfaces
- Emergency repairs to safeguard against imminent danger to human life, health, or safety, or to protect from further structural damage
- Emergency shelters where clients will not stay longer than 100 days

**Questions and comments regarding the material contained in this manual may be referred to Janell Stanton, Delaware State Housing Authority, Community Development Section, 18 The Green, Dover, DE 19901, or by telephone at 302-739-4263 ext. 219.**