



Office of Rental Assistance and Homeless Solutions

Emergency Solutions Grant Funds

Policy and Procedures

CONTENTS

I.	Program Description	3
II.	Grant Terms	3
III.	Target Population	3
IV.	Use of Funds	4
	HMIS Data Collection and Evaluation.....	5
	Administrative Cost.....	5
	Financial Assistance	6
V.	Roles and Responsibilities of CoC, HARA & Sub-grantees.....	7
	HARA Housing Resource Specialist Duties	9
	HARA Intake, Assessment, Housing Plan	10
VI.	Eligibility Determination and File Documentation	12
VII.	Housing Documents.....	17
	Lease.....	17
	Lease Approval.....	18
	Rent Reasonableness	18
	Notice of Inspection	18
	Habitability Standards Inspection.....	18
	Inspection Deficiencies Notice.....	18
	Delayed Exterior Repair Agreement	19
	Lead-Based Paint Inspections	19
	W-9 Request for Taxpayer Identification Number and Certification	19
	Rental Assistance Agreement.....	19
VIII.	Program Support Information	19
	Occupancy Standards.....	19
	SROs, Efficiency/Studio Units, Mobile Home/Trailers, Manufactured Housing.....	20
	Fair Market Rent and Rent Reasonableness	22
	Calculating Gross Rent.....	22
	Deposits and Non-Refundable Fees	23
	Participation in Support Services	23
	CFDA Number	23
	Insurance Coverage	23
	Grant Management	23
	Records Management	24
	Monitoring Protocol.....	24
	Financial Status Reports (FSR), and Cash Advance	24
	Program Participant Termination – Formal Due Process.....	25
	Fraud.....	26
	Outcome Performance Reports	26
	Quarterly Progress Reports	26
IX.	Other Federal Requirements	27
X.	Definitions	27
XI.	Financial Assistance Charts.....	30-33

I. Program Description

FY 2016 ESG funds were awarded by HUD under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act). The HEARTH Act improves administrative efficiency and enhances response coordination and effectiveness in addressing the needs of homeless persons. The Act adds short- and medium-term rental assistance and services to rapidly re-house homeless people, and places greater emphasis on helping people quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. In addition, the HEARTH Act provides grantees with the programmatic framework to maximize communitywide planning and strategic use of resources, and to improve coordination and integrate with mainstream services to increase efficiency, including services funded by other programs targeted to homeless people.

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

II. Grant Terms

Grants will begin on October 1, 2016 and end on September 30, 2017. It is required that 100% of the funds be expended by September 30, 2017. Prior to the end of the first six months, the CoC Body and grantee(s) will be evaluated based upon performance, data collection, and use of funds. Funds may be redistributed based upon this evaluation.

III. Target Population

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

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

Target

1. Homeless Individual with a Disability, as defined by HUD. (See ESG Form No. 4)
2. Chronically Homeless (See ESG Form No. 2)
3. General Homeless (See ESG Form No. 2)

- **Zero income individuals and families can and should be assisted with ESG for rapid re-housing.**

Prevention:

- Certified Homeless: Categories 2 and 4.
****MSHDA has removed Category (3) “Homeless under Other Federal Statute” as MSHDA is required to apply for a waiver from HUD to be able to use this category.**
- Certified At Risk: Categories 1-3

Target

1. Those closest to going to a shelter, car, or the street.
 - Risk factors for those most in need would include:
 - Extremely low incomes;
 - Criminal histories;
 - Behavioral health issues;
 - Poor employment histories.

Risk factors that make finding and maintaining housing more challenging should be used to screen people into assistance rather than screening them out.

IV. Use of the Funds:

There are six categories of eligible activities for these funds:

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

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

Street Outreach

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

Emergency Shelter

- Essential Services: Case management related to emergency shelter, *referrals* to employment, healthcare, substance abuse and related services within the community. (Note that *referrals* can be provided, however, **direct case management** for employment, health, substance abuse and other related services cannot be provided with these funds).
- Shelter Operations: including maintenance, rent, repair, security, fuel, insurance, and utilities. Maintenance and repairs over \$500 must be approved by Homeless Assistance Specialist.

****Shelter funding includes shelter operations and shelter essential services, i.e. case management. *Funding to shelters is capped at 30% of the total grant amount.*** If a Planning/CoC Body has a shelter receiving over 30% of the total grant amount, this amount must be reduced 5% per year until the shelter operations/essential services cap of 30% is met. Shelters will be required to submit Quarterly Progress Reports to the Fiduciary.

Homelessness Prevention Assistance

- **** Housing relocation and stabilization services (case management).**
- Leasing assistance, as necessary, to prevent the individual or family from becoming homeless when the assistance is necessary to help program participants regain stability in their current permanent housing or move into other permanent housing and achieve stability in that housing. Eligible costs include housing search and placement, housing stability case management, rental arrearages, leasing assistance, security deposits, utility deposits, utility arrearages, mediation, and cost for obtaining identification. See Activity Chart pages 30-33.

Rapid Re-housing Assistance

- **** Housing relocation and stabilization services (case management).**
Leasing assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation to move as quickly as possible into permanent housing and achieve stability in that housing. Eligible costs include housing search and placement, housing stability case management, leasing assistance, security deposits, utility deposits, utility arrearages, mediation, and cost for obtaining identification. See Activity Chart pages 30-33.

**** Housing Relocation and Stabilization Services** - Funds must be used to create and implement a comprehensive, easily accessible service and housing response system that addresses the needs of those who are homeless or at serious risk of homelessness.

Eligible activities include:

- Housing stabilization services include arranging, coordinating, linking and monitoring the delivery services that assist participants to obtain and sustain housing stability; this includes the salary of the Housing Resource Specialist(s);
- Transportation/travel for supportive housing stabilization services, i.e. visit a participant;
- Costs associated with cell phones to support housing stabilization services.

HMIS/Data Collection and Evaluation will be conducted via HMIS. Cost associated with data collection is limited to three percent (3%) of the total grant amount. The HEARTH Act requires that data collection and reporting for ESG be conducted via HMIS.

- **When providing utility assistance only, a utility service entry must be made in HMIS. If providing case management along with the utility assistance, an entry/exit must be entered in HMIS.**
- **Children residing in the household must be entered into HMIS.**

Administrative Costs are limited to seven percent (7%) of the total grant amount. MSHDA is passing on all administrative funds directly to local grantees. Agencies may request 50% of Administrative Funds upfront and the remaining 50% when the FINAL FSR is

submitted. Agencies returning unexpended funds, will have their final Administrative Funds reduced based on funds expended (i.e. if a percentage of the Grant award is returned, the Administrative budget will be reduced by the same percentage; this applies to current year Grant). Eligible expenses include:

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

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

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

Financial Assistance is available for persons who are income eligible, have a demonstrated housing crisis, and lack necessary resources. Funds must be targeted based upon individual assessments of personal need. Each program participant must have a *Housing Plan* developed that identifies defined goals, outcomes, and timelines that provides a framework for achieving housing stability. Financial assistance includes: rental assistance, rental arrearages, security deposits, utility deposits and utility arrearages.

The following criteria **must be met** for people who are homeless or those who are at risk of homelessness to qualify for resources and/or support under this program:

- An initial consultation with a Housing Resource Specialist to determine need must be held and entered in HMIS and in the participant's file. The households must meet the following circumstances:
 - a) No appropriate, subsequent housing options have been identified; **AND**
 - b) Lacks the financial resources and support networks needed to obtain immediate housing or remain in their existing housing, **AND**
 - c) Have **income below 30% AMI**.

Financial assistance is limited to the eligible activities outlined in the Activity Chart (pages 30-33).

A minimum of forty percent (40%) of the total grant amount must be awarded to the HARA to be used for financial assistance (prevention and re-housing) and case management, with 20% going directly to re-housing leasing assistance, i.e. paying a landlord (this was increased from 15%). The HARA is the only sub-grantee eligible for financial assistance.

MSHDA will grant ESG funds for Domestic Violence (DV) Survivors to the Department of Human Services Domestic and Sexual Violence Prevention and Treatment Board to be used for shelter operations and case management services. DHS will determine agency funding and amounts. **DV service providers receiving these funds must be a participating member in the CoC Planning Body.** (Since the ESG DV dollars have been turned over to DHS, **CoC bodies cannot allocate any of their award money to DV agencies to administer. Note: the HARA must still provide prevention and rapid-rehousing assistance to all eligible participants, and the HARA will also be responsible for entering homeless survivors onto the Homeless Preference Waiting List.**)

V. Roles and Responsibilities of CoC, Grant Fiduciary, HARA, and Sub-grantees

Continuum of Care (CoC) Body: The CoC will:

- Regarding the HARA - Agencies currently designated as the HARA for the 2014-2015 ESG Program will continue their role as the HARA for the 2015-2016 ESG Program, unless there is documented evidence of poor performance or extenuating circumstances. Local communities that decide to designate a new HARA for 2015-2016 ESG must obtain approval from MSHDA prior to the submission of the 2015-2016 ESG application. This policy supports capacity building within system change, and fosters community partners to have a vested interest in the success of their designated HARA. Note that the HARA must be an agency that serves **all** populations.
- **Work to ensure that the Housing Choice Voucher Homeless Preference waiting list has an adequate supply of names by talking/e-mailing with the MSHDA Housing Agent regarding lease-up of the vouchers and discussing the status of the Homeless Preference waiting list at CoC meetings.**
- **Work to ensure that the developments with Project Based Vouchers maintain an adequate supply of names by talking/e-mailing with the management company prior to CoC meetings and discussing the status of the available units at the CoC meetings.**
- **Work with the PBV management agent, developer, and service agencies to assist with the development in and annual updating of a Memorandum of Understanding (MOU) to provide case management services to supportive housing units as they are made available in the community.**
- Develop a CoC culture that teaches and makes decisions based upon outcomes.
- Analyze your CoC's portfolio of grants to determine if you have the right mix of housing and services to meet the needs of the homeless households that present for assistance. Determine whether funding for some projects, in whole or in part, should be reallocated to make resources available for new efforts.
- Prioritize the use of ESG funds for proven strategies, especially rapid re-housing for those experiencing chronic homelessness. Note: people **cannot** be denied rapid re-housing because of zero income.
- Explore partnerships with mental health or substance abuse providers to provide the "support" for permanent supportive housing.
- Partner with programs that serve veterans in your community; link them to VA services and supports.
- Require ESG grantees to embrace strength-based case management.
- Identify an agency to function as Fiduciary for these funds.

- Select two designees from each CoC Body (identified in Exhibit 1) to serve as a rep of the CoC on the statewide regional council and require them to provide updates to the CoC meetings.
- Community develops a system of care plan that specifically addresses assisting individuals and families living in chronic homelessness, how the plan will be monitored, and what the outcomes are.
- Assure that services provided by the Fiduciary, HARA, and Sub-grantees are meeting the needs of the local community and that critical issues are addressed.
- Provide MSHDA with annual Point in Time (PIT) Chart.
- Provide meeting minutes and e-mail minutes, notices, and agendas to your MSHDA Homeless Assistance Specialist.
- DV agencies funded through DHS/MSHDA ESG funds must participate in CoC meetings.

The Grant Fiduciary will be responsible for:

- Executing grant documents for the community's allocation, including:
 - Memorandum of Understanding (MOU) with the CoC Body and with all Key Partners,
 - Sign contract and applicable documents required by MSHDA;
 - Initiate and execute sub-grants as needed.
- Assuring use of funds in accordance with the grant agreement, communicate knowledge of fraudulent activities to MSHDA and the CoC Body;
- HALO billing;
- Advising the CoC Body of agencies not using dollars in a timely manner to avoid loss of funds to the community/recapture by MSHDA;
- Evaluating the quality of services and provide oversight of the sub-grantees based upon documented outcomes and in partnership with the CoC.
- Collecting and submit quarterly Progress Reports that address specific performance outcomes supported by HMIS data (Domestic Violence Agencies use alternative system). The progress reports are submitted to MSHDA via HALO with a copy to the CoC Body.
- Monitoring ten percent (10%) of all tenant files, as well as the financial records of sub-grantees, and provide a copy of your findings report to your MSHDA Homeless Assistance Specialist;
- Maintaining financial and client level records to support billings. The information must be retained for five years.

HARA Agency will be responsible for:

- Administering **all** financial assistance dollars for prevention and rehousing;
- Practicing shelter diversion;
- Embracing rapid re-housing; (Note: people with zero income cannot be denied rapid re-housing);
- Employing staff to function as a Housing Resource Specialist (see Definitions)
- Employing a staff person to oversee the Housing Choice Voucher Homeless Preference waiting list.
- Employing a staff person that is knowledgeable of MSHDA developments within the CoC and the availability of Project Based Vouchers within the development and have quarterly contact with the management company at the development regarding availability of the units;

- Practicing strength-based case management (see Definitions);
- Working with the CoC Body to ensure quality service delivery;
- Entering client information on HMIS;
- Use of the Service Prioritization Decision Assistance Tool (SPDAT);
- Routinely review and correct HMIS data quality issues and monitor outcome performance;
- Providing services and/or make referrals to other service agencies as needed;
- Submitting quarterly Progress Reports that address specific performance outcomes supported by HMIS data to the Grant Fiduciary as outlined in their contract;
- Enters homeless people on the MSHDA Housing Choice Voucher waiting list with a homeless preference and re-verifying homeless status every 120 days.
- Assists developers to insure that case management services are available to new units made available through the Low Income Housing Tax Credit (LIHTC) Program, and if applicable, refer applicants to the Project Based Voucher waiting list.
- Establishing office hours in the counties that are served.

Sub-grantees will be responsible for:

- Work with the HARA and CoC to re-align program dollars, where possible, to fill gaps to end homelessness;
- Embrace strength-based case management;
- Providing allowable services as defined within this NOFA and as specified in their contract with the Grant Fiduciary;
- Entering client information on HMIS (Domestic Violence Agencies use alternative system);
- Routinely review and correct HMIS data quality issues and monitor outcome performance;
- Maintain financial and client level records to support billings. Retain records for four years;
- Request payment and provide necessary supportive documentation to the grant fiduciary;
- Submission of quarterly Progress Reports that address specific performance outcomes supported by HMIS data to the Grant Fiduciary as outlined in the grant contract;
- Ensure compliance with grant terms and provide the grant fiduciary and MSHDA access to financial and programmatic records.

HARA Housing Resource Specialist Duties

- **Must** meet with the program participant **monthly**. If the participant does not attend, the agency may terminate assistance. Federal policy states: this should be done only in extreme cases, and the termination process must include: 1) written notice; 2) review of decision in which the participant can document any objections; 3) final notice.
- Provide housing stabilization services that include arranging, coordinating, linking and monitoring the delivery of services that assist participants to obtain and sustain housing stability.
- Monitoring program participant progress.
- Assuring that the rights of participants are protected.
- Development of individualized housing plans for each program participant.
- Assist participants in locating and obtaining housing.
- Credit counseling, when needed;
- If leasing assistance is provided, costs associated with completing Housing Habitability Standards and Lead-Based Paint inspections and determining FMR's;

- File documentation of three rent comparables if providing financial assistance (rental assistance, rental arrearages, security deposits, utility deposits and utility arrearages).
- Mediation and legal services (court eviction fees) combined cannot exceed \$100 per household. Legal fees must be used to help people stay in their homes.

HARA Intake, Assessment, and Housing Plan

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

- All households will be screened either by phone or in person.
- Protocol must be developed between HARA and a crisis line, e.g. 211, taking calls during non-traditional work hours. The crisis line, e.g. 211, must make callers aware that he/she should contact the HARA when their office reopens.
- Households who are presented with immediate safety issues will be re-directed appropriately (Domestic Violence or 911.)
- Intakes are required to determine primary issues.
- If the intake concludes there is **not an immediate housing** need (but other needs are present), households will be referred to the appropriate resource to address the need (e.g. food assistance through DHS, mental health through CMH, etc.), and a housing plan is not necessary.
- If the intake concludes there **is an immediate housing need**, households will proceed to a full housing assessment or be scheduled for a housing assessment within two business days if possible.
- Sharing of participant information – an executed sharing QSOBAA to allow sharing within HMIS between agencies.

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

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

Housing Plan

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

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

- An attached copy of the housing assessment.

Intake, Assessment, and Housing Plan are standardized forms within the HMIS System, and a copy of these forms must be maintained in the participant file.

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

Individual(s) receiving TBRA or HCV (also known as rental assistance) may receive housing stabilization services (such as credit repair/mediation and housing search/placement) if they meet ESG eligibility criteria and without stabilization services would become homeless. **They cannot receive ESG funds for Prevention assistance.** (This simply means they **are eligible** for ESG **case management** services; however, they are **not eligible for financial assistance**).

Homeowners and renters living in condemned property are at risk of homelessness and may be eligible for Prevention assistance (not Re-housing) if the household meets ESG eligibility criteria, has proof of condemnation, and will become homeless but for this assistance.

Ineligible Activities

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

ESG funds cannot be used for:

- Continuum of Care Coordinating Expenses
- Pay for foreclosure prevention;
- Pay rental assistance for rent to own/lease to purchase;
- Provide Prevention Assistance to help those on Section 8 (whether it's a MSHDA Section 8 or another Public Housing Authority Section 8);
- *Provide assistance (pay security deposits and/or utility deposits etc.) to those living in subsidized housing with the exception for a new voucher holder. See detail below:
- Assist a household with their rent if they have a project-based voucher;
- Assist individual(s)/households in transitional housing;
- Set aside money for individual(s) who may be at risk of losing their job;
- Assist the homeless or those at risk of becoming homeless to expunge and/or pardon their criminal records or for re-entry advocacy to help ex-offenders get jobs;
- Pay rent bills from a previous address;
- Pay utilities and/or rent for tenants renting a unit owned by a family member.
- Shelter-focused case management;
- Mortgage payments or mortgage refinancing costs to make housing affordable;

- Rental assistance payments cannot be made on behalf of eligible individuals or families for the same period of time and for the same cost types that are being provided through another federal, state or local housing subsidy program;
- Moving Expenses (funding for this activity is available through State Emergency Relief (SER));
- Motel/hotel Vouchers (funding for this activity is available through the statewide DHS shelter contract with The Salvation Army);
- Furniture (Grantees are encouraged to use existing community sources);
- Pet Care;
- Construction or rehabilitation;
- Credit card bills or other consumer debt;
- Car repair for program participants;
- Food;
- Medical or dental care and medicines;
- Clothing and grooming;
- Entertainment activities;
- Work or education related materials;
- Cash assistance to program participants;
- Development of discharge planning programs in mainstream institutions such as hospitals, nursing homes, jails, or prisons. *However*, persons who are being imminently discharged into homelessness from such public funded institutions are eligible to receive financial assistance through ESG;
- Payment of licenses, certifications, and general classes (classes not specifically related to these funds);
- Utility assistance for homeowners.

* **New** voucher holders may receive security **deposit** and utility **deposit** assistance for re-housing through ESG if they cannot obtain the funds from the Department of Human Services (DHS). This does not change current policy on payment of utilities for voucher holders. By **new** voucher holders MSHDA is referring to those who have not yet received rental assistance as a result of a housing voucher, i.e. new to a Housing Voucher Program. This includes all Housing Voucher Programs, such as Section 8 Housing Choice Vouchers, Project Based Vouchers, and Veteran's Assistance Supportive Housing (VASH) Vouchers. A copy of the DHS SER Denial Letter must be maintained in the participant's file.

VI. Eligibility Determination and File Documentation

Participant Files - The HARA is required to maintain all Financial Records of their ESG participants; partnering agencies may retain the participant's file information. All participant files must be documented using the forms provided by MSHDA as outlined on the Participant File Checklist. The Intake, Assessment, and Housing Plan must be completed in HMIS. These documents can be stored electronically or a copy in the participant's file. Electronic copies must be made available upon demand. Files must also contain case management notes.

Identification Documentation

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

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

Release of Information Form – HMIS

A Release of Information form must be signed by each household member age 18 or older with a copy in file.

214 Status – ESG Form No. 1 (Prevention and Re-housing)

ESG assistance is available only to individuals who are US citizens, US nationals, or noncitizens that have eligible immigration status. *At least one family member must be a citizen, national, or noncitizen with eligible immigration status in order for the family to qualify for assistance.* All household members must be listed on the form. Parent or guardian must sign their own name for family member(s) under 18 years of age.

Homeless Certification - ESG Form No. 2

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

At Risk of Homelessness – ESG Form No. 3

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

Disability Certification – ESG Form No. 4 (Re-housing and Prevention)

Must complete the Disability Certification to prioritize those receiving Re-housing assistance.

Self-Certification – ESG Form No. 5 (Prevention and Re-housing)

Must be completed if required verifications/documents cannot be provided and self-certification is the only way to verify information to determine program eligibility.

Waiver of State Emergency Relief (SER) Denial Letter – ESG Form No. 6 (Prevention and Re-housing)

If any of the scenario(s) on the form apply, individual(s) would be ineligible for SER and will receive an immediate denial from DHS. In such cases, the HARA or sub-grantee may use the Waiver in place of an SER Denial Letter from DHS **for providing rental assistance, paying rental arrearages, and security deposits only.** Before providing utility assistance (deposits, arrearages), the participant **must** first apply to DHS for SER and be denied SER assistance. A copy of the SER Denial Letter must be in the participant file.

Staff Affidavit - ESG Form No. 7 (Prevention and Re-housing)

ESG staff and supervisor must sign the Staff Affidavit certifying the person/household meets all requirements to receive ESG assistance and all of the information provided is true and complete to the best of their knowledge. It further certifies that the

person(s)/household receiving assistance has not resulted, nor will result, in a personal or financial interest or benefit for Agency Staff or for anyone with whom they have family or business ties.

Verification of Income

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

	Verify and Document Income	
	Intake/Screening	3 month re-certification
ESG Homelessness Prevention	X	X
ESG Rapid Re-housing	X	X

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

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

Verification Tracking of Income – ESG Form No. 8 (Prevention and Re-housing)

Income must be verified for all household members age 18 or older. Agencies must record all attempts (phone logs, email correspondence, copies of certified letters etc.) to obtain required verifications in the order specified on the form. Staff must provide an explanation on the form if utilizing verification out of the hierarchy sequence. Household member(s) age 18 or older with zero income must complete Step 5 of the form.

Verification of Income – ESG Form No. 9 (Prevention and Re-housing)

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

Calculation Worksheet - ESG Form No. 10 – (Prevention and Re-housing)

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

Income Inclusions and Examples of Acceptable Documentation:

- Earned Income (Wages and Salary)
 - Payment statement
 - Statement of income from employer/source of income
- Self-Employment/Business Income
 - Most recent Financial Statement
- Interest and Dividend Income
 - Most recent interest or dividend income statement
- Pension/Retirement Income
 - Most recent benefit notice, pension statement or other payment statement from pension provider
- Armed Forces Income
 - Payment statement
 - Statement of income from government official/agency
- Unemployment and Disability Income
 - Most recent benefit or disability income notice from SSI
 - Statement from SSI
- Public Assistance, including TANF
 - Most recent benefit or income notice from public assistance administrator
 - Statement from public assistance administrator
- Alimony and Child Support
 - Court Order
 - Most recent payment statement
- No Income Report
 - Self-certification

Income Exclusions:

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

- Scholarships and Grants;
- Resident Service Stipend—not to exceed \$200/month (if more than \$200/month the entire stipend (including the \$200) is included as income.

Calculating Income:

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

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

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

Calculating Income from Assets:

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

Assets Include:

- Bank Accounts
- Life Insurance policies
 - Lump sum additions
- Personal Property held as Investments
- Retirement/Pension funds
- Trusts
- Assets disposed of for less than Fair Market Value
- Stocks, Bonds, Mutual Funds, etc.
- IRA, Keogh, Annuities and Similar Retirement Accounts

Assets Exclude:

- Necessary Personal Property
- Assets not Accessible to Family
- Business or Farming Operation Assets

Interest in Indian Land trusts
Equity in Cooperatives & Manufactured Homes
Vehicles/Special Equipment for Disabled

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

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

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

If the total cash value of the family assets are:

- Less than or equal to \$5,000:
 - Use the actual income earned from assets (i.e., interest and dividends); or
- Greater than \$5,000, use the greater of:
 - Actual income earned from assets, or
 - Imputed income from assets based upon passbook rate approved by HUD (0.06%). (Imputed Income is HUD's approved passbook rate multiplied by the total cash value of assets).

Checking/Savings Accounts

- The cash value of a checking and savings account is the current balance.

VII. Housing Documents

Lease

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

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

If the Landlord agrees to lower the rent to comply with the FMR, a new lease or lease addendum must be signed stating the new rental amount and a copy placed in the file. The rent amount charged after the household's leasing assistance has ended is between the landlord and the tenant.

Utility Arrearages from a Previous Address for Re-housing Participants

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

- Utility arrearage payments cannot exceed \$1,500;
- If the utility arrearage is over the \$1,500 maximum, the case manager is required to work with the utility company to set-up a payment plan between the household and the utility company and/or ask the utility company to forgive the debt.
- **Before making payment for utility arrearages**, the case manager must document in the participant's file with either verbal or written documentation from the utility company that by paying a specified amount, again up to \$1,500, the utilities will be turned on for the household by the utility company at the new address.
- A copy of the SER Denial Letter from DHS must be maintained in the participant's file.

Lease Approval - ESG Form No. 11 (Prevention and Re-housing) (Optional)

The Lease Approval form is completed by the applicant and landlord to request the ESG Program Administrator's approval of the unit for which the applicant has elected to receive rental assistance. This form, completed by the case worker, serves as a briefing for the participant informing them of the FMR, and eligibility size (number of bedrooms) the household is eligible for. The portion of the form completed by the landlord provides size of unit, year built, and who is responsible for utilities. **This form does not take the place of a lease.**

Rent Reasonableness - ESG Form No. 12 (Prevention and Rehousing)

Rent comparables are required for all households receiving financial assistance (i.e. rental assistance, rental arrearages, security deposits, utility deposits, and utility arrearages). ESG assisted units must rent for a reasonable amount, compared to rents charged for comparable, unassisted units. Grantees must document the basis for their rent reasonableness determinations. The prescribed form provides a rent analysis for three (3) comparable unassisted units. Although it is acceptable to use three (3) unassisted units in the same apartment complex, it is recommended that two comparable units be located in other complexes/locations. Michigan Housing Locator (www.michiganhousinglocator.com) may also be used to determine rent reasonableness.

Notice of Inspection – ESG Form No. 13 (Prevention and Re-housing)

All units must be inspected before financial assistance can be provided (i.e. rental assistance, rental arrearages, security deposits, utility deposits, and utility arrearages). Landlords and tenants must be notified of the date and time of the inspection and the tenant or the landlord or an adult representative **must be present** at the housing unit during the inspection.

Habitability Standards Inspection Form – ESG Form No. 14 (Prevention and Re-housing)

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

Inspection Deficiencies Notice - ESG Form No. 15 (Prevention and Re-housing)

If a unit fails to pass a Habitability Inspection, the owner must be notified in writing of the specific deficiencies and the necessary corrective action that must be completed within a specified timeframe. *Landlords and tenants* should be given a reasonable period

of time (i.e., 24 hours for emergency conditions or 30 days for less serious conditions) to correct the deficiencies. If repairs cannot be made because of inclement weather, the Landlord must complete the Delayed Exterior Repair Agreement (ESG Form No.15) stipulating that needed repairs will be completed by the due date(s) specified on the form.

Delayed Exterior Repair Agreement – ESG Form No. 16 (Prevention and Re-housing)

If repairs cannot be made because of inclement weather, the Landlord must complete the Delayed Exterior Repair Agreement stipulating that needed repairs will be completed by the due date(s) specified on the form.

Lead-Based Paint Inspection - ESG Form Nos. 17, 18, and 19 (Prevention and Re-housing)

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

W-9 Request for Taxpayer Identification No. and Certification (ESG Form No. 20)

Landlords receiving rent payments must provide the HARA with their Taxpayer Identification No. using the W-9 (ESG Form No. 20).

Rental Assistance Agreement – ESG Form No. 21 (Prevention and Re-housing)

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

VIII. Program Support Information

Occupancy Standards

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

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

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

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

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

If an additional bedroom is required for an individual who would normally be required to share a room, the reason must be documented in the file. For example: If an additional room is needed because of a medical condition, documentation may be a note from their doctor; otherwise, if the case manager determines an additional room is needed (medical condition, care-giver, medical equipment etc.) the case manager must document the reason in the case management notes.

In cases where college students and children staying only for weekends etc., the amount of time spent in the unit should be taken into consideration before assigning additional bedroom(s). ESG assistance is short-term and a smaller unit is acceptable if it does not create serious overcrowding; a living room can be counted as a sleeping room. If student/children will be in the unit the majority of the time and future rent will not be a burden, then an additional bedroom can be assigned.

A separate bedroom cannot be issued for an unborn child. Once the baby is born a second bedroom can be issued unless the baby has an older, same sex sibling who has already been issued a bedroom.

Single Room Occupancy, Efficiency or Studio Units, Mobile Home or Trailers, Manufactured Housing

Single Room Occupancy

Single room occupancy (SRO) unit provides living and sleeping space for the exclusive use of the occupant but requires the occupant to share sanitary and/or food preparation facilities with others. No more than one person may occupy an SRO unit.

- ESG assistance may be provided using SRO Fair Market Rent + utilities.
- Agencies can provide ESG assistance provided the rent is **not** already based upon income (subsidized).
- When providing ESG assistance in an SRO unit, there **must** be a lease in place.
- Because no children live in SRO housing, the Housing Quality Standards applicable to lead based paint do not apply.
- **However, additional Habitability Standards do apply:**

Access: Access doors to the SRO unit must have working locks for privacy. The occupant must be able to access the unit without going through any other unit. Each unit must have immediate access to two or more approved means of exit from the

building, appropriately marked and leading to safe and open space at ground level. The SRO unit must also have other means of exit required by State or local law.

Fire Safety: All SRO facilities must have a sprinkler system that protects major spaces. Major spaces are defined as hallways, common areas, and any other areas specified in local fire, building or safety codes. SROs must also have hard-wired smoke detectors, and any other fire and safety requirement required by state or local law.

Sanitary facilities and space and security standards must meet local code requirements for SRO housing. In the absence of local code standards the requirements discussed below apply [24 CFR 982.605]:

Sanitary Facilities: At least one flush toilet that can be used in privacy, a lavatory basin and a bathtub or shower in proper operating condition must be provided for each six persons (or fewer) residing in the SRO facility. If the SRO units are leased only to men, flush urinals may be substituted for up to one half of the required number of toilets. Sanitary facilities must be reasonably accessible from a common hall or passageway, and may not be located more than one floor above or below the SRO unit. They may not be located below grade unless the SRO units are located on that level.

Space and Security: An SRO unit must contain at least 110 square feet of floor space, and at least four square feet of closet space with an unobstructed height of at least five feet for use by the occupant. If the closet space is less than four square feet, the habitable floor space in the SRO unit must be increased by the amount of the deficiency. Exterior doors and windows accessible from outside the SRO must be lockable.

- All other ESG eligibility requirements apply.

Efficiency or Studio Units

Definition: A small [apartment](#) unit which combines [living room](#), [bedroom](#), and [kitchenette](#) into a single room. Efficiency apartments are sometimes smaller than studio apartments.

- ESG assistance may be provided based on 0-bedroom size at Fair Market Rent + utilities.
- All other ESG eligibility requirements apply.

Mobile Home or Trailers: a structure that is transportable in one piece and can be moved from one place to another. The term 'mobile home' or 'trailer' is often used interchangeably.

ESG funds may assist with these recognized housing units as long as they are securely attached to a stationary pad, i.e. tied down. The pad may be either a poured basement, concrete slab on grade or, must be securely anchored to the site; the unit may or may not have a 'tongue' removed; the unit may or may not be 'skirted'. Many of these conditions are dependent upon local code requirements.

- ESG will not pay for any unit that can be attached to a vehicle and readily moved from location-to-location.
- ESG will not pay for units that are intended for recreational purposes such as campers or tents.

Housing Case Managers shall use discretion when committing ESG funds for the use of these units and documentation must be in the file.

- In order to provide ESG assistance a lease must be in place.
- ESG assistance may be made for the unit size FMR amount and may include the lot rent if it is written in the lease as such.

FMR amount + lot rent amount should NOT be added together to obtain FMR. It is one or the other, not both. (Utilities would also need to be considered as part of the FMR.)

- Persons receiving ESG assistance may not pay the 'difference' in order to 'qualify' under FMR amounts.
- ESG may assist those who own units but cannot afford to pay lot rent.
- All other ESG eligibility requirements apply.
- Rent Reasonableness is based on comparable units taking into consideration location and size of unit.
- Units may be in a community setting or on private property.
- **Additional Habitability Standards do apply:**

Security: A mobile home or trailer must be placed on the site in a stable manner and must be free from hazards such as sliding or wind damage. The home must be securely anchored by a tie-down device that distributes and transfers the loads imposed by the unit to appropriate ground anchors to resist overturning and sliding.

Manufactured Housing - A manufactured home is a manufactured structure transportable in one or more parts that is built on a permanent chassis and designed for use as a principal place of residence.

Fair Market Rent and Rent Reasonableness

To provide rental assistance with ESG funds, the rental rate plus utilities cannot exceed both HUD's published FMR and/or the rent reasonableness standards, i.e. the three rent comparables. Otherwise stated, Contract Rent + Utilities = Gross Rent. The Gross Rent cannot exceed the FMR or the three (3) rent comparables provided in the file. Grantees must:

- Calculate the utility allowance for tenants paying their own rent using the attached Utility Allowance Schedule. Add the rental rate and utilities together to determine the gross rent. The rent + utilities cannot exceed FMR. Again, contract rent + utilities = gross rent, which cannot exceed the FMR.
- Complete the revised Rent Reasonableness Checklist and Certification. The rents shown as comparable must be equal to or less than **the gross rent** of the proposed rental.

Calculating Gross Rent

- ***If tenants are responsible for paying their own utilities, the monthly utility allowance must be added to the contract rent amount to calculate gross rent,*** to determine whether the unit meets the FMR and rent reasonableness standards. Utility costs may include gas, electric, water, sewer, and trash. Telephone, cable or satellite television service and internet service are not included in FMRs and are not allowable costs under ESG. The Utility Allowance Schedule is posted on MSHDA's Website at <http://www.michigan.gov/mshda/0,4641,7-141-5515-241719--,00.html>.

To determine whether rent is acceptable for ESG rental assistance, the **gross rent** (rent + utilities) for the current or new unit **must first be compared with FMR limits**. If the unit's gross rent is at or below FMR limits, then the gross rent must be used to determine rent reasonableness.

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

Deposits and Non-Refundable Fees

The security deposit cannot exceed one (1) month's rent (limited to one per household per grant term) and utility deposits are an eligible activity if needed. Deposits will remain with the household. Nonrefundable fees such as cleaning fees and late fees **cannot** be paid from ESG funds. Security Deposits are not included on the IRS 1099 form (include only rent amounts paid to the Landlord).

Participation in Support Services

Support services cannot be mandated for individual(s) receiving ESG assistance. Households who are income eligible but fail to make an effort to find employment, secure income, apply for other rental assistance programs etc. although they demonstrated the ability to sustain housing at the time of entry cannot have their assistance terminated based on this criteria. Participants enter as eligible for three (3) months; they cannot be promised any certain length of assistance (i.e. assistance will be offered/paid month-by-month within the qualifying limits).

CFDA Number

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

Insurance Coverage

All recipients of ESG funds (Fiduciary, HARA, and sub-grantees) must carry General Liability Insurance and Crime and Dishonesty Insurance. The Fiduciary must maintain documentation of insurance coverage, including sub-grantees, with their Agency records.

Grant Management

All Grant funds must be kept in a non-interest bearing account.

Eligible expenses incurred prior to the last date on which the Grant Offer was signed by MSHDA will not be paid. The billing start date on the first FSR must not be prior to the last date on which the Grant Offer was signed.

Grant Amendments:

- The last date to request a budget amendment is July 31st.
- Grant term extension requests must be made by August 31st.

Note: Please understand that grant amendment requests may take up to two (2) weeks for approval, and funds *cannot be spent until the amendment has been fully executed*.

Recaptured funds: if funds are recaptured, next year's Grant will be reduced by 50% of the recaptured amount (if \$10,000 is recaptured, next year's Grant will be reduced by \$5,000).

Budget Deviations*:

- For changes within a budget component (ex: Re-housing Financial Assistance – moving funds from leasing assistance to security deposit) a revised budget component page documenting the change and acknowledgment from the CoC concurring with the change, must be submitted to HA Specialist for approval.
- For changes between budget components (ex: moving funds from Prevention Financial Assistance to Re-housing Financial Assistance) requires a Grant Amendment. In addition, a revised budget component page documenting the change and acknowledgment from the CoC concurring with the change, must be submitted to HA Specialist.

*Deviation does not apply to the cap established for Administration (7%) or HMIS (3%); however, agencies may elect to decrease these percentages.

Administrative Funds: Agencies may request 50% of Administrative Funds upfront and the remaining 50% when the FINAL FSR is submitted. Agencies returning unexpended funds, will have their final Administrative Funds reduced based on funds expended (i.e. if a percentage of the Grant award is returned, the Administrative budget will be reduced by the same percentage; this applies to current year Grant).

Records Management

- File Retention: ESG client files, financial records to support billings, and Housing Choice Voucher homeless preference documentation must be retained for five (5) years after the grant has been closed.

If Business Operations Cease, the grant recipient shall maintain records as MSHDA may direct:

- The original Grant Recipient shall maintain/retain all books, records or other documents* (electronic or otherwise) relevant to this grant at all times during the term of the grant, including any extension of the grant, for a period of three years after the expiration date or final payment is made under the grant, at the Grant Recipient's cost, and shall send copies of said books, records, or other documents to MSHDA upon request. Federal auditors and any persons duly authorized by MSHDA shall have full access to and the right to examine, audit or monitor any of these materials during said period. Files should be maintained by grant year in a manner that is easily obtainable. Closed files should be documented and maintained in secured storage location. Upon retention maturity, all files should be destroyed in an appropriate manner.
 - Open files ***shall be*** conveyed to the new grant recipient.
 - A File Log **and** Release of File Authorization ***must be*** signed and retained by both Conveyor and the Recipient.
 - The conveyance of all files must be completed in a secured manner.

Monitoring Protocol

User Guide will be a separate document posted on MSHDA's Website.

Financial Status Requests (FSR)

- FSRs are created and submitted via the MATT system by the fiduciary only.
- **FSRs are due every 90 days after the grant start date.**
- Pre-disbursement conditions must be met prior to submitting the initial FSR.
- Progress Reports must be up-to-date before a FSR can be approved.

FSR #1:	50% of the total grant award may be requested, not to exceed \$50,000
FSR #2:	Due by January 15 (covers expenditures from the start date of billable expenditures to December 31)
FSR #3:	Due by April 15 (covers expenditures from January 1 – March 31)
FSR #4:	Due by July 15 (covers expenditures from April 1 – June 30)
FSR #5:	Due by October 15 (covers expenditures from July 1 – September 30); marked FINAL unless an extension has been granted.

- Additional FSR’s may be submitted on an ‘as need’ basis in order to maintain available cash flow to agencies.
- Cash on hand is limited to 25% of the previous draw.
- Request for additional funds shall not exceed 50% of the remaining balance available not to exceed \$50,000 including cash on hand.
- Receipts for all billable expenses must correlate with the FSR requested (no back billing) with documentation (required) uploaded in the MATT system.
- FSRs must be accompanied by a detailed ledger/spreadsheet, by category that is uploaded into the MATT system. For example, the spreadsheet would show:
 - For Rapid Re-housing: Specific payments identifying date of payment, landlord name, address, amount paid, and address of the rental unit.
 - For Prevention: The HMIS client number, date, and the amount paid.
 - For Case Management: A dated time log for the employee being paid with ESG funds and client identifier (HMIS number) showing who was assisted.
- The Fiduciary must keep records and receipts for each sub-grantee agency which correlates to the sub-grantee’s request for funds/FSR. Receipts that document the FSR amount must be available for review upon request or for monitoring purposes.

Program Participant Termination – Formal Due Process

Grantees terminating a program participants’ ESG assistance for violating program requirements must provide a formal termination process that recognizes the rights of individual(s) to due process of law. ***The formal process is only required after a participant***

has received assistance and is then terminated from receiving continued assistance. This process, at a minimum, must consist of the following:

- Written notice to the program participant containing a clear statement of the reasons for termination;
- A review of the decision, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination; and,
- Prompt written notice of the final decision to the program participant.

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

Fraud Procedures

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

Outcome Performance Reports

- The Project Outcome Performance Matrix Report is due semi-annually.

Reporting Period	Submission to MSHDA Deadline
October 1 st – March 31 st	April 30 th
April 1 st – September 30 th	October 31 st

- CoC Outcome Performance Matrix Report is due annually.

Reporting Period	Submission to MSHDA Deadline
October 1 st – September 30 th	October 31 st

Quarterly Progress Reports

- *Progress Reports are uploaded in the MATT system and submitted by the Fiduciary only.*
- *Data (participants served) is entered on the HMIS system*
- *Domestic Violence grantees utilize the alternative system for reporting*
- *Progress Reports are **submitted quarterly**, due by the end of the month after the end of the quarter (see schedule below).*
- The report must be signed by the Executive Director or Authorized Official for your agency.

Quarter	Reporting Period	Submission to MSHDA Deadline
1 st quarter	October 1 st – December 31 st	January 31 st
2 nd quarter	January 1 st – March 31 st	April 30 th
3 rd quarter	April 1 st – June 30 th	July 31 st
4 th quarter	July 1 st – September 30 th	October 31 st

The Fiduciary must also submit a final Cumulative Report covering period October 1st – September 30th. This report is due by October 31st.

IX. Other Federal Requirements

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

X. Definitions

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

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

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

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

Housing Locator: The Michigan Housing Locator identifies affordable housing and can be found at www.michiganhousinglocator.com. The Housing Locator may be helpful in rapidly re-housing people.

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

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

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

Key Partners include: CoC Body, HARA, and Grant Fiduciary.

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

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

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

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

- Head Start and Early Head Start Agencies;
- Department of Human Services; Child Welfare Agencies; Unemployment Offices;
- WIC Agencies; Hospitals and Health Clinics; Mental Health Agencies;
- Public Housing Agencies; Public Housing Tenant Associations; Property Managers/Landlords;
- Utility Companies;
- Substance Abuse Treatment Programs; Domestic Violence Programs;
- Food Banks; Community Action Agencies; Help Lines (and 211 lines);
- Police; Jails; Prisons; and Probation Offices; Courts;
- Culturally Specific Organizations; Shelters and Homeless Assistance Providers; Veterans Services Organizations; Legal Aid Agencies; School Homeless Liaisons; Community Resource Centers;
- Family Support Centers; Businesses; Workforce Centers;
- Churches and other Faith-Based Organizations

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

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

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

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

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

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

What Is It?

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

Why Use It?

- It is an empowering alternative to traditional therapies which typically describe family functioning in terms of psychiatric diagnoses or deficits.
- It avoids the use of stigmatizing language or terminology which families use on themselves and eventually identify with, accept, and feel helpless to change. It is at odds with the "victim identity" -- epitomized in popular culture by the appearance of individuals on television or talk radio sharing intimate details of their problems -- which is inherently self-defeating.
- It fosters hope by focusing on what is or has been historically successful for the person, thereby exposing precedent successes as the groundwork for realistic expectations.
- It inventories (often for the first time in the person's experience) the positive building blocks that already exist in his/her environment that can serve as the foundation for growth and change.
- It reduces the power and authority barrier between the person and therapist by promoting the person to the level of expert in regards to what has worked, what does not work, and what might work in their situation.
- It reduces the power and authority barrier between person and therapist by placing the therapist in the role of partner or guide.
- Families are more invested in any process where they feel they are an integral part.
- And lastly - it works.

QSOBAA (Qualified Services Organization Business Associates Agreement): This agreement/MOU defines the local sharing practice and is required to allow interagency sharing through HMIS. (Domestic Violence Agencies use alternative system.) Signatories on the agreement include those agencies who are working collaboratively with the person(s) receiving assistance.

Uniform Administrative Requirements (UAR): Local governments: see OMB Circular A-87; and non-profits: see OMB Circular A-122. These circulars establish principles and standards to provide a uniform approach for determining allowable costs when working with federal grants. Go to www.hud.gov.

Prevention Financial Assistance – includes activities detailed in the chart below:

Assistance	Qualifications (income below 30% AMI)	GUIDANCE (Payment always goes to a third party.)
<p>Rental Arrearages up to 3 months maximum</p> <p>Leasing Assistance 6 months maximum</p> <p>NOTE: Total per household/per grant year is capped at 6 months of rental assistance for the combination of rental arrearages and leasing assistance – NOT 6 months for each category.</p>	<p>Certified Homeless: Categories 2-4 (Form 2)</p> <p>Certified At Risk: Categories 1-3 (Form 3)</p> <p>Verified income: Re-certification is required after 3 month assistance (if participant continues to need assistance for months 4-6 income must be re-verified.)</p> <p>Prioritization for those participants most in need by targeting those closest to going to a shelter, car, or the street with the following Risk Factors:</p> <ul style="list-style-type: none"> ➤ Extremely Low Income ➤ Criminal Histories ➤ Behavioral Health Issues ➤ Poor Employment Histories 	<ul style="list-style-type: none"> • Units cannot exceed HUD/MSHDA Fair Market Rent; • Leasing payments must be made directly to landlords; • Lease agreement is required; • Grantees must maintain verification of need, income, and all other pertinent information as required by HUD and MSHDA in the participant’s file; • Grantees must create a housing stabilization plan accessible on HMIS, if the recipient is receiving leasing assistance; • Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER; • Lead Based Paint requirements apply; • HUD Habitability Inspection is required before financial assistance can be provided; • Rent reasonableness is required, i.e. 3 rent comps; • Participants must meet with a case manager monthly; • Recertification is required quarterly. (Income must be verified and documented at intake/screening and every 3 months).

Security Deposit	Available Cannot exceed one month's rent. (Allowed under Prevention if it allows a household to avoid becoming homeless.)	<ul style="list-style-type: none"> • Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER; • Habitability Inspection and Lead Based Paint required; • A deposit can be provided with/without leasing assistance. • Rent Reasonableness required
Utility Arrearages Utility Deposits (arrearages and deposits combined - capped at \$1,500)	Available <ul style="list-style-type: none"> • For utility arrearages only if they have shut off notice. • Deposit(s) available if needed. • Capped at \$1,500 per household/per year; NOTE: Total per household/per year is \$1,500 for the combination of prevention and re-housing. Not \$1,500 for each category. 	<ul style="list-style-type: none"> • Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER. • Habitability Inspection and Lead Based Paint required; • Rent Reasonableness required
Mediation	Available <ul style="list-style-type: none"> • Capped at \$100 	<ul style="list-style-type: none"> • Mediation and legal services (court eviction fee) combined cannot exceed \$100 per household. Legal fees must be used to help people stay in their homes.
Identification (ID)	Available <ul style="list-style-type: none"> • Obtain IDs 	<ul style="list-style-type: none"> • Eligible expenses include: birth certificates, social security cards, and driver's license.
Lead-Based Paint Inspection	<ul style="list-style-type: none"> • Required if the household has a child age 6 or younger or pregnant woman and if the property was built prior to 1978. 	<ul style="list-style-type: none"> • Lead Based Paint requirement apply to both prevention and rapid re-housing. • Contractor inspection fee capped at \$35.00.
Habitability Inspection	Required if providing security deposit, rental arrearages, leasing assistance, utility deposits and utility arrearages.	<ul style="list-style-type: none"> • See Habitability Standards Inspection Form No.14
Housing Quality Standards (HQS)	Not Required	
Rent Reasonableness	Required if providing security deposit, rental arrearages, leasing assistance, utility deposits and utility arrearages.	<ul style="list-style-type: none"> • See Rent Reasonableness Form No. 12

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

Assistance	Qualifications (if income is below 30% AMI)	GUIDANCE (Payment always goes to a third party.)
<p>Leasing Assistance up to 6 months maximum per year</p>	<p>Certified Homeless: Category 1 <u>Only</u> (Form 2)</p> <p>Verified income: * recertification is required after 3 month assistance (if participant continues to need assistance for months 4-6 income must be re-verified.)</p> <p>Target populations:</p> <ol style="list-style-type: none"> 1. Homeless with a Disability – as defined by HUD 2. Chronically Homeless 3. General Homeless 	<ul style="list-style-type: none"> • Units cannot exceed HUD/MSHDA Fair Market Rent; • Leasing payments must be made directly to landlords; • Copy of lease agreement required; • Grantees must maintain verification of need, income, and all other pertinent information as required by HUD and MSHDA in the participant’s file; • Grantees must create a housing stabilization plan accessible on HMIS, if the recipient is receiving leasing assistance; • Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER; • Lead Based Paint required; • HUD Habitability Inspection is required for Leasing Assistance; • Recertification is required quarterly. (Income must be verified and documented at intake/screening and every 3 months); • Participants must meet with a case manager monthly; • Rent reasonableness is required, i.e. 3 rent comps.

Security Deposit	Available Cannot exceed one month's rent. (Allowed under Rapid Re-housing, if needed, to assist in getting household in a unit.)	<ul style="list-style-type: none"> Participant must be assisted to apply for resources through SER program administered by DHS, or the participants file must be documented showing them not qualified for SER. Habitability Inspection and Lead Based Paint required. Security deposit is available plus up to six months of rental assistance. Rent Reasonableness required.
Utility Arrearages Utility Deposits (arrearages and deposit combined - capped at \$1,500)	Arrearages available only if it enables utilities to be turned on at a new address. Deposit(s) available if needed. <ul style="list-style-type: none"> Capped at \$1,500 per household/per year; Note: Total per household/per year is \$1,500 for the combination of prevention and re-housing. Not \$1,500 for each category. 	<ul style="list-style-type: none"> Participants must be assisted to apply for resources available through the SER Program administered by DHS, or the participants file must be documented showing them not qualified for SER. Must have Shut off Notice or Notice of Termination for arrearages. Habitability Inspection and Lead Based Paint required. Rent Reasonableness required.
Mediation	Available <ul style="list-style-type: none"> Capped at \$100 	<ul style="list-style-type: none"> Mediation and legal services (court eviction fee) combined cannot exceed \$100 per household. Legal fees must be used to help people stay in their homes.
Identification (ID)	Available <ul style="list-style-type: none"> Obtain IDs 	<ul style="list-style-type: none"> Eligible expenses include: birth certificates, social security cards, and driver's license.
Lead-Based Paint Inspection	<ul style="list-style-type: none"> Required if the household has a child under the age of 6 or pregnant woman and if the property was built prior to 1978. 	<ul style="list-style-type: none"> Lead Based Paint required. Contractor inspection fee capped at \$35.00.
Habitability Inspection	Required for security deposit, rental arrearages, leasing assistance, utility deposit and utility arrearages	<ul style="list-style-type: none"> See Habitability Standards Inspection Form No. 14.
Housing Quality Standards (HQS)	N/A	N/A
Rent Reasonableness	Required if providing security deposit, rental arrearages, leasing assistance, utility deposits and utility arrearages.	<ul style="list-style-type: none"> See Rent Reasonableness Form No. 12