



Office of Rental Assistance and Homeless Solutions

ESG Notice of Funding Availability (NOFA)

October 1, 2022, to September 30, 2023

Application Due: Friday, August 12, 2022

Emergency Solutions Grant (ESG)

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I. Timeline

ESG FY 2021-2022 Funding	
October 1, 2021 to September 30, 2022	
June 10, 2022	NOFA (notice of funding availability), application (PDF version), and optional local application guidance document released and posted to MSHDA ESG website . Contact assigned Homeless Assistance Specialist with any questions.
June 14, 2022 3:30 p.m.	ESG NOFA webinar. REGISTER HERE
August 12, 2022 No later than 5:00 p.m.	ESG application is due on MATT 2.0.
September 9, 2022	Grant documents emailed to the Fiduciary. (No funds can be incurred until the grant has been signed by the grantee and MSHDA.)
September 23, 2022	Grant documents due to MSHDA
October 1, 2022	Grant start date

II. General Overview

The Emergency Solutions Grant (ESG) is a Housing and Urban Development (HUD) federal entitlement-based program that serves households experiencing homelessness or who are at risk. In the 2022-2023 grant year, MSHDA will receive funds from HUD and will provide a 1:1 match to make an estimated \$10 million available across the State of Michigan. ESG is applied in strategic coordination with all other sources of locally available funding to end homelessness. All funded communities are responsible to ensure service outcomes are more racially equitable, and that regular review of HUD System Performance Measures informs local service planning and improvement. Additionally, ESG requires the use of a Coordinated Entry System (CES) as the process through which people experiencing homelessness or at risk of experiencing homelessness can access the housing crisis response system in a streamlined way. The CES is created by all homeless service providers working together in a synchronized fashion in conjunction with a primary coordinating agency known as the Housing Assessment and Resource Agency (HARA).

The Continuum of Care (CoC) or local planning body (LPB) under the Balance of State CoC operates a CES by mapping out the resources and delivery process used to prevent homelessness and rapidly re-house people living in homelessness. As a result, duplication of services is reduced and gaps within the community's system are identified. In addition, the CoC/LPB's CES overcomes barriers that individual programs cannot address, allowing communication, coordination, and collaboration to be brought to scale on a community-wide level.

The use of a standardized assessment tool within local coordinated assessment processes considers the unique needs of the household, assesses vulnerability, and prioritizes households to gain access to the best options to address their needs. Historically, the most intensive interventions are prioritized for those with the highest needs, rather than being evaluated for a single program within the homeless response system. As communities continue to experience impacts from the coronavirus pandemic (COVID-19), HUD supports communities considering other prioritization elements as necessary to prevent the spread of COVID-19 among those who are homeless or at risk of homelessness and to respond to those already impacted by the pandemic.

Through the Michigan Interagency Council on Homelessness and its Homeless Policy Council, state and local partners are working together to establish and provide ongoing support and strategic goals to communities carrying out the mission of preventing and ending homelessness in Michigan.

III. Program Description

The Emergency Solutions Grant (ESG) offers funding assistance to public and non-profit organizations that are responding to the needs of homeless populations through a comprehensive community wide planning process and implementation strategy known as the Plan to End Homelessness.

Core Strategies for ESG:

- **Adopt proven principles and tools to prevent and end homelessness:** Use of a comprehensive community-based prevention and rapid re-housing system that embraces the principles of Housing First, progressive engagement, strength-based case management, racial equity, and trauma-informed services. Promote program models with successful measurable outcomes that are supported by data.
- **Breakdown silos:** Collaborate and coordinate with all members of the CoC/LPB to ensure that local, state, and federal resources are used effectively and efficiently to end homelessness.
- **Map and evaluate the Coordinated Entry System (CES):** CoC/LPB membership must review the CES flow at least annually to determine the effectiveness and equity of access, assessment, prioritization, and referral for any anyone seeking assistance.
- **Align available resources for housing outcomes:** Work as a community to align available funding and programs to keep people housed or to rapidly re-house them.
- **Build public support and political will for ending homelessness:** Share data and best practices with mayors, county officials, schools, and other interested parties.
- **Create a communications plan:** Develop a marketing and communications plan for the Coordinated Entry System with key partners in the community, including 2-1-1, MSHDA Housing Choice Voucher (HCV) Housing Agents, mainstream service partners, government officials, consumers, and the general public. Examples include social media, brochures, and informational meetings.
- **Complete routine data collection, analysis, and reporting:** Collect and analyze data via the Homeless Management Information System (HMIS). (Domestic violence service agencies must use a comparable database.) Staff should be trained on when to start entering data, what data must be entered, and how to share data with referral organizations.
- **Implement Continuous Quality Improvement:** At a minimum, CoCs/LPBs must review system performance measure outcomes as required by MSHDA and outlined in quarterly Consolidated Annual Performance and Evaluation Report (CAPER).

IV. Grant Term

Grants will begin on October 1, 2022 and end September 30, 2023.

V. Homeless Definitions for ESG Funding

Following is HUD's definitions for homelessness and at risk of homelessness. The applicant and its proposed programs or services must serve individuals and families who qualify as defined below.

HUD Categories of Homelessness:

Category 1 - An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

- i. An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
- ii. An individual or family living in a supervised publicly or privately-operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
- iii. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

Category 2 - An individual or family who will imminently lose their primary nighttime residence provided that:

- i. The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
- ii. No subsequent residence has been identified; and
- iii. The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain other permanent housing.

Note: Category 3 (Homeless under other federal statute) is not currently applicable to MSHDA ESG.

Category 4 - Any individual or family who:

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

HUD Categories for At Risk of Homelessness:

Category 1 – Any individual or family who:

- i. Has an annual income below 30% of the median family income for the area; and
- ii. Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place described in Category 1 of the HUD homeless definition; and
- iii. Meets one or more of the following conditions (risk factors):
 - a. Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; or
 - b. Is living in the home of another because of economic hardship; or
 - c. Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance; or
 - d. Lives in a hotel or motel and the cost is not paid for by charitable organizations or by Federal, State, or local government programs for low-income individuals; or
 - e. Lives in severely overcrowded (SRO) housing or efficiency apartment unit in which more than 2 persons or lives in a larger housing unit in which there reside more than one and a half persons per room; or
 - f. Is exiting a publicly funded institution or system of care; or
 - g. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness (use the characteristics described in your jurisdictions Consolidated Plan)

Category 2 – Any unaccompanied children and youth who:

- i. Do not qualify as homeless under the HUD homeless definition but qualify as homeless under another Federal statute.

Category 3 – Any families with children and youth where:

An unaccompanied youth who does not qualify as homeless under the HUD homeless definition but qualifies as homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardians(s) or that child or youth if living with him or her.

VI. Collaboration

For use of MSHDA ESG funds, a community Memorandum of Understanding (MOU) must be developed between the CoC/LPB, Fiduciary, HARA, and Subgrantees, hereafter referred to as “key partners”. The MOU identifies what services will be provided, how services will be coordinated, and how monitoring will be conducted

to assure all HUD and MSHDA requirements are met. MSHDA provides the required MOU document for completion each grant year and it can be found on the [MSHDA ESG website](#).

MSHDA will establish grants with the designated Fiduciary and the Fiduciary will be responsible for distribution of funds, compliance with MSHDA and HUD requirements, and monitoring of awarded subgrantees.

VII. Defining Roles

The following is an explanation of the minimum duties performed by the CoC/LPB, Fiduciary, HARA, and Subgrantees. As in previous ESG NOFAs, the CoC/LPB recommends to MSHDA the agencies to receive funding in accordance with MSHDA ESG NOFA parameters. The CoC/LPB-recommended Fiduciary will be awarded the funds; therefore, the Fiduciary is the only agency billing MSHDA for reimbursement.

Note: MSHDA reserves the right to alter any/all recommendations based on issues of prior applicant performance, applicant capacity, eligibility of project activities, and consistency with the criteria and standards discussed in this NOFA.

Continuum of Care (CoC) or Local Planning Body (LPB)

Continuum of Care (CoC) and a Local Planning Body (LPB) are similar structures under MSHDA ESG funding. A CoC is a HUD-recognized independent jurisdiction and can apply directly to HUD for its CoC Program funds. A LPB is considered an equivalent to CoC under MSHDA ESG funding but is in fact part of the larger, HUD-recognized Michigan Balance of State CoC. Despite this distinction, both CoCs and LPBs share the same responsibilities under the MSHDA ESG program:

- Implement and maintain a homeless crisis response system that is routinely monitored and evaluated based on HUD's System Performance Measures and MSHDA ESG's Pay for Performance.
- Develop a culture that teaches and makes decisions based upon outcomes.
- Analyze the local portfolio of grants to determine if the right mix of housing and services is available 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 MSHDA ESG funds for proven strategies.
- Solidify and enhance partnerships within the following arenas:
 - Behavioral health
 - Domestic violence and human trafficking
 - Education and employment
 - Healthcare
 - Law enforcement
 - Veteran and youth services
- Further the application and implementation of best practices and ESG guiding principles among grantees and subgrantees.
- Confirm and support the identified agency(s) that will function as ESG Fiduciary and Housing Assessment and Resource Agency (HARA), and other subgrantees.
- Monitor services provided by the Fiduciary, HARA, and subgrantees to ensure they meet the needs of the local community and that any critical issues are addressed.
- Provide MSHDA with annual Point in Time (PIT) Count report.
- Provide meeting minutes, notices, and agendas to the designated MSHDA Homeless Assistance Specialist.
- Ensure that all MSHDA ESG funded agencies – including domestic violence service providers – participate in CoC or LPB meetings.
- Ensure completion of HMIS sharing agreement between all relevant CoC/LPB agencies.

Fiduciary

The Fiduciary is an agency selected and affirmed by the CoC or LPB to receive and distribute MSHDA ESG funding as allocated by the approved budget. The Fiduciary agrees to the following responsibilities:

- Execute grant documents for the community's allocation, including:
 - Completion of all Memorandum of Understanding (MOU) signatures with the CoC or LPB and with all Key Partners.

- Sign contract and applicable documents required by MSHDA.
- Initiate and execute subgrantee grants as needed.
- Assure use of funds in accordance with the grant agreement, communicating knowledge of any fraudulent activity to MSHDA and the CoC or LPB.
- Submit quarterly Financial Status Reports (FSRs) in the MATT 2.0 system.
- Submit quarterly 7001.b HMIS data reports as part of the quarterly FSR submission.
- Advise the CoC or LPB of agencies not using dollars in a timely manner to avoid loss of funds to the community and possible recapture by MSHDA.
- Evaluate the quality of services and provide oversight to funding subgrantees based upon documented outcomes and in partnership with the CoC or LPB.
- Collect and submit quarterly Consolidated Annual Performance and Evaluation Reports (CAPERs) that address specific performance outcomes supported by HMIS data (domestic violence agencies use alternative system). CAPERs are submitted to MSHDA, with a copy to the CoC or LPB for review.
- Monitor ten percent (10%) of all participant files, as well as the financial records, of all subgrantees except for emergency shelters.

Housing Assessment Resource Agency (HARA)

The Housing Assessment and Resource Agency (HARA) is an agency selected and affirmed by the CoC or LPB to facilitate the prioritization and referral of households within the homeless crisis response system or Coordinated Entry System. CoCs or LPBs may also support the HARA to complete primary entry functions such as access and assessment. Other agencies may also be identified by the CoC or LPB to provide access and assessment, but MSHDA ESG funding requires recognition of one HARA per CoC or LPB. The HARA agrees to the following responsibilities:

- Implement the prioritization process for literally homeless households as developed by the CoC or LPB.
- Complete referrals based on prioritization, eligibility, and participant choice to all CoC- or LPB-identified housing resources within the geographic area of the CoC or LPB.
- Provide routine reports to the CoC or LPB on the prioritization and referral processes, including number of households identified and served by the CoC or LPB.
- Employ staff as Housing Resource Specialists to provide Housing Relocation and Stabilization Services and Rental Assistance dollars for Homelessness Prevention and Rapid Re-Housing.
- Employ staff to oversee the Housing Choice Voucher Homeless Preference waiting list.
- Maintain knowledge of MSHDA housing developments within the CoC or LPB, the availability of Project Based Vouchers within any developments, and at least quarterly contact with each development regarding availability of units.
- Assist developers to ensure 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.
- Ensure accessibility in each county served through established office hours.

All MSHDA ESG Grantees and Subgrantees

All MSHDA ESG funded grantees and subgrantees are selected and affirmed by the CoC or LPB. All MSHDA ESG funded ESG grantees and subgrantees agree to the following responsibilities:

- Collaborate with the CoC or LPB to align funding and address any gaps in system design to end homelessness.
- Provide eligible services as defined within this policy and as specified in their grant agreement with the Fiduciary.
- Enter client information on HMIS (Domestic Violence Agencies must use a comparable database).
- Coordinate with the HARA to ensure the required assessment tool and/or process is completed for literally homeless households.
- Routinely review and correct HMIS data quality issues and monitor outcome performance.
- Maintain financial and client level records to support billings, retaining records for five years.
- Request payment and provide necessary supportive documentation to the Fiduciary on at least a quarterly basis.
- Submit quarterly CAPERs that address specific performance outcomes supported by HMIS data to the Fiduciary as outlined in the grant agreement.

- Ensure compliance with grant terms and provide the Fiduciary and MSHDA access to financial and programmatic records when requested.

VIII. Selection Criteria

Note: According to [Notice CPD-17-10](#), local public housing agencies and state housing finance agencies are not eligible subgrantees of these ESG funds. MSHDA is eligible for these dollars as the State's direct recipient and pass-through entity to subgrantees.

Fiduciary:

- Recommended by the local CoC/LPB.
- A 501(c)3 nonprofit agency or local unit of government that operates its principal place of business in the State of Michigan (CoC/LPB, if incorporated as a 501(c)3 Entity, is eligible).
- Actively involved in the CoC/LPB planning process.
- Uses HMIS to produce quarterly reports (Domestic violence service agencies must use a comparable database).
- Participation in a Qualified Service Organization Business Associate Agreement (QSOBAA) to allow sharing within HMIS.
- Exhibits the financial capacity to administer funds as demonstrated through an audited federal financial statement.
- Has financial management systems in place such as cash receipts and disbursement logs, invoices, and cancelled check registers, etc.
- Employs staff who possess bachelor's degree in accounting *or* possess experience in accounting along with college accounting credits *or* a bookkeeper whose work is overseen by an accounting firm.
- Considered a leader in the community with the ability to collaborate, coordinate, and partner with other local organizations.

Housing Assessment and Resource Agency:

- A 501(c)3 nonprofit agency or local unit of government that operates its principal place of business in the State of Michigan (CoC/LPB, if incorporated as a 501(c)3 Entity, is eligible).
- Actively involved in the CoC/LPB planning process.
- Experienced in serving homeless populations.
- Experienced in providing assessments, referrals, and case management services specifically targeted to people who are homeless.
- Experienced with successful HMIS data collection.
- Ability to complete standardized assessments to help ensure that the right individual/family is getting to the right program to end their homelessness.
- Participation in a QSOBAA to allow sharing within HMIS.
- Exhibits the financial capacity to administer funds as demonstrated through an audited federal financial statement.
- Has financial management systems in place such as cash receipts and disbursement logs, invoices, and cancelled check registers, etc.
- Employs staff who possess bachelor's degree in accounting *or* possess experience in accounting along with college accounting credits *or* a bookkeeper whose work is overseen by an accounting firm.
- Capacity to place households on the MSHDA HCV Homeless Preference Waitlist and refer applicants for the Project Based Voucher (PBV) Program.
- Have established office hours Monday through Friday, sometime between 8:00 a.m. to 6:00 p.m., in the geographic area being served, i.e., a rural HARA may have office hours between 8:00 a.m. to 2:00 p.m. Monday through Friday (no phone-only system).
- Considered a leader in the community with the ability to collaborate, coordinate and partner with other local organizations.

Note: Agencies currently designated as the HARA for the 2021-2022 ESG Program will continue their role as the HARA for the 2022-2023 ESG fiscal year unless there is documented evidence of poor performance or extenuating circumstances, such as the current agency choosing to discontinue service. CoCs/LPBs that

decide to designate a new HARA for 2022-2023 ESG fiscal year must obtain approval from MSHDA prior to the submission of the 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. The HARA must be an agency that serves **all** populations.

All MSHDA ESG Funded Grantees and Subgrantees:

- Recommended by the CoC/LPB.
- A 501(c)3 nonprofit agency or a local unit of government that operates its principal place of business in the State of Michigan.
- A local unit of government can subgrant the funds to a PHA.
- Actively involved in the CoC/LPB planning process.
- Willing to re-align existing program structures and use of funds to fill gaps and end homelessness.
- Willing to use HMIS to collect relevant data (Domestic violence service agencies use a comparable database);
- Capacity to use a standardized assessment tool or process.
- Participation in a QSOBAA to allow sharing within HMIS.
- Exhibits the financial capacity to administer funds as demonstrated through an audited financial statement.
- Has financial management systems in place such as cash receipts and disbursement logs, invoices, and cancelled check registers, etc.
- Employs staff person who possess bachelor's degree in accounting *or* possess experience in accounting along with college accounting credits *or* a bookkeeper whose work is overseen by an accounting firm.
- Does not require program participants to complete any prerequisites in order to receive services (i.e., religious activities, sobriety treatment, etc.).
- Displays the ability to collaborate, coordinate and partner with other local organizations.

Note: MSHDA reserves the right to evaluate the past performance of all recommended agencies and to approve or deny their participation.

IX. Use of Funds

Additional information and details for each component can be found in the [MSHDA ESG Policy Manual](#).

1. Street Outreach

- **Essential Services:** Services necessary to reach 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.

2. Emergency Shelter

- **Essential Services:** Eligible costs include case management, childcare, education services, employment assistance and job training, transportation, and services for special populations.
- **Shelter Operations:** Eligible costs include maintenance, rent, security, fuel, food for shelter guests, furnishings, equipment, insurance, utilities, and supplies necessary for the operations of emergency shelter. These funds cannot be used for construction or rehabilitation of shelters.

3. Homelessness Prevention: To serve those certified as Homeless, Categories 2-4; certified At Risk of Becoming Homeless

Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to prevent the individual or family from becoming homeless if:

- Annual income of the individual or family is below **30 percent of median family income**
- 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.

Beyond rental assistance and rental arrears, the eligible service costs and financial assistance for housing relocation and stabilization services include housing search and placement, case management, mediation, legal services, rental application fees, security deposits, utility deposits and arrears, and moving costs.

4. Rapid Re-Housing: To serve those certified as HUD Category 1 Homeless (*This also includes households fleeing domestic violence through use of emergency shelter or living in places not meant for human habitation.*)

Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation move as quickly as possible into permanent housing and achieve stability in that housing.

- Annual income of the individual or family is below **30 percent of median family income**.

Beyond rental assistance, the eligible service costs and financial assistance for housing relocation and stabilization services include housing search and placement, case management, mediation, legal services, rental application fees, security deposits, utility deposits and arrears, and moving costs.

5. HMIS Data Entry: Up to **ten percent (10%)** of the total grant allocation can be used for the costs of participating in HMIS and equipment. (Domestic violence service agencies must use a comparable database.)

6. Administrative: Up to **seven and a half percent (7.5%)** of the total grant allocation can be used for general management, oversight, and coordination of MSHDA ESG services, as well as for training on ESG requirements.

Note: MSHDA passes 100% of the available administrative funds to its subgrantees and does not keep any funds for its role in applying for and administering these grant funds.

Additional Parameters for CoC/LPB Budget Allocation of MSHDA ESG Funds:

- A **minimum of forty percent (40%)** of the total grant allocation must be awarded **to the HARA**.
 - Of the funds awarded to the HARA, **at least 20% of all rental assistance must be allocated to Rapid Re-Housing**.
- **Any agency that is affirmed by the CoC/LPB and meets the criteria outlined in section VII of this NOFA can be awarded Rapid Re-Housing and Homelessness Prevention services and rental assistance.**
- Emergency shelter funding (both essential services and shelter operations) **cannot exceed 30% of the total grant allocation**.
- **No grant to an ESG subgrantee shall be less than \$10,000.**

X. ESG Funds for MDHHS for Domestic Violence Service Providers

MSHDA directly grants ESG funds to MDHHS for the purposes of supporting *emergency shelter essential services and operations* for qualifying domestic violence services providers. These funds cannot be used to supplant existing mainstream resources and services, i.e., ESG funds can only be used when mainstream funding has been denied or exhausted. MDHHS is the Fiduciary for these funds and assumes all responsibilities as outlined in section VII of this NOFA.

All requirements and expectations outlined in this NOFA are applicable to awarded domestic violence service provider subgrantees. All subgrantees must follow MSHDA ESG policy and are required to use MSHDA ESG forms for services provided, unless otherwise indicated.