



Office of Rental Assistance and Homeless Solutions

Shelter Diversion Pilot Request for Proposals (RFP)

Proposals Due: Friday, April 21, 2023

*Made possible through the
Housing and Community Development Fund (HCDF)*

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1. Timeline

Housing and Community Development Fund (HCDF) Shelter Diversion Pilot	
Request for Proposals (RFP) Released	Friday, February 17, 2023
RFP Overview Webinar	Monday, February 27, 2023 Register Here
Proposals Due	Friday, April 21, 2023
Proposal Review/Scoring	April 24 – May 12, 2023
Awards Announced	Friday, May 19, 2023
Project Start Date	Thursday, June 1, 2023

2. General Overview

In 2022, MSHDA received a state budget allocation of \$50 million for the Housing and Community Development Fund (HCDF). These funds are intended to expand housing supports for the State of Michigan through a variety of projects and services based on identified needs. Through stakeholder engagement and listening sessions, MSHDA identified shelter diversion as a priority demonstration project to test, expand, and implement shelter diversion practices and models in select homeless crisis response systems. Under this allocation, MSHDA is investing \$3 million for a 2-year Shelter Diversion Pilot through a competitive Request for Proposals (RFP) process.

Shelter diversion is a strategy that helps people experiencing a housing crisis to quickly identify and access safe alternatives to shelter where possible. Shelter diversion is most effective when implemented collaboratively at the community-level, with shared knowledge and understanding of diversion practices and goals. Through the Shelter Diversion Pilot RFP, MSHDA is seeking proposals from eligible agencies to implement or expand effective shelter diversion models. This pilot will demonstrate the impact of effective shelter diversion on homeless crisis response systems and, more importantly, the impact on households at risk of or experiencing homelessness. All selected agencies will be part of a learning cohort for this project and will engage regularly with their peers, MSHDA project staff, and selected training and technical assistance throughout the course of the project.

3. Pilot Description

The goal of shelter diversion is to end an individual or family's experience of homelessness as quickly as possible while empowering them to regain control over their situation. The emphasis is on securing safe, appropriate options in community – even temporary options – rather than an emergency shelter stay, whenever possible. This limits the trauma of homelessness while supporting the availability of limited shelter beds for those most in need.

Shelter diversion is an intensive, short-term intervention narrowly focused on families and individuals at the point they have lost access to their housing option but prior to or shortly following entry in emergency shelter. A shelter diversion intervention should generally take no more than fourteen days. Clients may stay in shelter or in other housing during this time. Shelter diversion elevates creative problem solving and conflict resolution to empower people experiencing a housing crisis to find an immediate alternative to shelter and return to more stable housing. Through a strengths-based conversation, facilitated by a Diversion Specialist, individuals and families seeking shelter are supported in identifying immediate alternate housing arrangements and, if necessary, connections with services and financial assistance. **Most importantly, shelter diversion does not act as a barrier to shelter.**

Projects awarded under this competitive RFP will demonstrate how these funds will implement or expand an evidenced model of shelter diversion for a defined population and geographic area of

service. Effective shelter diversion includes staff with trained expertise in the following skills and practices:

- A trauma-informed approach to engagement focused on creating safety, transparency, and an overview of the Specialist/household partnership.
- Incorporation of motivational interviewing skills throughout the partnership, in particular active listening, open-ended questions, empathy, and a focus on goals.
- Exploration of strengths, opportunities, and resources to move from crisis to empowerment to regain confidence and identify options in addressing the housing issue.
- Collaborative identification of safe, appropriate options and next steps that can be reality-tested and validated as SMART (Specific, Measurable, Actionable, Realistic & Timed).
- Connections to other community resources will be essential. Mediation is valued as a worthwhile endeavor to improve relationships between households, landlords, and/or potential host households.
- Effective and timely communication that summarizes the action steps and follow-up with specifics including activities, persons responsible, timelines, and communication expectations.

Flexible financial assistance also plays a critical role by allowing Diversion Specialists the ability to provide unique supports for each household based on individually identified needs. Areas of unique support include transportation, food, education, employment, childcare, and household bill contribution, among others. Traditional financial and rental assistance, like housing application fees, mediation, and monthly rental payments, are also available through this pilot. However, households served through shelter diversion should still be considered for other housing resources as eligible, necessary, and available through the Coordinated Entry System (ex. HUD CoC Programs, Emergency Solutions Grant).

The Shelter Diversion Pilot will require HMIS data entry to track household demographics, services provided, and housing outcomes. Awarded agencies will be responsible to complete regular reporting throughout the course of the project.

4. Grant Term and Award Parameters

The grant term will be two (2) years, starting June 1, 2023 through May 31, 2025.

The maximum grant award is \$500,000 (up to \$250,000 per year of the grant term). MSHDA anticipates awarding up to 10 proposals, depending on project size, and will review proposals to ensure effective geographic dispersion.

MSHDA will award funds through the established Fiduciaries under the Emergency Solutions Grant (ESG) in each Continuum of Care (CoC) or Local Planning Body (LPB) of the Balance of State CoC. A portion of awarded administrative funds must be allocated to the Fiduciary for associated responsibilities.

5. Eligible Costs and Cost Parameters

The following cost categories are eligible for the Shelter Diversion Pilot:

Staffing	At least 40% of total proposed project costs must be allocated for new staffing (Diversion Specialists). Staff costs related to HMIS data entry may also be billed to this budget line.
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Flexible Financial Assistance	At least 20% of total project costs must be allocated for flexible financial assistance.
Rental Assistance	At least 10% of total project costs must be allocated for rental assistance.
Administrative Costs	Administrative costs are limited to 10% of total project costs.

Cost Parameters

Staffing: Funds budgeted for staffing cannot be used to supplant other program funds for existing staff. Applicants must ensure new positions are posted and hire additional staff as Diversion Specialists for this pilot.

Flexible Financial Assistance: Households can receive up to \$2,500 in assistance. This is capped for the grant term (i.e. households can be assisted with shelter diversion more than once but cannot receive more than \$2,500 in flexible financial assistance). This cap is implemented separately from Rental Assistance.

- General categories for Flexible Financial Assistance
 - Food
 - Contribution to shared housing costs (ex. Utility bills)
 - Transportation
 - Employment
 - Education
 - Childcare

NOTE: Awarded projects will not be permitted to provide monetary payments (cash) directly to households. Flexible Financial Assistance can be provided directly to households via gift cards in alignment with the general categories noted in this RFP.

Rental Assistance: Households can receive up to three (3) months of rental assistance. This is capped for the grant term (i.e. households can be assisted with rent payments more than once but cannot receive more than 3 months of rental assistance). This cap is implemented separately from the Flexible Financial Assistance.

Administrative Costs: Cost allocation plans are permitted in lieu of detailed administrative costs but must be provided at the point of proposal submission.

Additional policy guidance will be provided to awarded projects prior to project start.

6. Performance Measures

To track progress toward achieving the outcome goals of this program and assess success, MSHDA and awarded projects will monitor a set of performance indicators that may include, but are not limited to:

- Percentage of households who have a diversion interaction and identify an alternative to emergency shelter.
- Percentage of households who identify an alternative to emergency shelter and do not return to the Coordinated Entry System for emergency shelter within 30, 60, and 90 days.
- Racial equity analysis of diversion outcomes.
- Analysis of diversion outcomes based on household type (i.e. adult-only households, families).

To monitor and recognize intermediate progress toward the above performance indicators, MSHDA also intends to track output metrics that may include, but are not limited to:

- Average length of emergency shelter stay following diversion interaction.
- Average amount of flexible funding assistance per household served and nature of assistance provided.
- Average number of days a household is engaged in diversion services (measured from first point of contact to household graduation from or discontinuation of services).

Other performance measures and outputs will be established in partnership with MSHDA, awarded applicants, and their associated Continuums of Care (CoCs) as part of the Shelter Diversion Pilot implementation process. MSHDA expects performance measures to be refined as part of an iterative approach to the diversion practice. Within this framework, MSHDA is focused on continuous improvement toward the goals of shelter diversion as previously stated.

In addition to the performance indicators and output metrics listed above, MSHDA encourages applicants to propose additional indicators and metrics, including those that demonstrate early success and are indicative of household progress. All metrics should include evaluation based on race, ethnicity, gender, age, and other characteristics as appropriate to track equity in outcomes and outputs. MSHDA anticipates that performance by these metrics will vary by subpopulation served. Data generated from this pilot will inform future resource allocation and support replication of effective strategies and models.

7. Proposal Outline

The Shelter Diversion Pilot funds will be awarded through a competitive Request for Proposals (RFP) process. Continuums of Care (CoCs) may only support one (1) proposal for submission.* Multiple proposals from the same CoC will be rejected. Proposals must be submitted by eligible applicants and must contain the following:

Proposed Shelter Diversion Model	Detailed outline of shelter diversion model, including number of Diversion Specialists, referral process, and how the model will be implemented in the local Coordinated Entry System. Include any anticipated methods for data capture and outcomes tracking.
Evidence of Need	Description of inflow/outflow data for the local emergency shelters and Coordinated Entry System. Reports provided via HMIS and/or comparable database.
Proof of Experience	Overview of experience with shelter diversion or, if implementing a new process, experience with serving households experiencing homelessness or at risk of homelessness. Include any experience with performance management and outcomes tracking.
Target Population	Description of population served by this project (general population, youth, families, adults, domestic violence survivors, human trafficking, etc).
Diversity, Equity, and Inclusion (DEI) Self-Assessment	<p><i>Clarifying the Purpose and Target Population:</i> The HCDF funds are being used to assist marginalized groups in accessing affordable housing and services while combating housing inequities and lack of access to opportunities. Please identify the marginalized groups that will be served with these resources and inequities that will be addressed with the activities in the proposal.</p> <p><i>Engaging Stakeholders:</i> It is imperative that stakeholders from diverse backgrounds (i.e., race, gender, ethnicity, disability status, geography, etc.), be informed and authentically represented in the development of this proposal. Please explain specific engagement steps taken to inform the</p>

	<p>proposal and that will be undertaken to ensure marginalized groups have access to this program.</p> <p><i>Community-Based Transparency:</i> What provisions will be in place to ensure ongoing data collection, stakeholder participation, and public feedback?</p> <p><i>Identifying Success Indicators:</i> What measures will be used to determine program success (data indicators and benchmarks, anecdotal)? What type of ongoing evaluation will be used to determine if course correction is needed? How will the level of diversity, inclusivity, and quality of ongoing stakeholder engagement be assessed?</p>
Letter(s) of Support	<p>Must provide a letter of support for the proposal from the geographically associated Continuum of Care (CoC). (Additional letters necessary if serving more than one CoC geographic area.)</p>

**Balance of State Continuum of Care (BoS CoC) is limited to one proposal for the purposes of this pilot. Local Planning Bodies (LPBs) cannot provide a letter of support or submit a proposal separate from the BoS CoC.*

Please see Submission Instructions (page X) for additional guidance and requirements.

8. Role Definitions and Applicant Criteria

Responses to this RFP will confirm the support of the local Fiduciary as established under MSHDA ESG funding and, if separate, which agency or agencies will act as the Service Provider(s). Definitions for each role are outlined below.

Fiduciary

The Fiduciary is an agency selected and affirmed by the CoC to receive and distribute Shelter Diversion Pilot funding. The Fiduciary agrees to the following responsibilities:

- Execute grant documents, including:
 - Completion of the Shelter Diversion Pilot Memorandum of Understanding (MOU), with signatures from all named entities.
- Assure use of funds in accordance with the grant agreement, communicating knowledge of any fraudulent activity to MSHDA and the CoC.
- Submit quarterly Financial Status Reports (FSRs) through MSHDA’s grant management system.
- Submit all required data reports on behalf of the project.
- Advise the CoC of any grant expenditures concerns, including delayed or inadequate expenditure, to avoid loss of funds to the community and possible recapture by MSHDA.
- Evaluate the quality of services and provide oversight to the Service Provider(s) based upon documented outcomes and in partnership with the CoC.
- Monitor ten percent (10%) of all Shelter Diversion Pilot participant files, as well as the financial records.

Service Provider

The Service Provider(s) is an agency selected and affirmed by the CoC to implement and staff the shelter diversion model. The Service Provider(s) agrees to the following responsibilities:

- Collaborate with the CoC to ensure the shelter diversion model is integrated within the Coordinated Entry System and broader homeless crisis response system.
- Provide eligible services as defined within this pilot, MOU, and associated grant documents.
- Hire and train staff as Diversion Specialists, following outlined best practices and required skills.

- 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.
- Provide routine reports to the CoC on the pilot, including the number of households served and outcomes.
- 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.
- Ensure compliance with grant terms and provide the Fiduciary and MSHDA access to financial and programmatic records when requested.

Submitted proposals must ensure that the Fiduciary and, if separate, the Service Provider(s) meet the following criteria for eligibility:

Fiduciary Eligibility

- 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.
- 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.

Service Provider Eligibility

- 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 case management services specifically targeted to people who are experiencing homelessness.
- Experienced with successful HMIS data collection.
- 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.

All funded agencies must be able to provide to MSHDA evidence of eligibility, when requested.

9. Proposal Scoring

Proposals containing all required items and submitted by the deadline will be reviewed and scored based on the following criteria and scoring categories:

Strength of Proposed Model	<ul style="list-style-type: none"> • The proposal clearly defines the model and services to be provided. Services are appropriate to addressing the needs of and achieving desired outcomes for the target population. • The proposed model is supported by prior experience, demonstrated expertise, and/or aligns with the best practices and skills relevant to shelter diversion. • The proposal demonstrates a clear understanding of the target population and their needs/challenges. • The proposal provides estimates of deliverables that are in alignment with the proposed model's scope. • The Service Provider(s) has experience and/or expertise in delivering services in an expedient manner. 	40 points
Performance Management and Outcomes	<ul style="list-style-type: none"> • The Service Provider(s) demonstrates strong past performance against the desired goals, outcomes, and/or other notable accomplishments in providing services to the target population. • The Service Provider(s) has the required systems and processes to track and report outcomes. • The Service Provider(s) has experience in using data to inform/improve its services and practices. 	20 points
Organizational Capacity	<ul style="list-style-type: none"> • The Fiduciary and/or Service Provider(s) has qualified staff responsible for program oversight and management. • The Fiduciary has adequate systems and processes to support monitoring pilot expenditures and fiscal controls. • The Fiduciary and/or Service Provider(s) has adequate Human Resources capacity to hire and manage staff. • The Fiduciary and/or Service Provider(s)'s organization reflects and engages the diverse people of the communities it serves. 	15 points
DEI Self-Assessment	<ul style="list-style-type: none"> • The proposal sufficiently addresses each aspect of the DEI Self-Assessment: <ul style="list-style-type: none"> ○ Clarifying the Purpose and Target Audience ○ Engaging Stakeholders ○ Community Based Transparency ○ Identifying Success Indicators 	15 points
Reasonable Costs, Budget Justification,	<ul style="list-style-type: none"> • The Fiduciary and/or Service Provider(s) has the fiscal capacity to implement the proposed model 	10 points

and Leverage of Funds	<p>as demonstrated by an audit and/or other financial documents.</p> <ul style="list-style-type: none"> • The Fiduciary and/or Service Provider(s) indicates that they have the capacity to implement this pilot on a reimbursement basis, as necessary. • The Fiduciary and/or Service Provider(s) demonstrates reasonable implementation costs and funding requests relative to its financial and human resources. The proposed budget supports the proposed scope of work. 	
TOTAL		100 points

Basis of Award

MSHDA will rate applications using the criteria listed above and through a multi-disciplinary review team. Additionally, MSHDA will consider how each project aligns with best practices and service standards set forth by national experts and federal funding partners. MSHDA will also ensure adequate balance across specialized populations and geography.

10. Submission Instructions

All proposals must be submitted by the Fiduciary via email to Jennifer McNeely, MSHDA Program Specialist, at mcneelyj2@michigan.gov. Proposals are due Friday, April 21, 2023, by 5:00pm EST. Proposals submitted after the deadline will not be considered.

Proposals must include the following:

- Letter of support from the CoC (only one application per CoC will be accepted)
- Proposal Narrative
 - **Proposed Model** 2-4 pages (40 points)
 - Detailed outline of shelter diversion model, including number of Diversion Specialists, referral process, and how the model will be implemented in the local Coordinated Entry System.
 - Description of inflow/outflow data for the local emergency shelters and Coordinated Entry System. Reports provided via HMIS and/or comparable database.
 - Description of population served by this project (general population, youth, families, adults, domestic violence survivors, human trafficking, etc).
 - How will the organization measure the outcomes outlined in the RFP
 - **Performance Management Outcomes** 1-2 pages (20 Points)
 - Demonstrated past performance and or other notable accomplishments in serving the target population
 - Detail the systems that will be used to track and report outcomes
 - Detail how the agency has used data to inform/improve services and practices.
 - **Organizational Capacity** 1-2 pages (15 points)
 - Overview of agency experience with shelter diversion or, if implementing a new process, experience with serving households experiencing homelessness or at risk of homelessness
 - **DEI Self-Assessment** 1-2 pages (can be enhanced or addressed throughout the proposal) (15 points)
 - Clarify the purpose and target audience

- How the proposal engages stake holders
- How will the proposal address Community Based Transparency
- Identify Success Indicators
- **Reasonable Costs, Budget Justification, and Leveraged Funds** 1-2 pages (10 points)
 - Proof of fiscal capacity per audit or other financial documents
 - Agency affirms they can run the pilot on a cost reimbursement basis
 - Demonstrated reasonable implementation costs, appropriate funding requests relative to human and financial resources, budget supports proposed scope of work

NOTE: Please review the RFP in full to ensure the narrative contains all of the information for each scored parameter.

The narrative should be formatted in at least 11-point, standard font. The top of the proposal narrative must have the CoC name and Fiduciary point of contact, including address, email, and phone number.

Each scored parameter should be identified with the appropriate heading. For example:

Proposed Model

Narrative description

Please submit documents as a PDF. Documents created in Microsoft Word can be converted to a PDF by selecting, “Save as Adobe PDF”, from the File menu.

File name **MUST** include CoC name and document name. For example:

CoC NAME CoC Letter of support

CoC NAME Proposal Narrative

Any other documents deemed necessary to support the proposals are permitted and **MUST** contain the CoC name **AND** document name.

Michigan State Housing Development Authority is committed to providing meaningful access. For accommodations, modifications, translation, interpretation, or other services, please contact:

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