

Rapid Re-Housing Manual

ESG, ESG-CV, and ESG-RUSH



I. Introduction

A. Overview

The Emergency Solutions Grant (ESG) Program is a federal program operated by the U.S. Department of Housing and Urban Development (HUD) to make grants to states, local governments, and territories for the purposes of funding activities that directly serve people experiencing homelessness, including people at risk of homelessness. The California Department of Housing and Community Development (HCD) is a direct recipient of ESG from HUD. HCD administers an annual allocation of ESG and special allocations and reallocations of ESG funding made available by Congress. To date, that has included funding made available under the CARES Act (ESG-CV) and as authorized by Section 231 (42 USC 11364a) of Division H, Title II - the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act of 2020 (Pub. L. 116-94) (RUSH).

This ESG Rapid Re-Housing Manual (the “Manual”) provides the structure under which organizations receiving certain ESG grants from HCD (“subrecipients”) can create and implement ESG-RRH projects.

For the purposes of this document, “annual ESG” refers to CA HCD’s annual allocation of ESG, “ESG-CV” refers to CA HCD’s one-time allocation of CARES Act ESG, and ESG-RUSH refers to HCD’s allocation of RUSH funding (reallocated ESG funding). Otherwise “ESG” refers to the program in general and to aspects of the program that apply to annual ESG, ESG-CV, and ESG-RUSH.

B. Applicability

This Manual applies to ESG grants funded using:

- Annual ESG
- ESG-CV
- ESG-RUSH

II. Project Requirements

A. Overview

Rapid Re-housing (RRH), one of several eligible ESG activities, is an effective and efficient approach for moving people from homelessness to permanent and stable housing. The requirements in this Manual are intended to ensure that subrecipients create ESG-RRH projects that:

- Comply with all applicable federal laws, statutes, and regulations
- Provide assistance that is tailored to each participant's specific needs and housing barriers
- Implement human-centered best practices to providing ESG-RRH assistance that is low barrier and reflects the Housing First approach

B. Applicability of Federal Requirements

Projects are required to adhere to all applicable federal laws, statutes, and regulations, which include but are not limited to the ESG Program Regulations (24 CFR Part 576) Notice CPD-21-08 *Waivers and Alternative Requirements for the Emergency Solutions Grants (ESG) Program Under the CARES Act*, FNR-6315-N-01 (RUSH Notice); the July 1, 2024, HUD memo “*Streamlined Process for Suspensions and Waivers of Community Planning and Development (CPD) Grant Program and Consolidated Plan Requirements to Facilitate Recovery from Presidentially Declared Major Disasters*” (HUD Memo); and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). Elements of these requirements are incorporated into this Manual; however, subrecipients are strongly encouraged to independently review all applicable requirements independent of this document.

C. Written Policies and Procedures

Pursuant to 24 CFR 576, projects are required to develop and implement written Policies and Procedures (P&Ps) that fully detail their ESG-RRH operations. At a minimum, they must include the following content pieces:

- a. **Coordinated Entry integration.** The P&P must detail how its participant intake process complies with the Coordinated Entry process for the Continuum of Care (CoC) or CoCs in which the project operates. For more information, refer to [Section II.E, “Coordinated Entry.”](#)
- b. **Participant eligibility.** The P&P must detail how it establishes and documents participant eligibility. For more information, refer to [Section III, “Participant Eligibility.”](#)
- c. **Suite of services.** The P&P must define:

Emergency Solutions Grant Program (ESG)

- i. The full suite of services that will be provided by the project, which may only include activities eligible for ESG-RRH projects as stated below in [Section IV, “Activity Eligibility.”](#)
 - ii. The project’s process for assessing each participant’s barriers to housing and self-sufficiency; and design individualized, strengths-based service plans that ensure each participant receives only those services designed to address their specific barriers.
 - iii. The project’s process for periodically reassessing each participant’s service plan and amending it to reflect both barriers that have been removed and new barriers that have been identified.
- d. **Staffing pattern.** The P&P must detail the project’s staffing pattern, including:
- i. Estimated caseloads for staff providing direct services, which must be sufficient to meet any commitments or projections regarding the number of participants to be served by the project during a given period.
 - ii. A process for entering participant data into and maintaining participant data in the local Homeless Management Information System (HMIS) in an accurate and timely manner.¹ For further guidance specific to HCD ESG projects use of HMIS, please see the [HUD ESG HMIS Manual](#).
- e. **Termination and appeals.** The P&P must include a participant termination and appeals process. For more information, refer to [Section II.F, “Termination and Appeals.”](#)
- f. **Other requirements.** The P&P must meet any other requirements in documents other than this Manual. Other sources of requirements may include but are not limited to federal laws, statutes, and regulations, HCD policy regarding federal awards generally and the ESG Program specifically, and the local CoC.
- i. In the event of a conflict between requirements in this Manual and another document, or between this Manual and another applicable body of policy, subrecipients must consult HCD to resolve the conflict.

1-Subrecipients should contact their local CoC for information about the local HMIS, including user access and training, data standards and requirements, and technical support. Subrecipients must comply with the local CoC standards for timeliness and data accuracy. In the absence of local standards, subrecipients may define “timely manner” at their discretion but are strongly encouraged to adopt policies that require new data to be entered into HMIS as, soon as possible but no more than five business days after it is collected, including entry and exit dates/assessments.

Emergency Solutions Grant Program (ESG)

- g. **General operations.** In addition to the other requirements in this Manual, the P&P must provide sufficient information about the operations of the project that a person not familiar with the project could reasonably reconstruct it from the P&P.
- h. **Approval.** Projects are required to adhere to the following approvals for their P&Ps:
 - i. P&Ps must be submitted to HCD for review and approval.
 - ii. Projects are not required to have approved P&Ps before beginning to spend ESG-RRH funds, but HCD may choose not to issue reimbursements to any project before its P&Ps are approved if costs are deemed ineligible.
 - iii. HCD is the sole arbiter of whether P&Ps meet the requirements in this Manual.
 - iv. P&Ps are not approved until the project receives written, signed approval from HCD, either on the P&Ps or in a separate letter.
 - v. HCD may withdraw its approval at any time via a written, signed statement if it discovers that a project's implementation differs materially from its P&Ps.
 - vi. At its discretion and as available, HCD recommends that the subrecipient submit P&Ps to a TA provider for review and guidance.
- i. **Standards for type, amount, and duration of services.** The P&Ps must detail the type, amount, and duration of services for which program participants are eligible. This shall also include what percentage or amount program participants are required to pay for rent and utility costs while receiving services.

D. Intake

Projects are required to develop a participant intake policy that ensures the project serves only those who are eligible for ESG-RRH. This policy must fully comply with the local CoC's Coordinated Entry process. This policy must incorporate the following elements:

- a. **Participant eligibility.** This policy must establish a process for determining whether a participant is eligible to receive assistance. A participant is not considered eligible by projects under this Manual unless they are determined to be eligible by a process as defined by this section. This process must include a methodology for assessing and determining whether a person is currently experiencing literal homelessness as defined at 24 CFR 576.2 and 24 CFR 578.3 (Category 1 under definition of "homeless").

For ESG-RUSH projects, pursuant to Section III.A. of the RUSH Notice, the participant must also certify that they have been residing in a declared disaster area and have needs that will not be served or fully met by the TSA program, non-congregate shelter, or other existing Federal disaster relief programs. A household will not be required to requalify as homeless for purposes of ESG-RUSH funds if the household was already determined to meet the definition of homeless and was receiving ESG assistance when the disaster occurred.

- b. **Needs assessment.** Consistent with 24 CFR 576, the policy must establish a process for assessing each project applicant's needs, including housing barriers that they would need

Emergency Solutions Grant Program (ESG)

the ESG-RRH project to resolve. The project may determine whether the needs assessment and the eligibility assessment (listed in subsection a., “Participant eligibility,” of this section) are the same or separate processes and whether or not they share some, all, or none of their criteria. However, if they are separate processes, the needs assessment should only be applied to project applicants who are eligible to receive assistance.

- c. **Coordinated Entry.** This policy must comply with the local CoC’s Coordinated Entry process. For more information, refer to [Section II.E, “Coordinated Entry.”](#)

E. Coordinated Entry

Projects are required to fully integrate the Coordinated Entry process for their local CoC or CoCs into its operations, including its participant intake process. Coordinated Entry processes will vary between CoCs. Projects are strongly encouraged to consult with their local CoC or CoCs early in the project design process to ensure that they have fully integrated all applicable Coordinated Entry requirements and are prepared to accept referrals from the Coordinated Entry system pursuant to HUD requirements.

F. Termination and Appeals

Projects are required to develop a termination and appeals policy. This policy must comply with all requirements in 24 CFR 576.402, “Terminating Assistance,” which includes but is not limited to a provision that participants’ assistance be terminated only in the most severe cases. This policy must also comply with any additional applicable requirements, which can most commonly be found in the following places:

- The project’s application to HCD and HCD’s grant award or contract for the project
- ESG Written Standards developed by HCD or its local direct subrecipient
- CoC Written Standards developed by the local CoC insofar as they apply to ESG-RRH projects

III. Participant Eligibility

A. Overview

Participant eligibility requirements in this Manual are derived from ESG Program Regulations and FR-6315-N-01 (for RUSH only). Any changes to eligibility requirements based on updated HUD guidance or regulation, or based on federal statute, shall supersede this Manual.

B. Eligibility Requirements (24 CFR 576.104)

Participants must meet the criteria in this section to be eligible for assistance:

- a. They are an individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - i. Has a primary nighttime residence that is a public or private.

Emergency Solutions Grant Program (ESG)

- ii. Place not meant for human habitation.
 - iii. Is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels/motels paid for by charitable organizations or by federal, state, and local government programs); or
 - iv. Is exiting an institution where they have 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.
- b. They are an individual or family who:
- i. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, and/or human trafficking; and
 - ii. Has no other residence; and
 - iii. Lacks resources or support networks to obtain other permanent housing; and
 - iv. Lacks a fixed, regular, and adequate nighttime residence as described above in section III.B.a of this Manual.
- c. ESG-RUSH only: In addition, to meeting the requirements of III.B.a or III.B.b, must also have been residing in a declared disaster area; and have needs that will not be served or fully met by the TSA program, NCS, or and other existing Federal disaster relief programs. A household will not be required to requalify as homeless or at risk of homelessness for purposes of ESG-RUSH funds if the household was already determined to meet the definition of homeless or at risk of homelessness and was receiving ESG assistance when the disaster occurred.

C. Documentation Requirements

Projects are required to follow the documentation standards in 24 CFR 576.500, "Recordkeeping and Reporting Requirements."

IV. Activity Eligibility

A. Overview

Eligible activities in this Manual are derived in two places:

- ESG Program Regulations at 24 CFR 576
- ESG-CV Notice CPD-21-08

Note that activities or components of activities listed as eligible under ESG-CV Notice CPD-21-08 are only eligible insofar as they are used to prevent, prepare for, respond to, and mitigate the impacts created by COVID-19. Note also that activities listed as eligible under ESG-CV Notice CPD-21-08 may become ineligible going forward if that Notice is amended, superseded, or rescinded, which may occur at HUD's discretion through September 2022.

Emergency Solutions Grant Program (ESG)

All activities not listed in this Manual are considered ineligible.

B. Eligible Activities

The following activities from the ESG Program Regulations are eligible under projects covered by this Manual.

ESG-RRH funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to help an individual or family experiencing literal homelessness obtain and maintain permanent housing.

These activities are only eligible to the extent that they are necessary to help the participant move into and achieve stability in permanent housing.

Specific eligible activities:

1. Financial Assistance Costs (24 CFR 576.105(a))

Emergency Solutions Grant Program (ESG)

Projects may set a maximum period for which a participant may receive assistance listed under this section.

| Eligible Activity | Description | Citation |
|---|---|---|
| Rental Application Fees | ESG funds may pay for the rental application fee that is charged by the owner to all applicants | 24 CFR 576.105(a)(1) |
| Security Deposits | ESG funds may pay for a security deposit that is equal to no more than 2 months' rent. | 24 CFR 576.105(a)(2) |
| Last Month's Rent | ESG funds may pay for last month's rent at the time the owner is paid for a security deposit and first month's rent. This assistance must not exceed one month's rent and must be included in calculating the program participant's total rental assistance, which cannot exceed 24 months during any 3-year period. ² | 24 CFR 576.105(a)(3), HUD Memo ² |
| Utility Payments and Deposits | <p>ESG funds may pay for up to 24 months² of utility payments and deposits per program participant, per service, including up to 6 months of utility payments in arrears, per service. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in their name with a utility company or proof of responsibility to make utility payments.</p> <p>Eligible utility services are gas, electric, water, and sewage. No participant can receive more than 24 months of utility assistance through any ESG-RRH project within any 3-year period.²</p> | 24 CFR 576.105(a)(4), 24 CFR 576.105(a)(5), HUD Memo ² |
| Moving Costs | ESG funds may pay for moving costs, such as truck rental or hiring a moving company. This assistance may include payments of temporary storage fees for up to 3 months provided that the fees are accrued after the date the participant begins receiving any form of assistance under IV.B.2, "Service Costs," and before the participant moves into permanent housing. (Payment of temporary storage fees in arrears is not eligible.) | 24 CFR 576.105(a)(6) |
| Emergency Transfer Lease-Breaking Fees | If a participant is receiving assistance under IV.B.3, "Rental Assistance," and meets the conditions for an emergency transfer under 24 CFR 5.2005(e), ESG funds may be used to pay amounts owed for breaking a lease to affect an emergency transfer. These costs are not subject to the 24-month limit on rental assistance. For more information, see the HCD ESG VAWA Compliance Policy. | 24 CFR 576.105(a)(7) |

Emergency Solutions Grant Program (ESG)

2 - When ESG funds are used in response to a federally declared disaster, waivers of these requirements may be available. Consult HCD for availability of waivers from HUD. Pursuant to the July 1, 2024 HUD Memorandum regarding streamlined process for suspensions and waivers of CPD programs for presidentially declared disasters. For more details see IV.B.3 below.

2. Service Costs (24 CFR 576.105(b))

Projects may set a maximum period for which a participant may receive assistance listed under this section. However, except for housing stability case management, the total period for which any participant may receive services under this section cannot exceed 24 months during any 3-year period². The limits on assistance under this section apply to the total assistance a person receives, either individually or as part of a family.

Emergency Solutions Grant Program (ESG)

| Eligible Activity | Description | Citation |
|-------------------------------------|---|--|
| Housing Search and Placement | <p>ESG funds may pay the costs of services or activities necessary to assist participants in locating, obtaining, and retaining suitable permanent housing, including the following:</p> <ul style="list-style-type: none"> • Assessment of housing barriers, needs, and preferences • Development of an action plan for locating housing • Housing search • Outreach to and negotiation with owners • Assistance with submitting rental applications and understanding leases • Assessment of housing for compliance with ESG requirements for habitability³, lead-based paint, and rent reasonableness. • Assistance with obtaining utilities and making moving arrangements • Tenant counseling <p>Notes:</p> <p>3 – Waivers of the habitability standards may be available. However, there may be time limits on the waiver. Subrecipients must consult HCD for availability of waivers from HUD.</p> <p>Pursuant to the July 1, 2024 HUD Memorandum regarding streamlined process for suspensions and waivers of CPD programs for presidentially declared disasters, the requirements at 24 CFR 576.403(c) Minimum standards for permanent housing are waived for ESG-RUSH funding when the unit is in the declared disaster area, is free of life-threatening conditions as defined in Notice PIH 2017-20 (HA); and recipients must make sure all units in which program participants are assisted meet the ESG standards within 60 days of the date the recipient notifies HUD of its intent to use the waiver. Each unit must still meet any applicable state and local standards.</p> <p><i>Pursuant to Notice CPD-21-08 Section III(E)(7)(c), when funds are used to prevent, prepare for, and respond to COVID-19, and when they are used to help a participant remain in housing, that housing is not required to meet habitability standards.</i></p> | 24 CFR 576.105(b)(1), HUD Memo, Notice CPD-21-08 |

Emergency Solutions Grant Program (ESG)

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| Housing Stability Case Management | <p>ESG funds may be used to pay the cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a participant who resides in permanent housing or to assist a participant in overcoming immediate barriers to obtain housing. This assistance cannot exceed 30 days <i>(60 days when funds are used to prevent, prepare for, and respond to COVID-19 per Notice CPD-21-08, Section III(E)(4)(f))</i> during the period in which the participant is seeking permanent housing. These activities consist of:</p> <ul style="list-style-type: none">• Using the local CoC's Coordinated Entry system to evaluate participant eligibility• Evaluating participant eligibility for ESG-RRH• Counseling• Developing, securing, and coordinating services and obtaining federal, state, and local benefits• Monitoring and evaluating participant progress• Providing information and referrals to other providers• Developing an individualized housing and service plan, including planning a path to permanent housing stability• Conducting participant eligibility re-evaluation<ul style="list-style-type: none">○ When funds are used to prevent, prepare for, and | 24 CFR 576.105(b)(2), Notice CPD-21-08 |
|--|--|--|

Emergency Solutions Grant Program (ESG)

| Eligible Activity | Description | Citation |
|-----------------------|--|---|
| | respond to COVID-19, participants' needs and eligibility must be re-evaluated not less than every six months rather than not less than every three months per Notice CPD-21-08, Section III(E)(13)(b) | |
| Mediation | ESG funds may pay for mediation between the participant and the owner or person(s) with whom the participant is living, provided that the mediation is necessary to prevent the participant from losing permanent housing in which the participant currently resides. | 24 CFR 576.105(b)(3) |
| Legal Services | <p>ESG funds may pay for legal services as described in 24 CFR 576.102(a)(1)(vi) except that the eligible subject matter also includes landlord/tenant matters and that all services must be necessary to resolve a legal problem that prohibits the participant from obtaining permanent housing or will likely result in the participant losing the permanent housing in which they currently reside.</p> <p><i>(Alternatively, when funds are used to prevent, prepare for, and respond to COVID- 19, these services are alternatively limited only to those necessary to help participants obtain housing or keep a participant from losing housing where they currently reside, per Notice CPD-21-08, Section III(E)(4)(i))</i></p> | 24 CFR 576.105(b)(4), Notice CPD-21-08 |
| Credit Repair | ESG funds may pay for credit counseling and other services necessary to assist participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. (This assistance does not include the payment or modification of a debt.) | 24 CFR 576.105(b)(5) |

Emergency Solutions Grant Program (ESG)

3. Rental Assistance (24 CFR 576.106(a))

Projects may provide participants with up to 24 months of rental assistance during any 3-year period². This assistance may be short-term rental assistance, medium-term rental assistance, payment of rental arrears, or any combination thereof.

- Short-term rental assistance is assistance for up to 3 months of rent.
- Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent².
- Payment of rental arrears consists of a one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears.
- Rental assistance may be tenant-based or project-based.

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

The following rules, requirements, and standards apply when rental assistance is provided:

- a. Discretion to set caps and conditions (24 CFR 576.106(b)).** Within the boundaries of the project subrecipient's ESG Written Standards and subject to the requirements of 24 CFR 576, the project may set a maximum amount or percentage of rental assistance that a participant may receive, a maximum number of months that a participant may receive rental assistance, a maximum number of times that a participant may receive rental assistance, and whether and to what extent participants are required to share in the costs of rent.
 - i. HCD expects all ESG-RRH projects to provide rental assistance in a manner consistent with the progressive engagement framework, which tailors assistance to each household's needs. Any established caps on assistance must allow for provision of sufficient rental assistance based on needs and barriers identified for each household.
- b. Use with other subsidies (24 CFR 576.106(c)).** Except for a one-time payment of rental arrears on the tenant's portion of the rental payment, rental assistance cannot be provided to a participant who is receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance or operating assistance through other public sources. Rental assistance may not be provided to a participant who has been provided with replacement housing payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended ("the URA") during the period of time covered by the URA payments.

Emergency Solutions Grant Program (ESG)

- c. **Rent restrictions (24 CFR 576.106(d)(1)).** Rental assistance cannot be provided unless the rent:
- i. Does not exceed the Fair Market Rent (FMR) established by HUD as provided under 24 CFR Part 888; *note that this requirement does not apply when funds are used to prevent, prepare for, and respond to COVID-19 per Notice CPD-21-08, Section III(E)(4)(b)(i). When ESG funds are used in response to a federally declared disaster, waivers of these requirements may also be available. Consult HCD for availability of waivers from HUD. Pursuant to the July 1, 2024 HUD Memorandum regarding streamlined process for suspensions and waivers of CPD programs for presidentially declared disasters, the FMR restriction is waived for any rent amount that takes effect during the two-year period beginning on the date HCD notified HUD of its intent to use the waiver. HUD will consider requests to waive the FMR restriction for rent amounts that take effect after the two-year period, if HCD demonstrates good cause.*
 - ii. Complies with HUD's standards of Rent Reasonableness (RR) as established under 24 CFR 982.507
 - iii. For more information, see the [HCD ESG Fair Market Rent and Rent Reasonableness Policy](#).
 - iv. All ESG-RRH projects are required to document compliance with FMR and RR requirements by using the [HCD ESG Program Fair Market Rent and Rent Reasonableness Certification Form](#).
- d. **Calculating rent (24 CFR 576.106(d)(2)).** Rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease other than late fees and pet fees, and, if the tenant pays separately for any utilities, the monthly allowance for those utilities (excluding telephone and internet) as established by the public housing authority (PHA) for the area in which the housing is located.
- e. **Rental assistance agreement (24 CFR 576.106(e)).** The project may make rental assistance payments only to an owner with whom the project has entered into a rental assistance agreement that complies with the conditions laid out in 24 CFR 576.106(e). For guidance on development of rental assistance agreements, refer to HUD's Requirements for [Rental Assistance Agreements and Leases Under the ESG Program](#).
- f. **Late payments (24 CFR 576.106(f)).** The project must make timely payments to owners in accordance with its rental assistance agreements. Rental assistance agreements must contain the same payment due dates, grace periods, and late payment penalty requirements as a given participant's lease. If a project incurs a late payment penalty, the project subrecipient is solely responsible for paying for that penalty and must use non-ESG funds to do so.
- g. **Lease (24 CFR 576.106(g)).** Participants receiving rental assistance must have a written, legally binding lease that complies with the conditions laid out in 24 CFR 576.106(g).
- i. Participants receiving rental assistance solely in the form of arrears do not need to

Emergency Solutions Grant Program (ESG)

meet this requirement.

- ii. ESG-RUSH - Assisting Program Participants with Subleases: Waivers may be available. Consult with HCD for availability of waivers. Pursuant to the July 1, 2024, HUD Memorandum regarding streamlined process for suspensions and waivers of CPD programs for presidentially declared disasters, the requirements in 24 CFR 576.105 and 576.106 are waived to the extent that the references to "owner" and "lease" in 24 CFR 576.105 and 576.106 restrict an individual or family from receiving assistance in a unit they rent from the primary leaseholder, provided that all of the following criteria are met
 - The individual or family lives in the declared-disaster area or was displaced from the declared-disaster area as a result of the disaster. This waiver may be used for program participants affected by the disaster, even if they are residing outside of the disaster area, including by recipients operating rapid re-housing and homelessness prevention assistance outside of the declared-disaster area;
 - The individual or family is currently receiving ESG-funded rental assistance as the leaseholder or housing relocation stabilization services or begins receiving rental assistance or housing relocation stabilization services within two years after the date the recipient notifies HUD of its intent to use the waiver;
 - The individual or family chooses to rent a unit through a legally valid sublease or lease with the primary leaseholder for the unit; and
 - The recipient has developed written policies to apply the requirements of 24 CFR 576.105, 24 CFR 576.106, 24 CFR 576.409, and 24 CFR 576.500(h) with respect to that program participant by reading the references to "owner" and "housing owner" to apply to the primary leaseholder and reading the references to "lease" to apply to the program participant's sublease or lease with the primary leaseholder

Emergency Solutions Grant Program (ESG)

- h. **Tenant-based rental assistance (24 CFR 576.106(h)).** Participants who receiving tenant-based rental assistance are entitled to select a housing unit in which they live and are entitled to move to another unit or building and continue receiving rental assistance as long as the participant continues to meet the project's program requirements. The Subrecipient may require participants live within a particular area for the period in which rental assistance is provided.
- i. The rental assistance agreement with the owner must terminate and no further rental assistance payments under that agreement may be made if any of the following occur:
 - The participant moves out of the unit for which they have a lease
 - The lease terminates and is not renewed
 - The participant becomes ineligible to receive rental assistance through ESG
 - i. **Project-based rental assistance (24 CFR 576.106(i)).** If the project identifies a permanent housing unit that meets ESG requirements and becomes available before a participant is identified to lease the unit, the project subrecipient may enter into a rental assistance agreement with the owner to reserve the unit and subsidize its rent in accordance with the following requirements:
 - i. The rental assistance agreement may cover one or more permanent housing units in the same building; each unit covered by the rental assistance agreement ("assisted unit") can only be occupied by participants except as provided under part iv. of this section, below.
 - ii. The project may pay up to 100% of the first month's rent provided that a participant signs a lease and moves into the unit before the end of the month for which the first month's rent is paid. The rent paid before a participant moves into the unit must not exceed the rent to be charged under the participant's lease and must be included when determining the participant's total rental assistance.
 - iii. The project may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a participant. When a participant moves out of an assisted unit, the project may pay the next month's rent (i.e. the first month's rent for a new participant) as provided in part ii. of this section, above.
 - iv. The participant's lease must not condition the terms of occupancy on the provision of rental assistance payments. If the participant is determined ineligible or

Emergency Solutions Grant Program (ESG)

reaches the maximum number of months over which rental assistance can be provided, the project must suspend or terminate the rental assistance payments for the unit. If the payments are suspended, the individual or family may remain in the assisted unit as permitted under the lease and the project may resume payments of the individual or family again becomes eligible and needs further rental assistance. If the payments are terminated, the rental assistance may be transferred to another available unit in the same building provided that the other unit meets all ESG requirements.

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

2 - ESG-RUSH: When ESG funds are used in response to a federally declared disaster, waivers of these requirements may be available. Consult HCD for availability of waivers from HUD. Pursuant to the July 1, 2024 HUD Memorandum regarding streamlined process for suspensions and waivers of CPD programs for presidentially declared disasters, ESG funds may be used to provide up to 36 consecutive months of rental assistance and housing relocation and stabilization services, in addition to the 30 days of housing stability case management. The waiver may be used for program participants affected by the disasters, even if they are residing outside of the disaster area.

4. Activities Eligible Under ESG-CV Notice CPD-21-08

| Eligible Activity | Description |
|-------------------|--|
| Training | Funds may be used for training on infectious disease prevention and mitigation for staff working directly to prevent, prepare for, and respond to COVID-19 among persons who are homeless or at risk of homelessness. For more information, refer to Notice CPD-21-08, Section III(E)(3)(b). |
| Hazard Pay | Funds may be used to pay hazard pay for staff working directly to prevent, prepare for, and respond to COVID-19 among people at risk of homelessness. For examples of eligible staff/activities, refer to Notice CPD-21-08, Section III(E)(3)(c). |

Emergency Solutions Grant Program (ESG)

| Eligible Activity | Description |
|-----------------------------|---|
| Landlord Incentives | <p>Funds may pay for landlord incentives as reasonable and necessary to obtain new housing for eligible participants. Landlord incentives may include any of the following insofar as the total incentives for a given landlord do not exceed three times the rent charged for the unit:</p> <ul style="list-style-type: none">• Signing bonuses equal to up to two months of rent• Security deposits equal to up to 2 months of rent (these are separate from the costs of security deposits under 24 CFR 576.106(a) and therefore do not factor into the cap established in that section)• Paying the cost to repair damages incurred by participants not covered by the security deposit or that are incurred while the participant is still residing in the unit• Paying the costs of extra cleaning or maintenance of a participant's unit or appliances. <p>To support these costs, the project must determine and document that each of these costs is reasonable under the participant's particular circumstances and does not exceed the amount necessary to house the participant.</p> |
| Volunteer Incentives | <p>Funds may pay for the cost of providing reasonable incentives to volunteers (e.g. cash, gift cards) who have been and are currently helping to provide necessary housing relocation and stabilization services.</p> |

Emergency Solutions Grant Program (ESG)

| Eligible Activity | Description |
|---|--|
| Cell Phones and Internet | Funds may pay for the costs of providing temporary cell phones for participants who are receiving any other services under ESG-HP. To qualify as an eligible cost, the cell phone must be owned by the project subrecipient and the wireless service plan must be the project subrecipient's, but the phone may be loaned to participants and the wireless service cost may be paid as needed to enable participants to participate in activities necessary to obtain or maintain housing (e.g. to interview for jobs, receiving health and mental health services, continue education). The phone and phone service may be loaned to the participant while stay-at-home or social distancing orders are in effect in the community in which the participant resides or while the participant continues to need it to participate in activities necessary to obtain and maintain housing that remain virtual even after social distancing measures are relaxed and must be returned to the project subrecipient when no longer necessary for those purposes. |
| Personal Protective Equipment (PPE) for Program Participants | Funds can be used to purchase PPE such as masks, disposable gloves, and hand sanitizer for ESG-HP participants to the extent the participant needs PPE to avoid exposure to and prevent the spread of COVID-19 (e.g. to go out in public or enter common areas of housing). |
| Furniture and Household Furnishings | Funds can be used to purchase furniture and household furnishings to the extent that the purchase of these items will enable a project to establish a participant in housing or improve their stability in housing. <i>Note:</i> furniture and household furnishings are subject to the requirements for equipment under 2 CFR 200.313, including the disposition requirements included in paragraph (e) of that section. |
| Essential Services | Funds can be used for the essential services listed under 24 CFR 576(102(a)(1) to the extent they are demonstrably required to assist a given participant in obtaining and maintaining housing. |
| Renters Insurance | Funds can be used to pay for renters insurance. In order to pay for a participant's renters insurance, the project must demonstrate that the payment is necessary to obtain or maintain housing (e.g. the landlord requires renters to have renters insurance) and pay the renters insurance directly to the insurance company on behalf of the participant. |

Emergency Solutions Grant Program (ESG)

| Eligible Activity | Description |
|--|--|
| Vaccine Incentives | Funds can be used to pay for direct cash payments to participants as an incentive to receive a COVID-19 vaccine. Participants may receive up to \$50/dose. This cost is eligible only insofar as other vaccine incentives are inaccessible or unavailable to participants within the community. |
| Sponsor-Based Rental Assistance | Funds can be used to pay for sponsor-based rental assistance as an alternative model to tenant-based or project-based rental assistance. For more information, refer to Notice CPD-21-08, Section III(E)(3)(o). |
| Assisting Participants with Subleases | References to “owner” and “lease” in ESG Program Regulations under 24 CFR 576.105, “Housing relocation and stabilization services,” and 24 CFR 106, “Short-term and medium-term rental assistance” that restrict participants from receiving assistance in units they sublease are modified as per Notice CPD-21-08, Section III(E)(3)(o). |

C. Duplication of Benefits

For projects covered under this Manual, a duplication of benefits exists when an applicant has received (or would receive, by acting reasonably to obtain available assistance) financial assistance from multiple sources for the same expense and the total assistance received exceeds the total need.

Projects must establish and maintain adequate procedures to prevent any duplication of benefits with annual ESG, ESG-CV, or ESG-RUSH funds. ESG-RRH projects are required to perform duplication of benefits analysis for each participant receiving financial and/or rental assistance. For further information on duplication of benefits, refer to HCD’s DOB policies available online under the “Resources” tab at: <https://www.hcd.ca.gov/grants-and-funding/programs-active/emergency-solutions-grants> and HUD’s “[COVID-19 Homeless System Response: ESG-CV Duplication of Benefits Quick Guide](#).”

D. Program Income

ESG: Program income is defined as provided in 2 CFR 200.1 and 24 CFR 576.2.

ESG-CV: As defined in ESG-CV Notice CPD-21-08, Section III.D., “Program Income.”

ESG-RUSH: Pursuant to the RUSH Notice, matching requirements are being waived and thus program income can not be used as match (see 24 CFR 576.201). Recipients can instead account for any program income generated by either using the “addition” method (see 2 CFR 200.307(e)(2)) or by deducting the costs incidental to the generation of program income from gross income (see 2 CFR 200.307(b)).

E. COVID-19 Tieback

Under this Manual, when ESG funds are used to prevent, prepare for, and respond to COVID- 19 (PPR), there are certain requirements related to documenting those activities’ relationships to PPR

Emergency Solutions Grant Program (ESG)

at the activity level (but not the participant level) and in the Integrated Disbursement and Information System (IDIS). More information about those requirements, including sample text for IDIS, for many common activities, can be found in HUD's "[Homeless System Response: ESG-CV 'Prevent, Prepare, and Respond' Tieback Flexibilities Quick Guide](#)."