Emergency Solutions Grants Program (ESG)

Notice of Funding Availability

Federal Fiscal Year 2015

Rev. 03/17/2015

All revisions are in green font.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
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I. Overview

In anticipation of receiving Emergency Solutions Grants ("ESG") from the U.S. Department of Housing and Urban Development ("HUD") for the Federal Fiscal Years ("FFY") 2015, the Texas Department of Housing and Community Affairs (the "Department") is pleased to make available to cities, counties and private nonprofit corporations a Notice of Funding Availability ("NOFA") to allocate these funds. The Catalog of Federal Domestic Assistance (CFDA) number for the ESG program is 14.231. The purpose of this program is to provide funding to local organizations to assist individuals experiencing homelessness or persons at risk of homelessness to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

This NOFA and its accompanying Application are posted on the Department's ESG NOFA webpage at: http://www.tdhca.state.tx.us/community-services/esgp/nofas.htm. Instructions for submitting the application are included in the Application document.

The Department will hold a webinar on February 25, 2015 from 9:00 a.m. - 12;00 p.m., during which Department staff will review NOFA and Application requirements and answer general questions regarding completion of an Application. Please download and review all Application documents prior to the webinar. Details of the webinar will be announced via the Department's email distribution list. To join the NOFA e-mail distribution list, subscribe to "TDHCA Community Affairs List" at this link:
http://maillist.tdhca.state.tx.us/list/subscribe.html?lui=f9mu0g2g&mContainer=2&mOwner=G382s2w2r2p

Questions pertaining to the content of this NOFA packet may only be submitted in writing by completing a *2015 ESG Application Question Form* available at https://tdhca.wufoo.com/forms/2015-esg-application-questions-form/. Questions will be either answered in writing or addressed at the ESG NOFA webinar. TDHCA staff cannot assist Applicants in preparing their Application. No phone inquiries will be accepted.

II. ESG 2015 NOFA and Application Timetable

Date(s)	Activity
February 5 , 2015	The NOFA and Application are available at: http://www.tdhca.state.tx.us/community-services/esgp/nofas.htm
February 25, 2015	ESG NOFA/Application webinar from 9:00 a.m. – 12:00 p.m.
March 24, 2015	Deadline to request a password and username for electronic submission of Application
March 24, 2015	Deadline to submit ESG NOFA/Application questions
March 26, 2015	The deadline to submit 2015 ESG Applications is March 26, 2015 at 5:00 p.m. CST
June 2015*	Department's Board approval of the 2015 ESG awards
June/July 2015 *	Department's notification to awarded Subrecipients. Award Subrecipients that are units of general purpose local government must obligate ESG funds within 120 days of receipt of the TDHCA award letter
Week of September 14, 2015	Series of contract implementation webinars for selected Subrecipients
October 1, 2015	FY2015 ESG contract start date **
September 30, 2016	FY2015 ESG contract end date **

*Dates may change depending on TDHCA's receipt of HUD Grant Award Notification. TDHCA must obligate funds within 60 days of execution of grant agreement by HUD.

**Dates may change depending on TDHCA's receipt of HUD Grant Award Notification, the extent of changes in the final ESG regulations, and whether such changes are applicable to 2015 ESG awards.

III. Background

Previously named the Emergency Shelter Grants Program ("ESGP"), this program was originally established by the Homeless Housing Act of 1986 to address homelessness among men, women, and children in the United States and was incorporated in 1987 into subtitle B of Title IV of the Stewart B. McKinney-Vento Homeless Assistance Act (42 U.S.C. §§ 11371-11378). On May 20, 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing ("HEARTH") Act, a bill that reauthorized the McKinney-Vento Homeless Assistance programs and substantially revised the Emergency Shelter Grants Program. In its revision, the Emergency Shelter Grants Program was renamed the Emergency Solutions Grants program.

The change in the program's name, from Emergency Shelter Grants Program to Emergency Solutions Grants, reflects the change in the program's focus from addressing the needs of the persons experiencing homelessness in emergency shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness. The new ESG funds can be utilized for the following purposes:

- The rehabilitation or conversion of buildings for use as emergency shelter for the homeless;
- The payment of certain expenses related to operating emergency shelters;
- Essential services related to emergency shelters and street outreach for the homeless; and,
- Homelessness prevention and rapid re-housing assistance.

For details on specific activities allowed under this grant refer to the *Eligible Activities* section of this NOFA.

The State of Texas has received funds from HUD since the inception of the program in 1987. The Department is designated by the Texas Legislature to administer the ESG program. For the FFY 2014, the Department received $8,239,076. For the FFY 2015, the Department expects to receive either level funding or less.

Prior to submitting an Application, Applicants should read and carefully analyze all NOFA and program requirements. The Department expects Applicants to understand, and if funded, to comply with all the applicable ESG regulations. Capitalized terms in this NOFA are defined in the applicable federal or state regulations or rules. In particular, prior to applying, Applicants must understand the following regulations and program requirements:

- Interim ESG Regulations: 24 C.F.R. Part 576 – The ESG interim rule, published in the Federal Register on December 5, 2011, established the regulations for the Emergency Solutions Grants program.

- HEARTH Homeless Definition Final Rule: 24 C.F.R. Parts 91, 582 and 583 – The final rule, published in the Federal Register on December 5, 2011, provides the homeless definition which applies to the ESG program.

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule: 2 C.F.R. Part 200 – sets standard requirements for federal awards and supersedes OMB Circulars A-21, A-87, A-89, A-110, A-102, A-122, and A-133.

- Texas Administrative Code: Administration and Enforcement - The provisions in Title 10, Part 1, Chapters 1 and 2 apply to administrators of TDHCA programs.

- Texas Administrative Code: General Provisions for Community Affairs Program – The provisions in Chapter 5, Subchapter A apply to the Department's Community Affairs Division programs including the ESG program.

- Texas Administrative Code: ESG Rules - The provisions in Title 10, Part 1, Chapter 5, Subchapter K govern the administration of the Department's ESG funds.

- Program Requirements – There are numerous grant requirements that will apply to 2015 ESG funds. Applicants should review these and understand the implications of complying with all grant requirements listed in *Federal Program Requirements* section of this NOFA.[1]

In addition, Applicants are expected to become familiar with all program requirements by watching the available webinars and reviewing all the material published on the ESG program guidance page: http://www.tdhca.state.tx.us/community-affairs/esgp/guidance-solutions.htm

Elements of the ESG program, as identified in this NOFA, are subject to change once final or further interim regulations for 24 C.F.R. Parts 91 and 576 are released by HUD. The most current guidance and rules and regulations issued by HUD for the ESG program will supersede what is in this NOFA. Program requirements may also be subject to change consistent with any changes to the rules for ESG in the Texas Administrative Code. The Department reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA during the Application period. If such an action occurs, the Department will post revisions to the NOFA on its website (http://www.tdhca.state.tx.us/community-services/esgp/nofas.htm).

I. TDHCA's ESG Strategic Goals

The Department has developed strategic goals to guide the use of 2015 ESG funds in the state of Texas. These priorities are based on HUD's programmatic framework, as outlined in the HEARTH Act, the ESG Interim Rule, the Continuum of Care ("CoC") Interim Rule, as well as the priorities in Texas as outlined in the Pathways Home: A Framework to Address Homelessness in Texas and in the 2015-2019 State of Texas Consolidated Plan. The Department will prioritize Applications that align with these goals. These goals are embedded in the Application scoring criteria and Applications will be more competitive if they are designed to address these goals.

Over the next several years, it is the intention of the Department to transition its allocation method to direct funding to CoCs, in which the Department awards a direct ESG allocation to the CoC based on an allocation formula, and in turn, each CoC establishes its own method of selecting ESG Subrecipients. This model is based on the recognition that the CoC, as the local planning body, is better informed of local issues, needs and resources, and is in a better position than the Department to prioritize needs, coordinate the use of ESG, and select agencies that align with its local needs.

For this 2015 NOFA, the Department plans to again award funds directly to the Fort Worth/Arlington/Tarrant County CoC. Additionally, this year the City of Houston/Harris County CoC will administer its own local competition. Agencies within these two CoC areas, that had historically applied directly to the Department for ESG funds, must now work directly with their respective CoCs to follow their local selection process. Organizations in all of the other CoCs will continue to apply directly for funding from the Department. If the Department determines that the Tarrant County CoC is not eligible to receive direct funding from the Department, or that the City

[1] The applicant will be required to comply with program requirements as they exist at the start of the contract term.

of Houston/Harris County CoC is not able to administer its own local competition, allocated funds will remain in the CoC region and will be distributed under a separate competition.

In the coming years, the Department will continue to encourage the participation of the CoCs in funding decisions for awards and expenditures of ESG funds through CoCs. This change is central to furthering our goal of increasing local coordination of ESG services.

TDHCA's strategic goals for the 2015 ESG program are to:

1. **Increase coordination with local community wide homeless planning efforts to ensure strategic use of resources to prevent and end homelessness**
   - State-funded ESG activities should contribute to the community's overall efforts to reduce homelessness and align with local priorities. ESG applicants and awardees should actively participate in the CoC governance and planning activities.
   - Prior to submitting an Application, Applicants must discuss their proposed ESG projects with their Continuum of Care and must submit with their Application a completed "Certification of CoC Coordination and Participation." For further details on this process, refer to the 2015 ESG Application document. Applicants should design ESG projects which meet CoC priorities, address the most critical needs, and positively impact the CoC's efforts in ending and preventing homelessness.

2. **Improve coordination of mainstream and targeted services, capitalizing on existing strengths and increasing efficiency**
   - The Department has placed a high priority on funding collaborative Applications. Collaborative Applications must be designed where each collaborative organization specializes in the services in which they have a comparative advantage, where synergies are created, and where their collaboration creates increased and improved results as compared to what would be achieved by a single organization.
   - Applicants must design and operate programs where ESG-funded activities are coordinated and integrated to the maximum extent practicable with other programs targeted to homeless people in the area covered by the Continuum of Care. Services must be coordinated to provide a strategic, community-wide system to prevent and end homelessness.
   - Applicants must also design programs where ESG-funded activities are coordinated and integrated to the maximum extent practicable with mainstream housing, health, social services, employment, education, and youth programs for which families and individuals at risk of homelessness and homeless individuals and families may be eligible.
   - Applicants are encouraged to submit proposals that serve subpopulations who have high barriers to obtaining/maintaining housing stability including persons with serious mental illness, persons released from an institution, and persons with substance-use disorders.

3. **Ensure Affirmative Marketing Techniques and Fair Housing Goals are Achieved**

   Applicants must design and operate programs in which ESG-funded activities proactively utilize affirmative outreach techniques so that solutions to end or prevent homelessness are provided equitably and all households receive information about and have the opportunity to benefit from available services, facilities, and assistance, regardless of race, color, national origin, religion, sex, familial status, or disability. Applicants are required to apply screening and eligibility criteria uniformly and in a manner consistent with local and Federal nondiscrimination laws, program guidelines, and the Department's rules.

4. Design Programs based on Best Practices

- ESG proposed projects must be designed to incorporate lessons learned from years of practice and/or innovative solutions supported by national and local research, so that ESG resources are utilized in recognized solutions to end or prevent homelessness. Refer to *Appendix A* of the NOFA for resources on best-practices.
- As Applicants review evidence-based best practices to create their program models, the Department recommends considering the following: using rapid re-housing models; targeting prevention to people who are most likely to become homeless; allocating resources to provide smaller amounts of assistance to more people; promoting collaborative outreach efforts that help people living on the streets to directly access housing; improving access to services by simplifying entry requirements; and realigning existing program and systems to focus on shortening homelessness, including reducing time spent in shelters.
- Applicants are encouraged to design programs where homeless individuals will be involved in the provision of services through ESG, to the maximum extent feasible through employment, volunteerism, maintaining or operating facilities, and or providing direct services to occupants of facilities assisted with ESG funds.

5. Measure Program Outcomes

- The new ESG program comes at a time of great fiscal challenges for federal, state and local governments; therefore, it is of utmost importance that Applicants design programs that create measurable and lasting results in reducing and preventing homelessness.
- The new ESG program shifts the emphasis away from simply providing services and assistance to providing services that achieve outcomes. As Applicants design their programs, they must carefully analyze how their resources will be used to produce program results and client outcomes rather than simply providing assistance.
- Organizations must have systems and procedures in place to regularly analyze performance data and continuously improve their program based on data analysis. Programs must be appropriately staffed to comply with the Homeless Management and Information System ("HMIS") Data Standards.

II. Eligible Applicant Organizations

All Applicants seeking funding under this NOFA must have a Dun and Bradstreet Universal Numbering System ("DUNS") number. The Application document will provide instructions on where to list the Applicant's DUNS number.

Units of general purpose local government

Eligible units of general purpose local governments include cities, counties and include metropolitan cities and urban counties that receive ESG funds directly from HUD. Governmental organizations such as Councils of Governments ("COGs"), Local Mental Health Authorities ("LMHAs") and Public Housing Authorities ("PHAs") are not eligible and cannot apply directly for ESG funds. COGs, LMHAs, and PHAs may serve as a partner in a collaborative Application but may not serve as the lead entity in that Application.

Private nonprofit organizations

Eligible Applicant organizations include private nonprofit organizations that are secular or religious organizations described in section 501(c) of the Internal Revenue Code of 1986, are exempt from taxation under subtitle A of the Code, have an accounting system and a voluntary board, and practice non-discrimination in the provision of assistance.

To be considered as a private nonprofit organization, an Applicant organization must document existing status as a 501(c) tax-exempt entity. Private nonprofit organizations applying for ESG funds must be established for charitable purposes and their activities include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness. The entity's net earnings may not benefit any individual(s) affiliated with the organization or its governing board.

Per 24 C.F.R. §576.202(a)(2), private nonprofit organizations that plan to conduct emergency shelter activities must obtain a certification of approval from the unit of general purpose local government for the geographic area in which the ESG emergency shelter activities are to be carried out. The Application document of the NOFA includes the form called *Local Government Approval for Private Nonprofit Organizations Conducting Emergency Shelter Activities.*

Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

III. Single and Collaborative Applications

An applicant may decide to apply for funds either as a Single Applicant or Collaborative Applicant. For 2015, the Department is intending to award fewer total contracts in larger per contract amounts than in the past. Prior year awardees in regions with multiple Applicants are strongly encouraged to focus on existing or potential local partnerships and submit Collaborative Applications in lieu of separate applications.

Single Applicants

Eligible applicant organizations can decide to apply for ESG by submitting an application on their own. If selected for funding, the single agency will have the ability to subcontract some of the services to be offered during the contract term with other agencies. Subcontracted services should preferably be identified in the Application; however changes post-award, in this regard will be permitted. Agencies that are considering applying as single applicants should keep in mind that the NOFA places a high priority on collaborative applications by awarding more points for higher outputs and outcomes and the award amounts for a single applicant are less than the amount available for collaborative applications.

Collaborative Applicants

A lead entity or Applicant can submit a collaborative Application by partnering with up to five other separate organizations (for a total of six organizations) that bring other expertise to the proposal. Each collaborative Application must designate one organization as the lead organization. During the preparation of the Application, the lead entity is responsible for gathering all necessary information from its partners and submitting a single Application for the entire group. If selected, the lead entity will be responsible for all activities under the contract with the State.

While a lead entity may not choose a partner who is a for-profit entity, an agency may choose to subcontract some of the services to be offered during the contract term with a for-profit entity.

Only agencies considered separate organizations can be partners in a collaborative application. The Department will evaluate, on a case by case basis, whether two organizations are considered separate organizations. Factors that the Department will consider to determine whether two entities are separate organizations include but are not limited to:

- Having separate board of directors;
- Having board members appointed by separate individual or individuals;
- Having the operations of the entities independent of each other, e.g. each entity has its own management and offices; each entity has its own budgeting and financial systems; and
- The organizations require procurement to do business with each other.

If the Department determines that one of the partner agencies is not a separate organization from another partner agency or from the lead entity, then funds requested in the application will be limited to the amount that is allowed per separate agency.

The Department has placed a high priority on funding collaborative Applications by developing scoring criteria which award more points for higher outputs and outcomes. Since collaborative Applications are composed of multiple services provided by multiple partners, they are more likely to obtain a higher score by producing greater outputs and outcomes than an Application submitted by a single organization. Refer to the *Application* for details on the scoring instrument and point distribution.

The Department recommends, but does require, that collaborative Applications limit the number of organizations that provide each component: Street Outreach, Emergency Shelters, Homelessness Prevention and Rapid Re-housing or limit the number of organizations that serve different subpopulations. The rationale behind this recommendation is that as each provider specializes in a component, program applicants and clients will receive ESG-funded services in a shorter time frame and be stably housed or re-housed in a shorter period of time. If a collaborative Application is proposing multiple organizations to provide the same component, an explanation of the coordination to take place and efforts to reduce duplication of benefits is required. The Department is aware that there may be exceptions for Victims Service Providers/Legal Service Providers or other innovative collaborative efforts.

The lead organization will assume responsibility for the award on behalf of the group. The lead organization will be responsible for ensuring that partners are knowledgeable and adhere to ESG, federal, and state regulations; for identifying which services will be provided by each partner; for monitoring the performance of partners and ensuring compliance with the ESG program; for providing training and technical assistance to partners or ensuring that partners receive such from the Department or the HMIS administrator. The lead agency in a collaborative contract will be responsible for submitting financial and performance monthly reports to TDHCA. The reports submitted by the lead agency would include a compilation of information from the different collaborative agencies that make up the partnership.

Ultimately, the lead Applicant will be financially liable for any disallowed ESG program costs. Given these responsibilities, the Department highly recommends that the lead organization in a collaborative Application develops a Memorandum of Understanding with its partners and budgets for a full-time or part-time position to assume oversight responsibilities. The Department also recommends that one of the partners in the collaborative Application assigns a full-time or part-time position to assume responsibilities to oversee HMIS reporting for all partners. The match requirement may be satisfied by one collaborative partner, by the lead agency alone, or by all partners.

Collaborative Partners vs. Contracting of Services

- A collaborative partner is an organization listed in a Collaborative Application that will provide homeless services that compliment the lead entity and the Application.
- The collaborative partner can be either subgranted or subcontracted.
- A lead entity can only subgrant funds to a partner, if the partner is a private nonprofit organization. The subgrant to a private nonprofit organization does not require competition or procurement. The lead entity may have a legally binding contract or other written arrangement to subgrant funds to its private nonprofit partners.
- If the lead entity chooses to partner with entities other than private nonprofit organizations (e.g. Local Mental Health Authorities, Public Housing Authorities, cities or counties), such relationships would require a contractor relationship, with competition and procurement.
- For profit entities cannot be a partner in a Collaborative Application and their involvement requires a contractor relationship with competition and procurement.
- The number of partners in an application is one of the factors used to determine the amount of funds the collaboration can request ($150,000 per partner, up to $600,000).

Applicants may choose to subcontract (after competition and procurement) the provision of goods and services to organizations outside of their application group. Entities subcontracted in this manner would not appear in the application and would not increase the amount of funds that can be requested in the application.

IV. Grant Period

The contract period for the funds awarded under this NOFA is for one-year.

V. Award Amounts

The amount of funds that can be requested varies depending on whether the Applicant is a single or collaborative Applicant and on the amount of funds available in the CoC region in which they are geographically located. To review the geographic boundaries of each CoC, refer to the

"Continuum of Care Locator" interactive tool available on the Texas Homeless Network page: http://www.thn.org/continuums/

The following table depicts the available allocation for each CoC Region, based on the Texas 2015 ESG allocation recently published by HUD. The amount of funds available will be confirmed once the Department receives its final award letter from HUD.

Allocation Formula: Estimated 2015 ESG Funds available by CoC Region[2]

CoC Number	CoC Name	Homeless Persons*	Percentage of Statewide Homeless Population	Persons in Poverty**	Percentage of Statewide Population in Poverty	Distribution Factors with 75/25 weights	Fund Distribution by CoC Region
TX-500	San Antonio/ Bexar County	2,980	10.06%	302,559	6.85%	9.26%	$786,241
TX-503	Austin/Travis County	2,090	7.06%	181,531	4.11%	6.32%	$536,685
TX-600	Dallas City & County/ Irving	3,163	10.68%	517,912	11.73%	10.94%	$929,096
TX-601	Fort Worth/Arlington/Tarrant County	2,390	8.07%	289,405	6.55%	7.69%	$653,044
TX-603	El Paso City & County	1217	4.11%	186,223	4.22%	4.14%	$351,208
TX-604	Waco/McLennan County	295	1.00%	69,434	1.57%	1.14%	$96,809
TX-607	Texas Balance of State***	10,128	34.20%	1,898,303	42.98%	36.39%	$3,090,307
TX-611	Amarillo	516	1.74%	33,304	0.75%	1.50%	$126,968
TX-624	Wichita Falls/Wise, Palo Pinto, Wichita, Archer Counties	302	1.02%	46,234	1.05%	1.03%	$87,164
TX-700	City of Houston/Harris County	6359	21.47%	816,789	18.49%	20.73%	$1,760,016
TX-701	Bryan/College Station/Brazos Valley	175	0.59%	75,135	1.70%	0.87%	$73,444
	Total	**29,615**	**100%**	**4,416,829**	**100%**	**100%**	**$8,491,282**

Data Sources:

*Homeless Persons**: HUD 2013 Continuum of Care Homeless Population Count

*Persons in Poverty***: Census Bureau - American Community Survey, 2013 5-year data S1701 - Poverty Status in the Past 12 months and B17025 Poverty Status in the Past 12 months by Nativity

*Texas Balance of State Homeless Persons****: The homeless persons on the Texas Balance of State CoC include the homeless persons counted in the Beaumont/Port Arthur/South East Texas CoC, which has joined the Texas Balance of State.

NOTE: *Funds for the Fort Worth/Arlington/Tarrant County CoC and the City of Houston/Harris County CoC will not be distributed via this NOFA. Contact the applicable CoC for guidance on how to apply for funds in these regions.*

[2] If the Department receives notice of its 2015 ESG annual allocation before March 24, 2015, the Department may update the funding chart to reflect the actual allocation amount. Applicants will be notified of any NOFA change through the contact information contained in the online registration system and through the Department's website.

Single Applicants

- Within each CoC region, Applicants may request no less than $125,000, unless the initial amount available in the region is less than $125,000. In those cases, Applicants must request an amount no less than the available allocation for that region.
- Single applicants may request a maximum of $150,000.

Collaborative Applicants

- For a collaborative Application, the maximum request amount is $150,000 times the number of partners in the Application, with a maximum request of $600,000. The minimum request for a collaborative application is $125,000, unless the initial amount available in the region is less than $125,000. In those cases the Collaborative Applicant may request an amount no less than the available allocation for that region.
- In a collaborative Application, each partner is not limited to budgeting $150,000 each; the total grant amount may be budgeted among all partners as agreed upon. For example, a collaborative Application made up of 4 partners may apply for a total grant amount of $600,000 ($150,000 x 4), but can decide to budget $300,000 for Agency 1, $200,000 for Agency 2, $50,000 for Agency 3 and $50,000 for Agency 4. In another example, a collaborative of 3 agencies can request up to $450,000 ($150,000 X 3 partners= $450,000). The $450,000 can be budgeted among all partners as agreed by all partners.

Award Restrictions

- The same organization can choose to submit multiple applications in different CoCs in Texas, as long as the organization has a physical presence (e.g. an office or a case manager doing street outreach) in each CoC and conducts the initial intake of program participants in each CoC.
- An organization can only submit one Application per COC region, either as a single entity or as part of a collaborative effort, and is limited to applying for a maximum of $600,000 in total funds across multiple CoCs. For example, if the area served by the Applicant includes areas falling within two CoC regions, they may apply for funds in both CoCs (i.e. submit two different applications), not to exceed $600,000 for both applications. The minimum and maximum amounts per Application will be further limited by the total amount available in a COC.
- An organization that applies in two different CoCs may serve as: 1) the lead entity in the two separate applications submitted in two separate CoCs, or 2) the lead entity in only one of the applications and a partner in the other application, or 3) as a single entity in two separate applications submitted for each CoC.
- Single Applicants and Collaborative Applicants are limited to requesting no more than 60% of their budget for Street Outreach and Emergency Shelter activities. Within a collaborative Application, the 60% limit applies to the entire Application and not to each partner within the collaborative Application.

Funds

- ESG grant funds may be used to pay direct administrative or program costs as applicable in 24 C.F.R. §576.201-108 or indirect costs in accordance with 2 C.F.R. Part 200. Staff and overhead costs directly related to carrying out eligible activities may be charged directly to those activities unless such staff and overhead costs are part of the indirect cost rate plan.

- **Indirect costs may either be:**
    - Applied individually to each eligible activity under 24 C.F.R. §§576.101- 576.108 using an equitable distribution base as specified in the approved cost allocation plan. The distribution base used in computing the indirect cost rate for each function may be: Total Direct Costs (excluding capital expenditures and other distorting items such as pass-through funds, major subcontracts, etc.), Direct Salaries and Wages, Square footage, Time Study of actual expenditures, or another base which results in an equitable distribution, OR
    - Applied as a set amount calculated by using the de minimus rate elected in accordance with 2 C.F.R. Part 200, or by using the indirect cost rate approved by the Federal cognizant agency.
        - In accordance with 2 C.F.R. §200.414 Indirect Facilities and Administrative ("F&A") Costs, an applicant that has never had a negotiated indirect cost rate may elect to charge a de minimus rate of 10% of modified total direct costs. If electing this option or if the Applicant has and is applying its negotiated indirect cost rate to the ESG grant, the Applicant is limited to 1.00% of its proposed ESG budget for the administrative component outlined under the Administrative Activities referenced on 24 C.F.R. § 576.108. To elect this option, the Applicant must have a written plan, reflected within this Application, that describes what is classified as a direct and an indirect cost and this methodology once elected must be used consistently for all Federal awards.

- For Applicants that choose not to apply the de minimus or federally approved indirect cost rate, an Applicant can budget up to 3.0% of its proposed ESG budget for the administrative component referenced under 24 C.F.R. §576.108.
- The Department will reserve an additional .5% of its total Texas ESG allocation, for administrative expenses for collaborative Applications that did not choose to apply the de minimus rate discussed above. The extra funds will be determined at the time of contract execution. If there are not a sufficient number of collaborative Applications funded, the Department will consider utilizing part of the reserved administrative funds for all awardees.

Funds as Grants

Funds awarded under this NOFA will be primarily distributed as grants. However, if an Applicant elects to renovate a building, the funds for that activity may be distributed as a deferred forgivable loan requiring a land use restriction agreement with the Department for the applicable use period. Refer to the ESG Interim Rule for information on eligible activities including renovation.

VI. Application Review Process

A. Eligibility Prescreening Review

The Department will review project Applications to determine if they meet the following eligibility prescreening requirements. If the Department determines that an Application satisfies any of these criteria, the Application will be sent a notice of its elimination from consideration. The criteria are:

1. Submitting any of the Application threshold documents after the Application deadline. Application threshold documents are all of the documents that are part of the scoring criteria or rating factors and are identified as such on the Application document.
2. Failing to submit the Application documents through the electronic submission process specified in **http://www.tdhca.state.tx.us/community-services/esgp/nofas.htm**
3. For entities that received TDHCA 2013 ESG funds with contract end dates before April 2, 2015, having final expenditure rates below 50% of the award allocation. In making this determination, the Department will include disallowed costs.
4. An Applicant or collaborative partner being legally ineligible to be awarded ESG funding for reasons including, but not limited, to debarment or not being an eligible lead entity. Some of these issues might not arise until the Department's Previous Participation review occurs as outlined in 10 TAC 1.5.

For collaborative Applications, the Department may determine one or more partners ineligible. The Application may only remain in the competition if the remaining partners can provide the services and meet the targets as described in the submitted application.

B. Deficiencies

Applications which meet all the prescreening eligibility requirements in Section A above will be reviewed for completeness.

After the Application receipt deadline, the Department will not consider any unsolicited information that an Applicant may want to provide. Specifically, TDHCA will not seek clarification of items or responses that improve the quality of an Applicant's response to any rating factors or which correct deficiencies which are in whole or part of a rating factor. If an Applicant fails to submit one of the threshold documents, the Application will be considered incomplete and will not be considered for further review.

However, after the Department receives an Application, the Department may contact the Applicant to clarify items in its Application or issue a deficiency notice for documents that do not affect the rating of the Application. Applications which are missing any of the required Application documents that do not affect the rating of the Application will be issued a deficiency notice. Deficiency notices are for items that may have been omitted in error. Applicants will typically have two business days from the date of issuance of the deficiency notice to provide the requested information. Deficiency notices will be e-mailed to the Applicant's chief executive and the person specified as the "person to contact with ESG Application questions" in the Application document.

If the Applicant does not provide the requested information in the time period requested in the notice, the Applicant will be notified of their elimination from the competition.

C. Ranking of Applications

The Department will evaluate and score all Applications that meet the prescreening eligibility requirements in accordance with the Scoring Instrument in the Application.

The ESG Application will be assessed based on a 1,000 point scale. Applicants' scores will be determined by adding their scores in the following sections:

- Part 1: Proposed Budget, Outcomes and Match
- Part 2: Organizational Capacity & Project Design
- Attachment A: Past Performance in Homeless Program Delivery
- Attachment B: Continuum of Care Participation and Coordination
- Attachment C: Financial Information (negative scores only)
- Attachment D: Past Performance of Subrecipients (negative scores only)
- Other Deductions: (negative scores only).

Self-Scoring

As part of the Application documents, the Applicant must complete a copy of the scoring instrument indicating the scores it believes are supported through the Application's supporting documentation. The scoring instrument submitted by the Applicant will assist the Department in its review of the Application, and will demonstrate to the Applicant the competitiveness of their proposal. Department staff will determine the final points to be awarded based on the questions answered in the Application and the evidence provided through supporting documentation as applicable. The Department's final points are not based on the score the Applicant assigned itself on the scoring instrument submitted as part of the Application.

VII. Selection of Awardees and Allocation of Funds

The Department will use the following steps in determining which Applicants will be recommended for funding:

Step 1: Determining the funds to be distributed by CoC region

- ESG funds will be reserved for each of the Continuum of Care ("CoC") Regions according to a combination of the region's proportionate share of the state's total homeless population, based on the 2013 Point-in-Time count submitted to HUD by the CoCs and the region's proportionate share of people living in poverty, based on the 2013 5-year American Community Survey ("ASC") poverty data published by the Census Bureau. For the purposes of distributing funds, the percentage of statewide homeless population is weighted at 75%, while the percentage of statewide population in poverty is weighted at 25%.

Step 2: Assigning award amounts using the Applicant's score ranking in the region

- Eligible Applications will be ranked in descending order by score within the CoC region in which they are geographically located. ESG funds reserved for each region will be obligated starting with the Applicant with the highest score until all regional funds have been awarded. If the balance of the funds in an area is insufficient to fully fund the next qualifying application, that application will be partially funded until all regional funds are used.

Step 3: Allocating remaining funds among Applicants partially funded during step 2

- Remaining funds from each region with too few qualifying applications will be pooled together and reallocated to other regions, starting with the region with the greatest proportional share of the state's homeless population, to fully fund applications that were partially funded during the first distribution, in rank order by score.

Step 4: Allocating remaining funds to unfunded Applications within the CoC regions with greatest proportional share of homeless population.

- Any funds still remaining will then be pooled together and distributed to unfunded eligible applications in rank order by score, starting with the regions with the greatest proportional share of the state's homeless population that did not have an application funded in the previous step, and continuing with applicants from each of the regions with greatest proportional share of the state's homeless population that did receive additional funds under the previous step.

Step 5: Allocating remaining funds by increasing the award amounts of those funded

- If there are still funds remaining, the Department may award recommended Applicants with an award amount in excess of the funds requested and above the award amount limits identified in the NOFA, starting with the regions with the greatest proportional share of the state's homeless population, awarding Applications in rank order by score.

If, subsequent to announcement of awards made under the FY2015 NOFA, additional funds become available either through a supplemental appropriation, return of funds, or recapture, or if prior year funds become available, the Department will first fully fund any application partially funded in Steps 1-5 and then determine the most equitable and beneficial use of any additional program funds. In determining the distribution of funds, the Department will consider program performance, expenditure rates of eligible applicants or Subrecipients, or other factors deemed appropriate by the Department.

Adjustments to Funding

After the Department has scored and ranked all Applications and made selections, **it may require** selected Applicants to adjust specific terms of the funding agreement and budget to ensure compliance with rules and regulations or recommendations made in accordance with the Previous Participation process as outlined in 10 TAC 1.5. In cases where the Applicant does not wish to accept the adjustments, thereby not accepting their award, or if a selected Applicant fails to provide the Department with requested information, an award will not be made to that Applicant. In such an instance, the Department may offer an award to the next Applicant in line to receive funding.

To ensure the fair distribution of funds and enable the purposes or requirements of a specific program to be met, the Department reserves the right to fund less than the full amount requested in an Application. The Department will not fund any portion of an Application that: (1) is not eligible for funding under specific ESG program statutory or regulatory requirements; or (2) does not meet the requirements of this notice.

VIII. Award Information

Funding Decision

The Department will mail all Applicants a letter with the funding decision. The Department will list awardees on TDHCA's ESG main page: (http://www.tdhca.state.tx.us/community-affairs/esgp/).

Funding Errors

In the event the Department commits an error that, if corrected, would result in the selection of an Applicant during the funding round of a NOFA and awards have already been made, the Department may select that Applicant for funding, subject to the availability of funds.

Appeal Process

Applicants may appeal the results of the Department's review and selection process if they believe an error has occurred. Appeals must be submitted in writing by following the procedures stated in the 10 TAC 1.7 in the *Grounds to Appeal Staff Decision* section.

Contracts and Reporting Requirements

Proposed Application outputs and outcomes will be incorporated into contracts as performance measures for applicants selected as Subrecipients. With the exception of extraordinary circumstances (to be determined by TDHCA) that may affect a Subrecipient's ability to meet the proposed targets, awardees that receive an allocation equal to or greater than the amount requested in their Application will not be allowed to change the performance targets proposed in the Application. The score in the competition will be partially based on those proposed outputs and outcomes, and the Department will expect Subrecipients to meet those targets by the end of the contract period. Subrecipients that receive an allocation smaller than the one originally requested due to the amount of annual ESG funds available to the State of Texas or due to changes in federal rules or regulations may be allowed to adjust the performance targets in proportion to the reduced funding.

Subrecipients will be expected to submit monthly reports on the accomplished outputs and outcomes as well as on financial expenditures. Specific information on the format and due dates of required reports will be provided to Subrecipients at the time of contract execution. The Department may terminate the contract with a Subrecipient if any Subrecipient, including partners in a collaborative effort, is not complying with the contract and program requirements. ESG contracts will be signed electronically and ESG monthly reports will be submitted electronically. Subrecipients must have access to an internet-connected computer to sign the ESG contract and submit monthly reports. Subrecipients must be able to operate software such as Microsoft Word, Excel and Acrobat PDF and exchange information with the Department via e-mail, electronic surveys and electronic forms.

Subrecipients may request reimbursement on a monthly basis for the ESG expenses incurred and submitted during the previous month. In the cases of collaborative Subrecipients, the lead agency will receive the funds as reimbursement and they would in turn disburse the funds to its partners.

IX. Eligible Program Participants

ESG funds may used to serve persons that are either at risk of homelessness or experiencing homelessness as defined on 24 C.F.R. §576.2.

X. Eligible Activities

ESG funds may be used for six program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, HMIS and administrative costs as defined on 24 C.F.R. §576.100-109. Per 24 C.F.R. §576.100(b), the total amount of an Applicant's budget for street outreach and emergency shelter cannot exceed 60% of their total grant amount. Within a collaborative Application, the 60% limit for Street Outreach and Emergency Shelter applies to the entire Application and not to each partner within the collaborative Application.

XI. Federal Program Requirements

All Applicants are expected to carefully read and analyze the following requirements and corresponding citation before completing an Application. Applicants selected to become Subrecipients must comply with the following requirements:

1. **Area-wide systems coordination requirements - 24 C.F.R. §576.400**

   Coordination with other Targeted Homeless Services. - 24 C.F.R. §576.400(b)

   Subrecipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with other programs targeted to homeless people in the area covered by the Continuum of Care or area over which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness for that area.

   System and Program Coordination with Mainstream resources - 24 C.F.R. §576.400(c)

   Subrecipients must coordinate and integrate, to the maximum extent practicable, ESG funded activities with mainstream housing, health, social services, employment, education, and youth programs for which families and individuals at risk of homelessness and homeless individuals and families may be eligible. Refer to 24 C.F.R. §576.400(b) for a list of mainstream resources to coordinate ESG activities.

   Centralized or Coordinated Assessment - 24 C.F.R. §576.400 (d)

   Continuums of Care (CoCs) are required to establish a centralized or coordinated assessment system. Subrecipient will be required to participate in the centralized system. Subrecipient must maintain evidence of the use of, and written intake procedures for, the centralized or coordinated assessment systems(s) developed by the Continuum of Care. If the Subrecipient's

CoC does not yet have a centralized or coordinated assessment system or procedures or if Subrecipient is a legal or a victim service provider choosing not to use the CoC centralized or coordinated assessment system, Subrecipient must have and consistently apply written standards for assessment.

2. Written Standards for Providing ESG assistance - 24 C.F.R. §576.400 (e)

Subrecipients must establish and consistently apply within the Subrecipient's program, written standards for providing ESG assistance. If an Applicant is awarded funds, the selected Subrecipient must provide to the Department a copy of the written standards for providing ESG assistance prior to contract execution. Refer to 24 C.F.R. §576.400(d) for a discussion of the written standards. The standards must include at a minimum:

- Standard policies and procedures for evaluating individuals' and families' eligibility for ESG assistance;
- Standards for targeting for persons experiencing homelessness and providing essential services related to street outreach;
- Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, e.g., victims of domestic violence, dating violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to be homeless the longest;
- Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
- Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers; other homeless assistance providers; and mainstream service and housing providers listed on 24 C.F.R. §576.400(b) and (c);
- Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and rapid re-housing assistance;
- Standards for determining what percentage or amount of rent and utilities costs each program participant must pay, when applicable, while receiving homelessness prevention or rapid re-housing assistance;
- Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time; and
- Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to be provided to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant may receive assistance; or the maximum number of times the program participant may receive assistance.

3. Participation in HMIS 24 C.F.R. §576.400(f)

Subrecipients will be required to ensure that data on all persons served and all activities provided under ESG are entered into the community-wide HMIS system designated by the CoC for the area in which those persons and activities are located, or a comparable database, in accordance with HUD's standards on participation, data collection, and reporting under a local HMIS. Subrecipients are required to enter into an agreement with the local HMIS Administrator for reporting.

If the Subrecipient is a victim service provider or a legal services provider, it may use a comparable database that collects client-level data over time (*i.e.,* longitudinal data) and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into HMIS or provided to an HMIS administrator.

The comparable database must comply with all current HMIS standards including data information, security, data quality, and processing standards, as established by HUD in its latest HMIS Data Standards guide. Victim Service Providers or Legal Services Providers that are awarded ESG funds must consult with the Continuum of Care and the HMIS administrator for the continuum of care area to ensure that the comparable database uses all the HMIS standards.

4. Evaluation of Program Participant Eligibility and Needs - 24 C.F.R. §576.401

Subrecipients must conduct an initial evaluation to determine the eligibility of each individual or family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability into permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements set forth under 24 C.F.R. §576.400(d) and the written standards established under 24 C.F.R. §576.400(e) and all the guidelines outlined on 24 C.F.R. §576.401(a).

Subrecipients must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs according to the requirements outlined in 24 C.F.R. §576.401(a). Furthermore, each program participant receiving homelessness prevention or rapid-re-housing assistance is required to meet regularly with a case manager (except where prohibited by Violence Against Women Act (VAWA) and the Family Violence Prevention and Services Act (FVPSA)) and the assistance provider must develop an individualized plan to help that program participant retain permanent housing after the ESG assistance ends. These requirements are intended to help ensure that the ESG-funded emergency, short-term or medium-term assistance will be effective in helping program participants regain long-term housing stability and avoid relapses into homelessness.

5. Terminating Assistance - 24 C.F.R. §576.402

If a program participant who receives ESG assistance violates program requirements, the Subrecipient may terminate the assistance in accordance with a formal process established by the Subrecipient that protects the rights of the individuals affected. Therefore, a formal process must be in place. This applies to all forms of ESG assistance. For more information, refer to the guidelines outlined in 24 C.F.R. §576.402.

6. Shelter and Housing Standards - 24 C.F.R. §576.403

Subgrantees are responsible for the performance of inspections to ensure that shelter and housing occupied by ESG participants meets the following standards. Failure to perform the required inspections could lead to fines and sanctions under the Administrative Penalties rule in the Texas Administrative Code, Chapter 60 Subchapter C, §60.307.

Lead Based Paint Act - 24 C.F.R. §576.403(a)
Lead-based paint remediation and disclosure applies to all ESG-funded shelters and all housing occupied by ESG participants. The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C 4851-4856), and the relevant subparts of the implementing regulations at 24 C.F.R. Part 35, Subparts A, B, H, J, K, M and R apply to activities under this grant program. The Subrecipient must also comply with the Lead, Renovation, Repair, and Painting Program Final Rule, 40 C.F.R. Part 745, where applicable.

Minimum Standards for Emergency Shelters and for permanent housing 24 C.F.R. §576.403(b)&(c)
Emergency shelters that receive assistance for shelter operations are required to meet habitability standards. If ESG funds are used to help a program participant remain in or move into permanent housing, that housing must also meet habitability standards. The minimum standard for emergency shelters and permanent housing include standards for structure and material, access, space and security, interior air quality, water supply, sanitary facilities, thermal environment, illumination and electricity, food preparation, sanitary conditions and fire safety. Shelters renovated with ESG funds are also required to meet state or local government safety and sanitation-standards as applicable, and use energy-efficient materials including Energy Star and WaterSense products and appliances. Refer to 24 C.F.R. §576.403 for details on the housing standards.

Access
Shelters receiving ESG funds must also meet the accessibility standards under Section 504 of the Rehabilitation Act of 1973 (5 U.S.C. 794), The Fair Housing Act (42 U.S.C. 3601 et seq.) and Titles II and III of the Americans with Disabilities Act (42 U.S.C. §§ 12131-12189; 47 U.S.C. 155, 201, 218 and 255).

A Subrecipient shall operate each program or activity so that the program or activity, when viewed in its entirety, is readily accessible to and usable by individuals with disabilities. Subrecipients are also required to provide reasonable accommodations for persons with disabilities in order to enable program participants with a disability to have an equal opportunity to participate in the program or activity. Subrecipients that undertake alterations to shelters may be subject to additional accessibility requirements in accordance with 24 C.F.R. Part 8. In certain instances, Subrecipients undertaking alterations may be required to ensure that 5 percent of the total sleeping areas, such as 5 percent (or at least one) of the sleeping rooms where a number of sleeping rooms are provided, and 5 percent (or at least one) of the total number of sleeping areas, such as beds, where a number of beds are provided in a room, are accessible for persons with mobility impairments and that an additional 2 percent of the total individual sleeping areas are accessible for persons with visual impairments. The 2010 Americans with Disabilities Act Standards apply and require an additional level of accessibility in certain shelters.

7. Conflicts of Interest - 24 C.F.R. §576.404

Subrecipients will be expected to follow the conflict of interest standards outlined in 24 C.F.R. §576.404 related to the provision of ESG assistance, and procurement of goods and services. All contractors of the Subrecipient must comply with these same requirements.

8. Homeless Participation - 24 C.F.R. §576.405

The provisions requiring homeless participation on boards or in an advisory capacity do not apply to a recipient that is a State and the State may choose to pass down the requirement to its Subrecipients. For PY2014 ESG funds, TDHCA is opting to not pass this requirement to its Subrecipients.

However, to the maximum extent practicable, Subrecipients should involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities, in providing services assisted under the ESG program, and in providing services for occupants of facilities assisted with ESG.

9. Faith-Based Activities 24 C.F.R. §576.406

Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to receive ESG funds. The State will not discriminate against an organization on the basis of the organization's religious character or affiliation.

Organizations that are directly funded under the ESG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services funded under ESG. If an organization conducts these activities, the activities must be offered separately, in time or location, from the programs or services funded under ESG, and participation must be voluntary for program participants.

Any religious organization that receives ESG funds retains its independence from Federal, State, and local governments, and may continue to carry out its mission, including the definition, practice, and expression of its religious beliefs, provided that the religious organization does not use direct ESG funds to support any inherently religious activities, such as worship, religious instruction, or proselytization. Among other things, faith-based organizations may use space in their facilities to provide ESG-funded services, without removing religious art, icons, scriptures, or other religious symbols. In addition, an ESG-funded religious organization retains its authority over its internal governance, and the organization may retain religious terms in its organization's name, select its board members on a religious basis, and include religious references in its organization's mission statements and other governing documents.

An organization that receives ESG funds shall not, in providing ESG assistance, discriminate against a program participant or prospective program participant on the basis of religion or religious belief. When using ESG funds for the rehabilitation of structures, faith-based organizations will be expected to follow the guidelines outlined in 24 C.F.R. §576.406.

10. Environmental Review Responsibilities - 24 C.F.R. §576.407(d)

The ESG Interim Rule required using 24 C.F.R. Part 50 to comply with environmental requirements and guidance was initially issued by HUD using 24 C.F.R. Part 50. However, after the passage of legislation on July 5, 2012 that corrects certain provisions of the HEARTH Act, 24 C.F.R. Part 58 must be followed by all ESG subrecipients to comply with environmental requirements.

All ESG activities will require some level of environmental review & clearance. Subrecipients, or any contractor of the subrecipient, will not be able to commit or expend any ESG funds until an environmental review that meets the standards outlined in 24 C.F.R. Part 58 has been reviewed and approved by TDHCA. Based on the level of review, some activities may be environmentally cleared quickly, and the funds budgeted for those activities can then be expended after clearance. Other eligible activities will require a more in depth review and will require more time to obtain clearance. Subrecipients will not be able to expend any ESG funds or any matching funds on these activities until the Department clears these activities.

11. Procurement of Recovered Materials - 24 C.F.R. §576.407(f)

Subrecipients and its contractors must comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 C.F.R Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired in the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

12. Displacement, Relocation, and Acquisition 24 C.F.R. §576.408

Consistent with the other goals and objectives of ESG, the Subrecipient must assure that it has taken all reasonable steps to minimize the displacement of persons (families, individuals, businesses, nonprofit organizations, and farms) as a result of a project assisted under ESG. Subrecipients must follow the requirements in 24 C.F.R. §576.408 related to temporary relocation (not permitted), relocation assistance for displaced persons and real property acquisition requirements, and appeals, and the requirements identified in the Department's Consolidated Plan. , ESG funds must comply with Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (49 C.F.R. Part 24) and policy guidance in Real Estate Acquisition and Relocation Policy and Guidance (HUD Handbook 1378).

13. Recordkeeping and Reporting Requirements - 24 C.F.R. §576.500

Subrecipients will be required to show compliance with the program's regulations through the appropriate records, including documentation of homeless status, at risk of homelessness status and program participants' income. The Subrecipient must have policies and procedures to ensure the requirements outlined in 24 C.F.R. §576.500 are met. In addition, sufficient records must be established and maintained for a minimum of five years to enable the Department and HUD to determine whether ESG requirements are met.

14. Matching Requirements 24 C.F.R. §576.201

ESG Subrecipients must match their award amount with an equal or greater amount of resources from other than ESG funds. ESG Applicant organizations must demonstrate access to resources that may be used as match after the start date of the grant award. Matching funds used for this ESG project may not be used to match any other project or grant.

Along with the report of the number of clients assisted with ESG funds, ESG Subrecipients must report the number of clients assisted through match contributions, as applicable. This reporting will be accomplished on a monthly basis through the Department's Community Affairs Contract System.

Eligible Sources of Match

Matching contributions may be obtained from any source, including any Federal source other than the ESG program, as well as state, local, and private sources. However, the following requirements apply to matching contributions from a Federal source of funds:

- The Subrecipient must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match ESG funds; and
- If ESG funds are used to satisfy the matching requirements of another Federal program, then funding from that program may not be used to satisfy the matching requirements as described in 24 C.F.R. §576.201.

Recognition of Matching Contributions

- In order to meet the matching requirement, the matching contributions must meet all requirements that apply to the ESG funds provided by HUD, except for the expenditure limits in 24 C.F.R. §576.100.
- The matching contributions must be provided after the start of the contract period.
- To count toward the required match for the Subrecipient's contract period, contributions must be expended during the contract period.
- Contributions used to match a previous ESG grant may not be used to match a subsequent ESG grant.
- Contributions that have been or will be counted as satisfying a matching requirement of another Federal grant or award may not count as satisfying the matching requirement of this section.

Eligible types of Matching Contributions

The matching requirement may be met by one or both of the following:

1) **Cash Contributions:** Cash expended for allowable costs, as defined in 2 C.F.R. Part 200, of the Subrecipient. Examples of cash contributions include private donations or grants from foundations, nonprofits, or local, state, and federal sources. A single grant may serve as the required match.

2) **Non-cash contributions**. The value of any real property, equipment, goods, or services contributed to the Subrecipient's ESG program, provided that if the Subrecipient had to pay for them with grant funds, the costs would have been allowable.

Calculating the amount of noncash contributions.
Some non-cash contributions are real property, equipment, goods, or services that, if the recipient or Subrecipient had to pay for them with grant funds, the payments would have been indirect costs. Matching credit for these contributions must be given only if the recipient or Subrecipient has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of those contributions.

Costs paid by program income.
Costs paid by program income received during the grant period shall count toward meeting the Subrecipient's matching requirements, provided the costs are eligible ESG costs that supplement the Subrecipient's ESG program.

15. **Applicability of OMB Circulars –** Subrecipients must follow the policies, guidelines and requirements established in 2 C.F.R. Part 200.

16. **Single Audit Requirement -**
An Applicant organization that spends more than $500,000 in *federal or state funds* during its fiscal year must have a single audit conducted for that year. For fiscal years that begin after December 26, 2014, the audit requirements of 2 C.F.R 200.501 apply to the audit performed for that fiscal year including the higher federal audit threshold of $750,000. If a single audit is required for an organization, a portion of the audit cost may be included in the proposed ESG budget.

An Applicant organization that *does not exceed* the required Single Audit threshold in federal expenditures is exempt from federal single audit requirements; however they would still have to submit audited financial statements as part of the application. In this case, audit costs may **not** be included in the proposed ESG budget.

An Applicant organization must include its most recent complete audit report and if applicable, a management letter as part of the financial documentation for this Application. If your agency is not required to have a single audit performed, the Application must include the end-of-the-year financial statements (balance sheet, income statement, and statement of cash flow). For details on financial attachments to include as part of the Application, follow instructions in the Application document.

17. **Financial Accountability 2 C.F.R. Part 200**

Selected awardees will be expected to have a functioning accounting system that provides for each of the following:

- Accurate, current, and complete disclosure of the financial results of each federally sponsored project;
- Records that identify adequately the source and Application of funds for federally sponsored activities;

- Effective control over and accountability for all funds, property, and other assets;
- Comparison of outlays with budget amounts;
- Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the use of the funds for program purposes;
- Written procedures for determining the reasonableness, allocability, and allowability of costs; and
- Accounting records, including cost accounting records, which are supported by source documentation.

18. Program Income

Program income includes any amount of a security or utility deposit returned to the Subrecipient. Program income received during the contract period must be applied as match. Program income received by the Subrecipient during the two years following the end of the contract period must be returned to the Department. Except for income received from the sale of an Emergency Shelter during the use restriction period, income received by the Subrecipient two years after the end of the contract period is not program income.

19. Compliance with Fair Housing and Civil Rights in ESG Programs

ESG Subrecipients must comply with all applicable fair housing and civil rights requirements in 24 CFR 5.105(a), including, but not limited to, the Fair Housing Act; Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Title II and Title III of the American With Disabilities Act of 1990; Executive Order 13166 – Improving Access to Persons with Limited English Proficiency, the Equal Access to Housing Rule in HUD Programs Regardless of Sexual Orientation or Gender Identity,the Architectural Act of 1968, and the Age Discrimination Act of 1975.

- **Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity**. On February 3, 2012 HUD revised its program regulations (77 FR 5662) to ensure that individuals and families have access to HUD assisted and insured housing programs, regardless of sexual orientation, gender identity, or marital status.. Applicants are encouraged to become familiar with this rule.

  Under the Equal Access Rule, ESG Subrecipients are not allowed to limit ESG assistance to only women and children, regardless of whether or not the Subrecipient is a Domestic Violence or Faith-Based provider. HUD has clarified that while it is acceptable for a shelter or housing program to limit assistance to households with minor children, it may not limit assistance to only women with children. To be in compliance with the Equal Access Rule, a shelter/program serving only households with minor children must also serve the following family types, should they present: 1) single male head of household with minor child(ren); and 2) any household made up of two or more adults, regardless of sexual orientation, marital status, or gender identity, presenting with minor child(ren). ESG-funded emergency shelters serving families with children are also prohibited from denying assistance to or separating members of a family with children based on gender or age. Gender separation is only acceptable in ESG-funded single-sex shelter environments which only serve individuals.

- **Economic Opportunities for Low and Very-Low Income and Homeless Persons (Section 3) - 24 C.F.R. §576.407(a)**

To the extent that any housing assistance funded through this NOFA is used for housing rehabilitation or housing construction or other public construction, then it is subject to Section 3 of the Housing and Urban Development Act of 1968, and the implementing regulations at 24 C.F.R. Part 135.

Section 3 requires that employment, training, and contracting opportunities generated by certain HUD financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons.

The requirements in 24 C.F.R. Part 5, subpart A are applicable, including the nondiscrimination and equal opportunity requirements at 24 C.F.R. §5.105(a). Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. § 1701u, and implementing regulations at 24 C.F.R. Part 135 apply, except that homeless individuals have priority over other Section 3 residents in accordance with 24 C.F.R. §576.405(c).

- **Affirmative Outreach - 24 C.F.R. §576.407(b)**
  Subrecipient must make known that use of the facilities, assistance, and services are available to all on a nondiscriminatory basis and must take appropriate steps to ensure effective communication with persons with disabilities. Affirmative outreach activities may include: (a) marketing programs to groups living in or receiving services in your service area that are under-represented as shown by your program data, (b) creating partnerships with community based agencies or non-profits that work with underrepresented and non-majority groups in your service area, and (c) translating documents advertising assistance, services and contact information into other languages prevalent in the community. Subrecipients must follow the requirements outlined in 24 C.F.R. §576.407(b).

- **Improving Access to Services for Persons with Limited English Proficiency (LEP) - 24 C.F.R. §576.407(b)**
  Executive Order 13166 seeks to improve access to federally assisted programs and activities for individuals who, as a result of national origin, are limited in their English proficiency. Organizations obtaining ESG funds shall take reasonable steps to ensure meaningful access to their programs and activities by individuals with limited English proficiency, regardless of the language spoken. Meaningful access may entail providing language assistance services, including oral and written translation, where necessary. Subrecipients must follow the requirements outlined in 24 C.F.R. §576.407(b). HUD published Final Guidance to Federal Financial Assistance Requirements Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons in the Federal Register on January 22, 2007 (72 F.R. 2732).

Appendix A: Website and Best Practice References

- Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH ACT)
  http://www.hudhre.info/documents/S896_HEARTHAct.pdf

- Interim ESG Regulations: 24 C.F.R. Part 576
  http://www.hudhre.info/documents/HEARTH_ESGInterimRule&ConPlanConformingAmendments.pdf

- HEARTH Homeless Definition Final Rule: 24 C.F.R. Parts 91, 582 and 583
  http://www.hudhre.info/documents/HEARTH_HomelessDefinition_FinalRule.pdf

- Texas Administrative Code
  - Administrative Policies and Procedures for TDHCA
    http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=1
  - General Provisions for Community Affairs Program
    http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=5&sch=A&rl=Y
  - ESG Rules
    http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=5&sch=K&rl=Y
  - Community Affairs Compliance Monitoring Rules
    http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=5&sch=L&rl=Y

- Texas Continuum of Care Contact List
  http://www.tdhca.state.tx.us/community-affairs/esgp/docs/CoC-HMIS-ContactList.doc

Best Practices Resources

- Solutions and Best Practices to Ending Homelessness
  http://www.endhomelessness.org/pages/solutions

- The Solutions Database
  http://usich.gov/usich_resources/solutions/

- Federal Strategic Plan to Prevent and End Homelessness
  http://www.usich.gov/PDF/OpeningDoors_2010_FSPPreventEndHomeless.pdf

- Pathways Home: A Framework to Address Homelessness in Texas.
  http://www.tdhca.state.tx.us/tich/pathways-home.htm

- What Gets Measured, Gets Done: A Toolkit on Performance Measurement for Ending Homelessness
  http://www.endhomelessness.org/content/article/detail/2039