

MEMORANDUM

TO: Regional Steering Committee on Homelessness and Housing

FROM: HomeBase

RE: FESG in California: What's on the forefront?

DATE: February 18, 2011

The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (“HEARTH”) reauthorized and modified the McKinney-Vento Homeless Assistance Act of 1987, including the Emergency Shelter Grant program. HEARTH changed the name of the program to the Emergency Solutions Grant program and amended some of the key eligible activities of the program. HEARTH has not been implemented yet, but communities are preparing for the transition. This memorandum summarizes the changes to the ESG program at the Federal level. The memorandum also lays out the current process for distributing the State of California’s ESG funds, which may be affected by the HEARTH amendment or other proposed legislation.

Emergency Solutions Grant Program: Getting Ready for the New ESG

This summary of key changes to the ESG program was adapted from PowerPoint presentation of same title from HUD’s HMIS/HEARTH Conferences. Full presentation is available at: <http://www.hudhre.info/hearth/index.cfm?do=viewESGMaterials>

Key Changes:

1. Allocation Process

- ESG allocation formula is the same
 - Based on CDBG allocation formula
 - Allocates funds to States and Insular Areas and 1,166 metro cities/urban counties
 - .05% grant minimum applies to metro cities and urban counties
- Number of ESG recipients will not significantly change
 - Allocation will increase from \$160 million to \$200 million

2. Cap on Funding for Eligible Activities

- New ESG Eliminates Caps on Eligible Activities Under Old ESG
 - 30% essential services cap
 - 30% homelessness prevention
 - 10% on staff salaries under operations

- New Cap on Shelter/Street Outreach Activities
 - Higher of: 60% of annual ESG grant amount (FY 2011 and beyond) or “Hold Harmless Need” (HHN) amount spent on shelter/street outreach activities in base year

3. Changes in Eligible Activities Under New ESG

- Explicitly includes essential services related to street outreach
- Adds rapid re-housing (RRH)
- Revises homelessness prevention (HP)
- Increases administration cap from 5% to 7.5% – Sharing of administrative funds by States remains

RRH and HP Eligible Activities

- Housing relocation & stabilization services:
 - Search, mediation or outreach to property owners, legal services, credit repair, providing security or utility deposits, utility payments, rental assistance for final month at location, assistance with moving costs
 - Other activities that are effective at—
 - (A) stabilizing individuals and families in their current housing; or
 - (B) quickly moving such individuals and families to other permanent housing
- Short- and medium-term rental assistance
 - Tenant-based
 - Project-based

4. Administration. Grantees Will Still Need To:

- Apply through Consolidated Plan/Annual Action Plan
- Drawdown funds through Integrated Disbursement and Information System (IDIS)

5. Coordination

ESG Coordination Requirements with CoCs

- ESG grantees must consult with applicable CoCs on allocation of funds to carry out ESG eligible activities
- Grantees must participate in any applicable community-wide HMIS
 - Participation means collecting client-level data
 - HMIS costs already eligible under administration, operating, essential services

CoC Coordination with ESG Grantees

- Evaluate outcomes for projects funded by ESG
- Analyze patterns of use of ESG funds
- Participate in Consolidated Plan for geographic area served by CoC

Discussion Questions:

1. What will coordination with ESG mean for your CoC? What resources or information would be helpful to smooth that process?
2. How will ESG coordination work best for communities with direct allocations? How would ESG coordination work best for communities to received ESG through the state allocation?

Themes Being Considered in New ESG Regulation Development

- Streamline program administration
- Reorganize requirements to make regulation more intuitive and user-friendly
- Remove cross-references to McKinney-Vento; state requirements clearly
- Clarify areas of ambiguity in old ESG requirements
- Resolve problems with old ESG regulations and build upon the lessons learned in administering old ESG
- Build from HUD’s experience in developing and administering HPRP (where authorizing language of the two programs is either similar or does not conflict)
- Closely align the new ESG with the new CoC program, to the extent feasible, to foster better understanding of the two programs’ requirements and facilitate better coordination and efficient use of resources
- Closely align the requirements of ESG with other formula programs or rental assistance programs at HUD, to the extent feasible and beneficial, in order to:
 - Build from HUD’s experience in developing and administering those programs
 - Facilitate understanding of ESG requirements
 - Increase efficiency and coordination among the different programs

2010 Federal Emergency Shelter Grants (FESG) Process in California

The last California FESG NOFA was released on April 22, 2010. Below is a short summary of how that NOFA distributed funding and allowed it to be used.

PROGRAM PURPOSE:

To fund emergency shelters, services, and transitional housing for homeless individuals and families through 1-2 year grants for the following eligible activities:

- Operations (e.g., facility maintenance)
- Homeless prevention (e.g., rent and utility assistance).
- Essential services addressing the root causes of homelessness and the immediate needs of homeless individuals and families (e.g., transportation, life skills, legal aid, counseling)
- Supervisory shelter administration (i.e., supervising shelter operations staff)—up to 10% of total grant
- Grant administration (limited to 1% of the total grant amount)
- Renovation and rehabilitation funds technically are available up to \$20,000, but California’s Department of Housing and Community Development (HCD) discourages using FESG

funds for these activities. Applicants encouraged to apply for these funds through California’s Emergency Housing and Assistance Program Capital Development (EHAPCD) program¹

ELIGIBLE APPLICANTS

- Local government agencies and nonprofit organizations in eligible communities that do not receive shelter funds (i.e., Emergency Shelter Grant) directly from the U.S. Department of Housing and Urban Development (HUD).
- Local nonprofit shelter and service organizations may also receive funds as service providers working in cooperation with local government agency applicants.

ELIGIBLE FACILITIES

- Emergency shelters
- Transitional Housing

Note: Offices used for homeless prevention activities must be located in an eligible facility

Applicants are funded through a competitive process in which the highest scoring projects within each category (i.e., new projects, Northern California region) are funded.

TOTAL CALIFORNIA FUNDS: \$6,643,642 (excludes 4% deducted for HCD grant administration)

Within the following set-asides, FESG funds will be awarded to eligible organizations in descending rank order for the eligible amount requested in an eligible application until the remaining funds in each set-aside are insufficient to fully fund the next highest ranked application. Applications may be partially funded if set-asides or federal funding limits are reached.

	TOTAL AMT. AVAILABLE	GRANT AMOUNTS (MIN. & MAX.)	SPECIAL NOTE
NEW PROGRAMS	Up to \$332,182	<u>1 yr:</u> \$30,000 (min.) - \$100,000 (max.) <u>2 yr:</u> \$60,000 (min.) - \$200,000 (max.)	Operating for less than 2 years and have received neither FESG, nor EHAP funds in previous 2 funding rounds
EXISTING PROGRAMS	N. Cal region: Approx. 33% \$2,192,401 S. Cal. Region: Approx. \$1,594,474 Rural County Allocation:		Experience requirement: organization must have provided FESG activities continuously each day throughout the prior 12 months (or season for seasonal shelter providers only)

¹ Please see the California Department of Housing and Community Development website for details:
<http://www.hcd.ca.gov/fa/ehap/ehapcd.html>

	Approx. 19% \$1,262,292 General Allocation: Approx. 15% \$996,546		
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APPLICANT RATING CRITERIA:

RATING CATEGORY*	MAXIMUM POINTS	% OF POINTS
Applicant Capability	300	38%
Need for Funds	100	13%
Impact & Effectiveness	250	32%
Cost Efficiency	100	13%
State Objectives (Serving chronically homeless and specified under-serve counties)	35	4%
TOTAL	785	100%

*See April 22, 2010 NOFA pages 25-28 for individual rating factors for each category

Special note concerning State Objectives: Projects that serve the following underserved counties will receive State Objective Points – Del Norte, Siskiyou, Modoc, Lassen, Plumas, Sierra, Lake, Alpine, Mono, Inyo, Mariposa, San Benito