

**Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act):
Big Changes on the Forefront**

Emergency Solutions Grant (ESG) (formerly Emergency Shelter Grant)

Issue	What's Changed?	RSC Position (if any)	Key Concerns
Appropriations	Funding was increased from 15% of McKinney-Vento appropriations to 20% (so long as there is no effect on existing grant renewals).		
Allocation	In areas that served by Collaborative Applicant(s) (Continuums of Care), allocation of the ESG funds should be done in consultation with the Collaborative Applicant(s).		
Eligible Uses	The eligible uses for ESG funding were expanded to include: <ul style="list-style-type: none"> ▪ Additional services that can be provided in shelter or part of street outreach. ▪ Expanded homelessness prevention activities to include short- and medium-term rental assistance, housing relocation/stabilization, housing search, legal services, and other forms of prevention assistance. 		
Funding Caps	The 30% cap on prevention activities and 10% cap on staff were both eliminated. Instead, there was a cap placed on shelter/street outreach activities equal to the greater of 60% of the grant total or the amount previously utilized for shelter/street outreach.	In the past, RSC has asserted that there should be no cap on the portion of funds that a locality may use to fund homelessness prevention or emergency shelter in order to maximize each	

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		community's ability to meet its needs.	
HMIS	ESG Program recipients will ensure the consistent HMIS participation by emergency shelters, and homeless prevention and rehousing programs.		
Administrative Costs	The amount of the ESG funding that can be used for administrative costs has been increased from 5% to 7.5% of the grant amount.		

Discussion Questions

- (1) Will these changes have an impact upon your community's ability to support emergency shelter activities?
- (2) Does your community currently enter emergency shelter and/or prevention services into HMIS? Are you prepared to?
- (3) The changes to the ESG program lay the foundation for the continuation of the provision of HPRP services beyond the ARRA funding limits. Does your community anticipate challenges in the pending transition from ARRA-funded prevention/rapid re-housing to McKinney-funded prevention/rapid re-housing?

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