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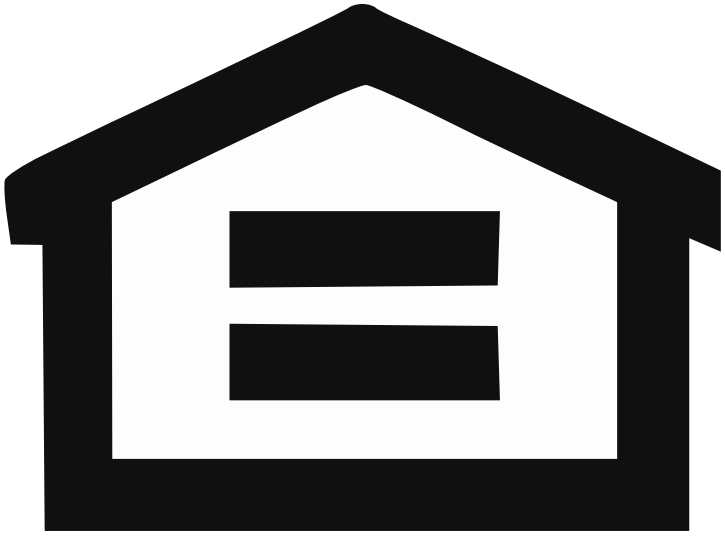
THE SOUTH CAROLINA
DEPARTMENT of ADMINISTRATION

EMERGENCY SOLUTIONS GRANTS PROGRAM HANDBOOK

(REVISED October 2026)



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ESG Certifications

The Office of Economic Opportunity (OEO), under the Emergency Solutions Grants (ESG) Program certifies that it will ensure that Subrecipients of ESG funds comply with the following requirements:

(1) If an emergency shelter's rehabilitation costs exceed seventy-five percent (75%) of the value of the building before rehabilitation, the Subrecipient will maintain the building as a shelter for homeless individuals and families for a minimum of ten (10) years after the date the building is first occupied by a homeless individual or family after the completed rehabilitation;

(2) If the cost to convert a building into an emergency shelter exceeds seventy-five percent (75%) of the value of the building after conversion, the Subrecipient will maintain the building as a shelter for homeless individuals and families for a minimum of ten (10) years after the date the building is first occupied by a homeless individual or family after the completed conversion;

(3) In all other cases where ESG funds are used for renovation, the Subrecipient will maintain the building as a shelter for homeless individuals and families for a minimum of three (3) years after the date the building is first occupied by a homeless individual or family after the completed renovation;

(4) In the case of assistance involving shelter operations or essential services related to street outreach or emergency shelter, the Subrecipient will provide services or shelter to homeless individuals and families for the period during which the ESG assistance is provided, without regard to a particular site or structure, so long as the Subrecipient serves the same type of persons (e.g., families with children, unaccompanied youth, disabled individuals, or victims of domestic violence) in the same geographic area;

(5) Any renovation carried out with ESG assistance shall be sufficient to ensure that the building involved is safe and sanitary;

(6) The Subrecipient will assist homeless individuals in obtaining permanent housing, appropriate supportive services (including medical and mental health treatment, victim services, counseling, supervision, and other services essential for achieving independent living), and other Federal, State, local, and private assistance available for these individuals;

(7) The Subrecipient will obtain matching amounts required under 24 CFR 576.201; 2 CFR 200.306.

(8) The Subrecipient has established and is implementing procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted under the ESG program, including protection against the release of the address or location of any family violence shelter project, except with the written authorization of the person responsible for the operation of that shelter;

(9) To the maximum extent practicable, the Subrecipient will involve, through employment, volunteer services, or otherwise, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under the ESG program, in providing services assisted under the program, and in providing services for occupants of facilities assisted under the program;

(10) All activities the Subrecipient undertakes with assistance under ESG are consistent with the State's consolidated plan; and

(11) The Subrecipient will establish and implement, to the maximum extent practicable and where appropriate, policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health-care facilities, mental health facilities, foster care or other youth facilities, or correction programs and institutions) to prevent this discharge from immediately resulting in homelessness for these persons.

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Preface (Discussion of Consultation)

In compliance with 24 CFR 91.110(e), the State consulted with each Continuum of Care within the state determining how to allocate its Emergency Solutions Grants (ESG) program for eligible activities; developing the performance standards for, and evaluating the outcomes of, projects and activities assisted by ESG funds; and developing funding, policies, and procedures for the operation and administration of the HMIS. The State will provide a form whereby each individual applicant can briefly describe its written standards for the activities for which it applies, the performance standards set forth in Section 427 for selection criteria of the HEARTH Act will be utilized, and the Continuum of Care will continue to be required to endorse applicants from within its area in an effort to ensure compliance with its participation and HMIS requirements.

I. DEFINITIONS

At risk of homelessness. -24 CFR 576.2

(1) An individual or family who:

(i) Has an annual income below 30 percent of median family income for the area, as determined by HUD;

(ii) Does not have sufficient resources or support networks, *e.g.,* family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the "Homeless" definition in this section; and

(iii) Meets one of the following conditions:

(A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;

(B) Is living in the home of another because of economic hardship;

(C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days of the date of application for assistance;

(D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;

(E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons, or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;

(F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;

(2) A child or youth who does not qualify as "homeless" under this section, but qualifies as "homeless" under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(m) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as "homeless" under this section, but qualifies as "homeless" under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

Consolidated plan (24 CFR 576.2) means a plan prepared in accordance with 24 CFR part 91. An *approved consolidated* plan means a consolidated plan that has been approved by HUD in accordance with 24 CFR part 91.

Continuum of Care (24 CFR 576.2) means the group composed of representatives of relevant organizations, which generally includes nonprofit homeless providers; victim service providers; faith-based organizations; governments; businesses; advocates; public housing agencies; school districts; social service providers; mental health agencies; hospitals; universities; affordable housing developers; law enforcement; organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons that are organized to plan for and provide, as necessary, a system of outreach, engagement, and assessment; emergency shelter; rapid re-housing; transitional housing; permanent housing; and prevention strategies to address the various needs of homeless persons and persons at risk of homelessness for a specific geographic area.

Emergency shelter (24 CFR 576.2) means any facility, the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements. Any project funded as an emergency shelter under a Fiscal Year 2010 Emergency Solutions grant may continue to be funded under ESG.

Homeless (24 CFR 576.2)

(1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

(i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

(ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

(iii) An individual who is exiting an institution where he or she 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;

(2) An individual or family who will imminently lose their primary nighttime residence, provided that:

(i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

(ii) No subsequent residence has been identified; and

(iii) The individual or family lacks the resources or support networks, *e.g.,* family, friends, faith-based or other social networks, needed to obtain other permanent housing;

(3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

(i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of

2008 (7 U.S.C. 2012), section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

(ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

(iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and

(iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

(4) Any individual or family who:

(i) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

(ii) Has no other residence; and

(iii) Lacks the resources or support networks, *e.g.,* family, friends, faith-based or other social networks, to obtain other permanent housing.

Chronically homeless (24 CFR 578.3)

(1) A "homeless individual with a disability," as defined in section 401(9) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11360(9)), who:

(i) Lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and

(ii) Has been homeless and living as described in paragraph (1)(i) of this definition continuously for at least 12 months or on at least 4 separate occasions in the last 3 years, as long as the combined occasions equal at least 12 months and each break in homelessness separating the occasions included at least 7 consecutive nights of not

living as described in paragraph (1)(i). Stays in institutional care facilities for fewer than 90 days will not constitute as a break in homelessness, but rather such stays are included in the 12-month total, as long as the individual was living or residing in a place not meant for human habitation, a safe haven, or an emergency shelter immediately before entering the institutional care facility;

(2) An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or

(3) A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) or (2) of this definition, including a family whose composition has fluctuated while the head of household has been homeless.

Homeless Management Information System (HMIS) (24 CFR 578.3) means the information system designated by the Continuum of Care to comply with the HMIS requirements prescribed by HUD.
Live-in aide is a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who: is determined to be essential to the care and well-being of the persons, is not obligated for the support of the persons, and would not be living in the unit except to provide the necessary supportive services. (24 CFR § 5.403)

Metropolitan city means a city that was classified as a metropolitan city under 42 U.S.C. 5302(a) for the fiscal year immediately preceding the fiscal year for which ESG funds are made available.

Private nonprofit organization means a private nonprofit organization that is a secular or religious organization described in section 501(c) of the Internal Revenue Code of 1986 and which is exempt from taxation under subtitle A of the Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance. A private nonprofit organization does not include a governmental organization, such as a public housing agency or housing finance agency.

Program income shall have the meaning provided in 2 CFR § 200.307.

Program participant means an individual or family who is assisted under the ESG program.

Program year means the consolidated program year established by the State under 24 CFR part 91. The State defined program year begins July 1 and ends on June 30 of the following year.

Request for reimbursement (RFR) is the document a Subrecipient must complete and submit to OEO for payment. Supporting documents of expenditures and proof the payment left the Subrecipients banking system must be attached to the RFR and submitted for processing. Incomplete RFRs will result in a delay of payment. Only complete RFRs will be paid.

State means State of South Carolina. The State is also a recipient that is approved by HUD to assume financial responsibility and enter into a grant agreement with HUD to administer assistance under this part.

Subrecipient means a unit of general-purpose local government or private nonprofit organization to which the State makes available ESG funds.

Unit of general-purpose local government means any city, county, town, township, parish, village, or other general purpose political subdivision of a State.

Urban County means a county that was classified as an urban county under 42 U.S.C. 5302(a) for the fiscal year immediately preceding the fiscal year for which ESG funds are made available.

Victim service provider means a private nonprofit organization whose primary mission is to provide services to victims of domestic violence, dating violence, sexual assault, or stalking. This term includes rape crisis centers, battered women's shelters, domestic violence transitional housing programs, and other programs. (24 CFR § 576.2)

* Position Titles vs. Class Titles
Position Titles are utilized by Department of Administration Human Resources in documentation such as performance reviews, Organizational charts, etc. OEO uses staff class titles/job codes in lieu of the position titles throughout its policies and procedures including but not limited to this OEO ESG Procedures. In the instance of ESG staff, Program Coordinator class title/job code is known as Grants Administrator position title; Program Manager class title/job code is known as Senior Grants Manager position title.

II. PROGRAM DESCRIPTION

Purpose

The ESG program is authorized by subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371–11378) as amended by the HEARTH Act. The program authorizes the Department of Housing and Urban Development (HUD) to make grants to States, units of general-purpose local government, and territories for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain expenses related to operating emergency shelters, for essential services related to emergency shelters and street outreach for the homeless, and for homelessness prevention and rapid re-housing assistance. (24 CFR 576.1)

The purpose of this handbook is to provide guidance to Subrecipients of the ESG Program in South Carolina. Every effort has been made to ensure the accuracy of the material in this handbook. If any discrepancy exists between the language in this manual and in any applicable statute, regulation, or policy issuance, please contact OEO for clarification. This handbook establishes general and uniform standards for grant compliance. This handbook, in conjunction with each grant application, grant agreement, budget and/or all relevant federal and state statutes and regulations will apply to the ESG Program.

All Subrecipients are required to adhere to the guidance set forth in this handbook in conjunction with all federal, state, and local regulations as it relates to the ESG Program and executed grant agreement. Subrecipients shall also refer to the Uniform Administrative Requirements, Cost and Audit Requirements for Federal Awards, which is codified at 2 CFR Part 200.

Eligible Entities & Application Submission Requirements

Eligible applicants include all private nonprofit organizations who already provide ESG services or ESG related services to the homeless and those at risk of becoming homeless. The ESG Program is intended to be a supplemental grant for an entity's program and is not intended to be the sole source of funding for the program. For profit organizations and units of local government are not eligible to apply. All applicants must also submit supporting documentation to meet the eligibility requirements listed below:

a) Be a 501(c)(3) organization;
b) Obtain certification of approval (Letter of Support) from unit of general-purpose local government (i.e. county or city) for the geographical area in which those activities will be carried out (emergency shelter only);
c) Applicant must already be providing ESG services or ESG related services (this grant is not intended to begin or establish an ESG program);
d) Be registered with the System for Award Management (SAM). The applicant's SAM registration is required to be maintained, kept active and in good standing for the duration of the grant agreement. Additionally, each applicant must have and maintain a unique entity identifier (UEI), as defined at 2 C.F.R. §25.315. The entity name registered to the UEI on SAM.gov must match the name of the entity on the application.
e) Have written policies and procedures (fiscal, program, human resources).
f) For applicants meeting the $1,000,000 federal funds expenditure threshold, the applicant must be compliant with 2 C.F.R. §200.512, and a copy of the entity's single audit report must be provided. For applicants that do not meet this $1,000,000 threshold, a copy of the applicant's audited or compiled financial statements must be provided. If the applicant has not had its financial statements audited or compiled by a certified public accountant (CPA), it must certify that it will have its financial statements audited or compiled by a CPA the next fiscal year and provide a copy of the current unaudited financial statements.
g) Not owe federal debt.
h) Not be debarred or suspended at the federal or state level.
i) Must be an active member or currently pursuing membership in its local COC and participate in the coordinated entry system. The applicant's local COC must submit a letter or endorsement directly to the ESG program manager.
j) Provide matching contributions equal to 100 percent of the amount awarded should the applicant be successful. Contributions identified as match for the ESG Program must not be used as match for any other grant, program or award. Failure to identify match contributions equal to the amount requested in the application or submit the required certification for such contributions to be used as match will immediately render the applicant ineligible. All match contributions must be compliant with 2 C.F.R. §200.306 – Cost sharing or matching and 24

C.F.R. §576.201 – Matching requirement. Examples of allowable match funds include donations of cash, buildings or materials and services contributed by volunteers.

Applications for ESG program funds must be prepared in accordance with the instructions provided in the Notice of Funding Availability (NOFA) and in conjunction with requirements set forth in this handbook. The contents of the application should be concise and objective. When statistics are cited, the source of the data must be completely referenced.

The maximum amount an applicant may apply for are as follows:

- $100,000 for emergency shelter and street outreach activities.
- $250,000 for homelessness prevention and rapid re-housing.

The OEO must receive an original unbound or electronic application. Upon receipt of an application, OEO will email a notice of receipt to the applicant's contact listed on the application. If your organization does not receive confirmation of receipt from OEO, please contact our office.

If using US Postal Services, UPS, Fed Ex, other Courier service, or hand delivery, send the ESG application and supporting documents to:

The Office of Economic Opportunity
1205 Pendleton Street, Suite 362
Columbia, SC 29201

Late applications will not be reviewed. Each applicant will be informed of their application status once the application reviews are complete. All program and application information are subject to change should HUD provide additional guidance on the ESG program. **Faxes are not an optional form of application submission.**

Any questions regarding the ESG program should be directed to the ESG Senior Program Manager for OEO, at (803) 734-2454.

Method of Distribution/Available Funding

The Office of Economic Opportunity (OEO) will administer the ESG program. To ensure coverage throughout the State of South Carolina, applicants will first be sorted by the regional Continuum of Care where they are members or pursuing membership and ranked against those applicants falling within that region, which is as follows:

- SC Upstate Continuum of Care: Abbeville, Anderson, Cherokee, Edgefield, Greenville, Greenwood, Laurens, McCormick, Oconee, Pickens, Saluda, Spartanburg and Union.

- Total Care for the Homeless Coalition (TCHC): Chesterfield, Clarendon, Darlington, Dillon, Florence, Georgetown, Horry, Kershaw, Lee, Marion, Marlboro, Sumter and Williamsburg.

- Midlands Area Consortium for the Homeless (MACH): Aiken, Allendale, Bamberg, Barnwell, Calhoun, Chester, Fairfield, Lancaster, Lexington, Newberry, Orangeburg, Richland and York.

- Lowcountry Continuum of Care: Beaufort, Berkley, Charleston, Colleton, Dorchester, Hampton and Jasper.

Performance Standards

The Subrecipient will utilize the performance standards set forth in the selection criteria as outlined in Section 427 of the HEARTH Act, The HEARTH Act Section 427 includes, but is not limited to the following criteria:

- The length of time individuals and families remain homeless.
- The extent to which individuals and families who leave homelessness experience additional spells of homelessness.
- The thoroughness of Subrecipients in the geographic area in reaching homeless individuals and families.
- Overall reduction in the number of homeless individuals and families.
- Jobs and income growth for homeless individuals and families.
- Success at reducing the number of individuals and families who become homeless.

Prohibition of Discharge Planning

Pursuant to the McKinney-Vento Act, to the maximum extent practicable, persons discharged from publicly funded institutions or systems of care should not be discharged into homelessness, including the streets, shelter, or to HUD McKinney-Vento funded homeless projects. ESG-funded shelters are prohibited from assisting with the discharge of a person(s) from any system of care (i.e. prisons, jails, hospitals, substance abuse treatment centers, foster care) that will immediately result in homelessness. Should discharge planning not be successful and an individual leaving institutional care after 90 days, Subrecipients may serve the individuals with ESG funds. (HUD Institutional Stays and COC and ESG Eligibility)

Prohibition Against Involuntary Family Separation

The age of a child under age 18 must not be used as a basis for denying a family's admission to an emergency shelter that receives ESG funding or services and provides shelter to families with children under age 18. All ESG-funded shelters that either provide shelter to families or women and their children must do so regardless of the age of the child. The family unit must be accepted, inclusive of children under the age of 18.

Prohibition Against Program Income

ESG Subrecipients are prohibited from keeping program income and using the funds for other uses not related to the ESG program. The State requires that all program income earned in a program year must be properly documented and recorded and reported to the State. Subrecipients may use program income as match in the program year the program income was earned. Supporting documents of the program income earned must be submitted to the State as part of the RFR package.

Matching Requirement 24 CFR §576.201

Subrecipients must make matching contributions to supplement the ESG program equal to the amount of ESG funds awarded by OEO and subsequently provide supporting documentation of matching contributions as ESG funds are expended. All matching funds must be spent in the program year of which the match was made and be eligible ESG expenditures. To be recognized as match for ESG, each contribution must meet the requirements under 2 CFR 200.306, except that:

(1) Notwithstanding 2 CFR 200.306(b)(4), matching contributions are not subject to the expenditure limits in 24 CFR 576.100; and
(2) Notwithstanding 2 CFR 200.306(b)(5), the Subrecipient may use funds from another federal program as match for ESG, unless doing so would violate a specific statutory prohibition or the Subrecipient counts ESG funds as match for that program.

2 CFR 200.306(b) states that for all federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following:

(1) Are verifiable from the non-Federal entity's records;
(2) Are not included as contributions for any other Federal award;
(3) Are necessary and reasonable for accomplishment of project or program objectives;
(4) Are allowable under Subpart E- Cost Principles of this Part;
(5) Are not paid by Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
(6) Are provided for in the approved budget when required by the Federal awarding agency; and
(7) Conform to other provisions of this Part, as applicable.

All records pertaining to resources used as match for ESG must be made maintained and made available to OEO upon request. More specifically, Subrecipients must keep records of the source and use of contributions made to satisfy the matching requirement in 24 CFR 576.201. The records must indicate the particular fiscal year grant for which each matching contribution is counted. The records must show how the value placed on third-party, noncash contributions was derived. To the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocation of regular personnel costs. (24 CFR 576.500(o). Subrecipients are required to submit the Match Report to OEO at least once quarterly and may be submitted as often as monthly and/or until the match requirement is met.

Cash donations must show the source of the donation (checks, notice from funding source, etc.) and the bank statement showing where the donation entered the Subrecipients bank account.

See below for examples (not limited to items listed) of documentation for third party, noncash contributions.

Volunteer hours:

Sign in-sign out sheet of volunteer(s) that lists time frame worked, and task performed. Along with this sheet, we will need the pay rate assigned to the task being performed. For example:

Volunteer Name	Date	Time In	Time Out	Tasks Performed
Alice Goodworks	*8/5/26*	*9:00AM*	*12:00PM*	*Packed food boxes*

Packing Food boxes=$7.25 per hour as this is considered general labor-used federal minimum wage as South Carolina does not have its own state-specific minimum wage law.

The allowable amount for match would be $21.75 (three hours of labor multiplied by the per hour rate).

Non-cash donation:

A list of the donated item(s), quantity received, and value of the item. For example:

Donated Item	Quantity	Value per item	Total value
Socks	*15 pair*	*$2*	*$30*
Bottled Waters	*24 pack*	*$21.40*	*$21.40*

Subrecipients are required to submit the final match and supporting documentation to OEO by the close of the business day (5:00p.m.) August 15 of that program year. The first and final match must be endorsed by the Executive Director and Board Chairperson. The deposits and expenditures must not exceed the June 30 program period.

Means of Carrying Out Grant Activities

Subrecipients can only carry out all eligible activities through their employees, or procurement contracts, A Subrecipient of the State is not allowed to subgrant ESG funds. Subrecipients must make contracts pertaining to ESG activities available to OEO during the application process, monitoring and/or upon request.

Obligation, Expenditure, and Payment Requirements

Obligation of funds

All projects must begin within two (2) months of the date OEO makes the funds available to the applicant. If the program has not started within two (2) months of the award date, without written and justifiable cause, OEO reserves the right to rescind the grant award. In addition, Subrecipients must provide OEO with written notification of closure within fifteen (15) days prior to actual closure. The State reserves the right to recapture ESG funds under the following circumstances:

1. Those who do not meet the performance requirements outlined in the approved project;
2. Those who are unable to comply with the regulatory deadlines on obligation and disbursement as outlined at 24 CFR Part 576.55(a) (2); and
3. Those who otherwise, without appropriate justification, have failed to implement the project as set forth in their approved ESG Grant Application.

Expenditures
The grant period for ESG projects is one year; effective on the date the State makes funds available to the Subrecipient.

Subrecipients are required to submit a Request for Reimbursement (RFR) at least quarterly or as often as monthly. The Subrecipient's grant must be expended for eligible activity costs by the end of the grant agreement (refer to the grant agreement for the specific date). For the purposes of this paragraph, expenditure means either an actual cash disbursement for a direct charge for a good or service or an indirect cost or the accrual of a direct charge for a good or service or an indirect cost**.**

Payments to Subrecipients.
Disbursement of funds will follow a cost reimbursement procedure and will be for actual funds expended.
The grant period is July 1, and end June 30, of the following year.
Request for Reimbursements must include the following:

- Correctly completed RFR excel sheet that is sent to the Subrecipient at the beginning of the grant period.
- Copies of invoices and evidence of payment for the eligible costs for which reimbursement is being sought.
- Evidence of payment can include canceled check copies and/or bank statements. The general ledger is NOT considered evidence of payment for ESG expenditures. Additionally, when bank statements are submitted as evidence of payment, there should be sufficient notation of which items are relevant to the request.
- When program participant services costs are requested i.e. financial assistance for rent, the Subrecipient must provide a copy of the applicable documents from the participant files to support the eligible expenditures. This documentation must have the program partcipant's PII redacted and replaced with the proper HMIS number (or Comparable Database Number for domestic service providers).
- Subrecipients are required to submit a data quality framework report with each RFR so program participation and data can be monitored throughout the duration of the program year. The data range for the reporting should be reflective of the time frame of the RFR. A final data quality framework report should be provided at the end of the grant period (July 1-June 30) to support the number of program participants that were assisted with ESG funds and show if the Subrecipient met their reported goal as listed in the Suprecipient's budget.
- OEO will review the submitted RFR for eligibility and completeness. A percentage of each RFR submitted will be reviewed on the following basis.

- 100% for all new agencies to the ESG program and include those returning agencies who did not receive funding the previous program year.
- 50% for returning agencies who had/have problematic submissions (lack of support, ineligible claims, and/or multiple requests for documents).
- 25% for returning agencies who have little to no issue with prior/current submissions.
- The percentages can change at the discretion of OEO.

Subrecipients are required to submit the final request for reimbursement and supporting documentation to OEO by the close of the business day (5:00p.m.) August 15 of that program year. The first and final RFR must be endorsed by the Executive Director and Board Chairperson. The expenditures must not exceed the June 30 program period.

Reallocation

OEO reserves the right to reallocate ESG program funds as provided for in the federal regulations governing the program in order to ensure that the funds provide the maximum benefit to South Carolina's homeless population. Funding (grant award) reallocations will be made based on the Recipient's determination of the best use of available funds. The Recipient will consider the amount of available funds, Subrecipient programmatic performance, Subrecipient expenditure levels, and strategic programmatic needs in reallocating available funds.

III. ESG COMPONENTS

ESG is composed of five program components, Street Outreach, Emergency Shelter, Rapid Re-housing, Homeless Prevention, and HMIS. Subrecipients may utilize ESG funds for the component(s) they are awarded through the grant agreement. The five program components and the eligible activities that may be funded under each are set forth in 24 CFR 576.101 through 576.107. Subrecipients are required to develop standard policies and procedures as it pertains to the component(s) they have been awarded by OEO.

Subject to the cost principles in the OEO Fiscal Guidance and Procedural Manual and other requirements in this part, employee compensation and other overhead costs directly related to carrying out street outreach, emergency shelter, homelessness prevention, rapid re-housing, and HMIS are eligible costs of those program components. These costs are not administrative costs.

For the components of Street Outreach, Emergency Shelter, and Rapid re-housing, HUD requires that the program participants eligibility be determined based upon the HUD definition of homeless. For the component of Homeless Prevention, HUD requires that the program participants eligibility be determined based upon the HUD definition of at risk of homelessness. There are three ways to obtain evidence of homelessness (1) third party documentation; (2) intake worker observations; (3) self-certification of the program participant. See section "Recordkeeping and reporting requirements" of this handbook for full detail. 24 CFR 576.500

Street Outreach Component (24 CFR 576.101)

Subject to the expenditure limit in 24 CFR 576.100(b), ESG funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility. For the purposes of this section, the term ''unsheltered homeless people'' means individuals and families who qualify as homeless under 24 CFR 576.2 (1)(i). The eligible costs and requirements for essential services of this component consist of:

1) **Engagement.**
   The costs of activities to locate, identify, and build relationships with unsheltered homeless people and engage them for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs. These activities consist of making an initial assessment of needs and eligibility; providing crisis counseling; addressing urgent physical needs, such as providing meals, blankets, clothes, or toiletries; and actively connecting and providing information and referrals to programs targeted to homeless people and mainstream social services and housing programs, including emergency shelter, transitional housing, community-based services, permanent supportive housing, and rapid re-housing programs. Eligible costs include the cell phone costs of outreach workers during the performance of these activities.

2) **Case management**.
   The cost of assessing housing and service needs, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant. Eligible services and activities are as follows: using the centralized or coordinated assessment system as required under 24 CFR § 576.400(d); conducting the initial evaluation required under 24 CFR § 576.401(a), including verifying and documenting eligibility; counseling; developing, securing and coordinating services; obtaining Federal, State, and local benefits; monitoring and evaluating program participant progress; providing information and referrals to other providers; and developing an individualized housing and service plan, including planning a path to permanent housing stability.

3) Emergency health services.
- Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered homeless people are living.
- ESG funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area.
- Eligible treatment consists of assessing a program participant's health problems and developing a treatment plan; assisting program participants to understand their health needs; providing directly or assisting program participants to obtain appropriate emergency medical treatment; and providing medication and follow-up services.

4) **Emergency mental health services**.

- Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living.
- ESG funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the community.
- Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances.
- Eligible treatment consists of crisis interventions, the prescription of psychotropic medications, explanation about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.

5) Transportation.

The transportation costs of travel by outreach workers, social workers, medical professionals, or other service providers are eligible, provided that this travel takes place during the provision of services eligible under this section. The costs of transporting unsheltered people to emergency shelters or other service facilities are also eligible. These costs include the following:

- The cost of a program participant's travel on public transportation;
- If service workers use their own vehicles, mileage allowance for service workers to visit program participants;
- The cost of leasing a vehicle for the Subrecipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes and maintenance for the vehicle; and
- The travel costs of Subrecipient staff to accompany or assist program participants to use public transportation.

6) Services for special populations.

ESG funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs (1) through (5) above. The term victim services means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking.

All Subrecipients of ESG funds must provide services to homeless individuals and families for at least the period during which ESG funds are provided.

The Subrecipient must ensure that data on all persons served and all activities assisted under ESG are entered into the applicable community wide HMIS in 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.

If a program participant violates program requirements, the Subrecipient may terminate the assistance in accordance with a formal process established by the Subrecipient that recognizes the rights of individuals affected. The Subrecipient must exercise judgment and examine all extenuating circumstances in

determining when violations warrant termination so that a program participant's assistance is terminated only in the most severe cases. See **Terminating Assistance** section of this handbook.(24 CFR 576.402)

Emergency Shelter Component (24 CFR § 576.102)

The maintenance of effort requirements under 24 CFR 576.101(c), which apply to the use of ESG funds for essential services related to street outreach, also apply for the use of such funds for essential services related to emergency shelter.

Subject to the expenditure limit in 24 CFR § 576.100(b), ESG funds may be used for costs of providing essential services to homeless families and individuals in emergency shelters, renovating buildings to be used as emergency shelter for homeless families and individuals, and operating emergency shelters. ESG funds may be used to provide essential services to individuals and families who are in an emergency shelter, as follows:

1) **Case management.**
   The cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant is eligible. Component services and activities consist of:
   a) Using the centralized or coordinated assessment system as required under 24 CFR 576.400(d);
   b) Conducting the initial evaluation required under 24 CFR 576.401(a), including verifying and documenting eligibility;
   c) Counseling;
   d) Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
   e) Monitoring and evaluating program participant progress;
   f) Providing information and referrals to other providers;
   g) Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking; and
   h) Developing an individualized housing and service plan, including planning a path to permanent housing stability.

2) **Child care**.
   The costs of child care for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities, are eligible. The children must be under the age of 13 unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the State in which it operates for its costs to be eligible.

3) **Education services**.
   When necessary for the program participant to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in

consumer education, health education, substance abuse prevention, literacy, English as a Second Language, and General Educational Development (GED). Component services or activities are screening, assessment, and testing; individual or group instruction; tutoring; provision of books, supplies and instructional material; counseling; and referral to community resources.

4) **Employment assistance and job training**.
The costs of employment assistance and job training programs are eligible, including classroom, online, and/or computer instruction; on-the-job instruction; and services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential. The cost of providing reasonable stipends to program participants in employment assistance and job training programs is an eligible cost. Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates. Services that assist individuals in securing employment consist of employment screening, assessment, or testing; structured job skills and job-seeking skills; special training and tutoring, including literacy training and prevocational training; books and instructional material; counseling or job coaching; and referral to community resources.

5) **Outpatient health services**.
Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals. ESG funds may be used only for these services to the extent that other appropriate health services are unavailable within the community. Eligible treatment consists of assessing a program participant's health problems and developing a treatment plan; assisting program participants to understand their health needs; providing directly or assisting program participants to obtain appropriate medical treatment, preventive medical care, and health maintenance services, including emergency medical services; providing medication and follow-up services; and providing preventive and non-cosmetic dental care.

6) **Legal services**.
   a) Eligible costs are the hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association of the State in which the services are provided, and by person(s) under the supervision of the licensed attorney, regarding matters that interfere with the program participant's ability to obtain and retain housing.
   b) ESG funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community.
   c) Eligible subject matters are child support, guardianship, paternity, emancipation, and legal separation, orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking, appeal of veterans and public benefit claim denials, and the resolution of outstanding criminal warrants.
   d) Component services or activities may include participant intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling.
   e) Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the Subrecipient is a legal services provider and performs the services itself, the eligible costs are the Subrecipient's employees' salaries and other costs necessary to perform the services.
   f) Legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are ineligible costs.

7) **Life skills training**.
The costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, substance use, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently in the community. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation, and parenting.

8) Mental health services.
a) Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions.
b) ESG funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community.
c) Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or symptom management.
d) Eligible treatment consists of crisis interventions; individual, family, or group therapy sessions; the prescription of psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.

9) Substance abuse treatment services.
a) Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals.
b) ESG funds may only be used for these services to the extent that other appropriate substance abuse treatment services are unavailable or inaccessible within the community.
c) Eligible treatment consists of participant intake and assessment, and outpatient treatment for up to 30 days. Group and individual counseling and drug testing are eligible costs. Inpatient detoxification and other inpatient drug or alcohol treatment are not eligible costs.

10) **Transportation**.
Eligible costs consist of the transportation costs of a program participant's travel to and from medical care, employment, childcare, or other eligible essential services facilities. These costs include the following:

a) The cost of a program participant's travel on public transportation;
b) If service workers use their own vehicles, mileage allowance for service workers to visit program participants;
c) The cost of leasing a vehicle for the Subrecipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes, and maintenance for the vehicle; and
d) The travel costs of Subrecipient staff to accompany or assist program participants to use public transportation.

11) **Services for special populations**.

ESG funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs (a)(1)(i) through(a)(1)(x) of this section. The term victim services means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking.

a) **Shelter operations.** Eligible costs are the costs of general maintenance (including minor or routine repairs, to fix and maintain machines, mechanical equipment, and buildings; paint, minor repairs to flooring, and work on plumbing, electrical, and air-conditioning and heating systems.), rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter. Where no appropriate emergency shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individual.
   Assistance required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Eligible costs are the costs of providing URA assistance under 24 CFR 576.408, including relocation payments and other assistance to persons displaced by a project assisted with ESG funds. Persons that receive URA assistance are not considered ''program participants'' for the purposes of this part, and relocation payments and other URA assistance are not considered ''rental assistance'' or ''housing relocation and stabilization services'' for the purposes of this part.

b) **Essential services and shelter operations.** Where the Subrecipient uses ESG funds solely for essential services or shelter operations, the Subrecipient must provide services or shelter to homeless individuals and families at least for the period during which the ESG funds are provided. The Subrecipient does not need to limit these services or shelter to a particular site or structure, so long as the site or structure serves the same type of persons originally served with the assistance (e.g., families with children, unaccompanied youth, disabled individuals, or victims of domestic violence) or serves homeless persons in the same area where the Subrecipient originally provided the services or shelter.

The Subrecipient must ensure that data on all persons served and all activities assisted under ESG are entered into the applicable community wide HMIS in 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.

If a program participant violates program requirements, the Subrecipient may terminate the assistance in accordance with a formal process established by the Subrecipient that recognizes the rights of individuals affected. The Subrecipient must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination so that a program participant's assistance is terminated only in the most severe cases. See **Terminating Assistance** section of this handbook.(24 CFR 576.402)

Shelter Standards (24 CFR 576.403)

Lead-based paint remediation and disclosure. The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821–4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42U.S.C. 4851–4856), and implementing regulations in 24 CFR part 35, subparts A, B, H, J, K, M, and R apply to all shelters assisted under ESG program and all housing occupied by program participants.

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
Lead Warning Statement

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not managed properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, lessors must disclose the presence of known lead-based paint and/or lead-based paint hazards in the dwelling. Participants must also receive a federally approved pamphlet on lead poisoning prevention.

Subrecipients must certify, to the best of their knowledge, that the information they have provided is true and accurate by ensuring that each participant endorses a lead-based paint disclosure form; and that the form is placed in each participant's file.

(a) Minimum standards for emergency shelters. Any building for which ESG funds are used for conversion, major rehabilitation, or other renovation, must meet state or local government safety and sanitation standards, as applicable, and the following minimum safety, sanitation, and privacy standards. Any emergency shelter that receives assistance for shelter operations must also meet the following minimum safety, sanitation, and privacy standards. The subrecipient may also establish standards that exceed or add to these minimum standards.

(1) *Structure and materials*. The shelter building must be structurally sound to protect residents from the elements and not pose any threat to health and safety of the residents. Any renovation (including major rehabilitation and conversion) carried out with ESG assistance must use Energy Star and Water Sense products and appliances.

(2) *Access*. The shelter must be accessible in accordance with Section 504 of the Rehabilitation Act (29 U.S.C. 794) and implementing regulations at 24 CFR part 8; the Fair Housing Act (42 U.S.C. 3601 *et seq.*) and implementing regulations at 24 CFR part 100; and Title II of the Americans with Disabilities Act (42 U.S.C. 12131 *et seq.*) and 28 CFR part 35; where applicable.

(3) *Space and security.* Except where the shelter is intended for day use only, the shelter must provide each program participant in the shelter with an acceptable place to sleep and adequate space and security for themselves and their belongings.

(4) *Interior air quality*. Each room or space within the shelter must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents.

(5) *Water supply*. The shelter's water supply must be free of contamination.

(6) *Sanitary facilities.* Each program participant in the shelter must have access to sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste.

(7) *Thermal environment*. The shelter must have any necessary heating/cooling facilities in proper operating condition.

(8) *Illumination and electricity*. The shelter must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the shelter.

(9) *Food preparation*. Food preparation areas, if any, must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.

(10) *Sanitary conditions*. The shelter must be maintained in a sanitary condition.

(11) *Fire safety*. There must be at least one working smoke detector in each occupied unit of the shelter. Where possible, smoke detectors must be located near sleeping areas. The fire alarm system must be designed for hearing-impaired residents. All public areas of the shelter must have at least one working smoke detector. There must also be a second means of exiting the building in the event of fire or other emergency.

(b) Health and fire inspections. Facilities that receive funding from state, county or city must follow the regulatory duties or requirements of that entity to safeguard children in care in places other than their homes. (Title 63-South Carolina Children's Code, section 63-13-80 (A). … The inspection of the health and fire safety of childcare centers and group childcare homes must be completed upon the request of the department by the appropriate agencies (i.e., Department of Health and Environmental Control, the Office of the State Fire Marshal, or local authorities)

Rapid Re-Housing Assistance Component (24 CFR 576.104)

ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. This assistance, referred to as rapid re-housing assistance, may be provided to program participants who meet the criteria under paragraph (1) of the ''homeless'' definition in 24 CFR 576.2 or who meet the criteria under paragraph (4) of the ''homeless'' definition and live in an emergency shelter or other place described in paragraph (1) of the ''homeless'' definition. The rapid re-housing assistance must be provided in accordance with the housing relocation and stabilization services requirements in 24 CFR 576.105, the short- and medium-term rental assistance requirements in 24 CFR 576.106, and the written standards and procedures established under 24 CFR 576.400.

Housing Relocation and Stabilization Services (24 CFR 576.105)

Note: This applies to both the Homelessness Prevention and Rapid Re-Housing Assistance Components of ESG.

(a) **Financial assistance costs.** Subject to the general conditions under 24 CFR 576.103 and 576.104, ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs:

(1) ***Rental application fees.***
ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.

(2) ***Security deposits.***
ESG funds may pay for a security deposit that is equal to no more than 2 months' rent.

(3) ***Last month's rent.***
If necessary to obtain housing for a program participant, the last month's rent may be paid from ESG funds to the owner of that housing at the time the owner is paid the security deposit and the 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.

(4) ***Utility deposits.***
ESG funds may pay for a standard utility deposit required by the utility company for all customers for the utilities listed in paragraph (5) of this section.

(5) **Utility payments.**
ESG funds may pay for up to 24 months of utility payments 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 his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No program participant shall receive more than 24 months of utility assistance within any 3-year period.

(6) **Moving costs.**
ESG funds may pay for moving costs, such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance under paragraph (b) of this section and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.

(b) **Services costs.**
Subject to the general restrictions under 24 CFR 576.103 and 576.104, ESG funds may be used to pay the costs of providing the following services:

(1) ***Housing search and placement.*** Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:
- (i) Assessment of housing barriers, needs, and preferences;
- (ii) Development of an action plan for locating housing;
- (iii) Housing search;
- (iv) Outreach to and negotiation with owners;
- (v) Assistance with submitting rental applications and understanding leases;
- (vi) Assessment of housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness;
- (vii) Assistance with obtaining utilities and making moving arrangements; and
- (viii) Tenant counseling.

(2) ***Housing stability case management.***
ESG funds may be used to pay cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing. Component services and activities consist of:

(i) Using the centralized or coordinated assessment system as required under 24 CFR 576.400(d), to evaluate individuals and families applying for or receiving homelessness prevention or rapid re-housing assistance;
(ii) Conducting the initial evaluation required under 24 CFR 576.401(a), including verifying and documenting eligibility, for individuals and families applying for homelessness prevention or rapid re-housing assistance;
(iii) Counseling;
(iv) Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
(v) Monitoring and evaluating program participant progress;
(vi) Providing information and referrals to other providers;
(vii) Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
(viii) Conducting re-evaluations required under 24 CFR 576.401(b).

(3) **Mediation.**
ESG funds may pay for mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides.

(4) **Legal services**.
ESG funds may pay for legal services, as set forth in 24 CFR 576.102(a)(1)(vi), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides.

(5) **Credit repair.**
ESG funds may pay for credit counseling and other services necessary to assist program 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.

(c) **Maximum amounts and periods of assistance.** The Subrecipient may set a maximum dollar amount that a program participant may receive for each type of financial assistance under paragraph (a) of this section. However, except for housing stability case management, the total period for which any program participant may receive the services under paragraph (b) of this section must not exceed 24 months during any 3-year period. The limits on the assistance under this section apply to the total assistance an individual receives, either as an individual or as part of a family.

(d) **Use with other subsidies.** Financial assistance under paragraph (a) of this section cannot be provided to a program participant who is receiving the same type of assistance through other public sources or to a program participant who has been provided with replacement housing payments under the URA, during the period of time covered by the URA payments.

Short-term and medium-term rental assistance (24 CFR 576.106)

(a) **General provisions.**
Subject to the general conditions under 24 CFR 576.103 and 576.104, the Subrecipient may provide a program participant with up to 24 months of rental assistance during any 3-year period. This assistance may be short-term rental assistance, medium-term rental assistance, payment of rental arrears, or any combination of this assistance.

(1) Short-term rental assistance is assistance for up to 3 months of rent.
(2) Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.
(3) 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.
(4) Rental assistance may be tenant-based or project-based, as set forth in paragraphs (h) and (i) of this section.

(b) **Discretion to set caps and conditions.**
Subject to the requirements of this section, the Subrecipient may set a maximum amount or percentage of rental assistance that a program participant may receive a maximum number of months that a program participant may receive rental assistance, or a maximum number of times that a program participant may receive rental assistance. The Subrecipient may also require program participants to share in the costs of rent.

(c) **Use with other subsidies**.
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 program 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 program participant who has been provided with replacement housing payments under the URA during the period of time covered by the URA payments.

(d) **Rent restrictions.**
(1) Rental assistance cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888, and complies with HUD's standard of rent reasonableness, as established under 24 CFR 982.507.
(2) For purposes of calculating rent under this section, the 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 utilities, the monthly allowance for utilities (excluding telephone) established by the public housing authority for the area in which the housing is located.

(e) **Rental assistance agreement.**
The Subrecipient may make rental assistance payments only to an owner with whom the Subrecipient has entered into a rental assistance agreement. The rental assistance agreement must set forth the terms under which rental assistance will be provided, including the requirements that apply under this section. The rental assistance agreement must provide that, during the term of the agreement, the owner must give the Subrecipient a copy of any notice to the program participant to vacate the housing unit, or any complaint used under state or local law to commence an eviction action against the program participant.

(f) **Late payments.**
The Subrecipient must make timely payments to each owner in accordance with the rental assistance agreement. The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease. The Subrecipient is solely responsible for paying late payment penalties that it incurs with non-ESG funds.

(g) **Lease.**
Each program participant receiving rental assistance must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the owner and the program participant. Where the assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the program participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks. For program participants living in housing with project-based rental assistance under paragraph (i) of this section, the lease must have an initial term of one year.

(h) **Tenant-based rental assistance.**
(1) A program participant who receives tenant-based rental assistance may select a housing unit in which to live and may move to another unit or building and continue to receive rental assistance, as long as the program participant continues to meet the program requirements.
(2) The Subrecipient may require that all program participants live within a particular area for the period in which the rental assistance is provided.
(3) The rental assistance agreement with the owner must terminate and no further rental assistance payments under that agreement may be made if:
    (i) The program participant moves out of the housing unit for which the program participant has a lease;
    (ii) The lease terminates and is not renewed; or
    (iii) The program participant becomes ineligible to receive ESG rental assistance.

(i) **Project-based rental assistance.** If the Subrecipient identifies a permanent housing unit that meets ESG requirements and becomes available before a program participant is identified to lease the unit, the 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:
(1) 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'') may only be occupied by program participants, except as provided under paragraph (i)(4) of this section.
(2) The Subrecipient may pay up to 100 percent of the first month's rent, provided that a program 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 program participant moves into the unit must not exceed the rent to be charged under the program participant's lease and must be included when determining that program participant's total rental assistance.
(3) The Subrecipient may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a program participant. When a program participant moves out

of an assisted unit, the Subrecipient may pay the next month's rent, i.e., the first month's rent for a new program participant, as provided in paragraph (i) (2) of this section.

(4) The program participant's lease must not condition the term of occupancy to the provision of rental assistance payments. If the program participant is determined ineligible or reaches the maximum number of months over which rental assistance can be provided, the Subrecipient 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 Subrecipient may resume payments if 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.

(5) The rental assistance agreement must have an initial term of one year. When a new program participant moves into an assisted unit, the term of the rental assistance agreement may be extended to cover the initial term of the program participant's lease. If the program 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 program participant remains eligible. However, under no circumstances may the Subrecipient commit ESG funds to be expended beyond the expenditure deadline in 24 CFR 576.203 or commit funds for a future ESG grant before the grant is awarded.

(j) **Changes in household composition.** The limits on the assistance under this section apply to the total assistance an individual receives, either as an individual or as part of a family.

(k) **Minimum standards for permanent housing.**

The Subrecipient cannot use ESG funds to help a program participant remain or move into housing that does not meet the minimum habitability standards provided in this paragraph (c). The Subrecipient may also establish standards that exceed or add to these minimum standards. See also 24 CFR 576.403(b) and 24 CFR 576.500(j).

(1) *Structure and materials*. The structures must be structurally sound to protect residents from the elements and not pose any threat to the health and safety of the residents.

(2) *Space and security.* Each resident must be provided adequate space and security for themselves and their belongings. Each resident must be provided an acceptable place to sleep.

(3) *Interior air quality*. Each room or space must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents.

(4) *Water supply*. The water supply must be free from contamination.

(5) *Sanitary facilities*. Residents must have access to sufficient sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste.

(6) *Thermal environment*. The housing must have any necessary heating/cooling facilities in proper operating condition.

(7) *Illumination and electricity*. The structure must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the structure.

(8) *Food preparation.* All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.

(9) *Sanitary conditions*. The housing must be maintained in a sanitary condition.

(10) *Fire safety*

i. There must be a second means of exiting the building in the event of fire or other emergency.

ii. Each unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing impaired persons, smoke detectors must have an alarm system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person.

iii. The public areas of all housing must be equipped with a sufficient number, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.

Health and fire inspections.
Facilities that receive funding from state, county or city must follow the regulatory duties or requirements of that entity to safeguard children in care in places other than their homes. (Title 63-South Carolina Children's Code, section 63-13-80 (A). … The inspection of the health and fire safety of childcare centers and group childcare homes must be completed upon the request of the department by the appropriate agencies (i.e., Department of Health and Environmental Control, the Office of the State Fire Marshal, or local authorities)

The Subrecipient must ensure that data on all persons served and all activities assisted under ESG are entered into the applicable community wide HMIS in 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.

If a program participant violates program requirements, the Subrecipient may terminate the assistance in accordance with a formal process established by the Subrecipient that recognizes the rights of individuals affected. The Subrecipient must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination so that a program participant's assistance is terminated only in the most severe cases. See **Terminating Assistance** section of this handbook.(24 CFR 576.402)

Homelessness Prevention Component (24 CFR 576.103)

ESG funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place described in paragraph (1) of the ''homeless'' definition in 24 CFR 576.2. This assistance, referred to as homelessness prevention, may be provided to individuals and families who meet the criteria under the ''at risk of homelessness'' definition, or who meet the criteria in the ''homeless'' definition at 24 CFR 576.2 and have an annual income below 30 percent of median family income for the area, as determined by HUD. The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in the program participant's current permanent housing or move into other permanent housing and achieve stability in

that housing. Homelessness prevention must be provided in accordance with the housing relocation and stabilization services requirements in 24 CFR 576.105, the short-term and medium-term rental assistance requirements in 24 CFR 576.106, and the written standards and procedures established under 24 CFR 576.400. See Rapid Re-housing for eligible **Housing Relocation and Stabilization Services.**

(l) **Minimum standards for permanent housing.**
The Subrecipient cannot use ESG funds to help a program participant remain or move into housing that does not meet the minimum habitability standards provided in this paragraph (c). The Subrecipient may also establish standards that exceed or add to these minimum standards. See also 24 CFR 576.403(b) and 24 CFR 576.500(j).

(11) *Structure and materials*. The structures must be structurally sound to protect residents from the elements and not pose any threat to the health and safety of the residents.
(12) *Space and security*. Each resident must be provided adequate space and security for themselves and their belongings. Each resident must be provided an acceptable place to sleep.
(13) *Interior air quality*. Each room or space must have a natural or mechanical means of ventilation. The interior air must be free of pollutants at a level that might threaten or harm the health of residents.
(14) *Water supply*. The water supply must be free from contamination.
(15) *Sanitary facilities*. Residents must have access to sufficient sanitary facilities that are in proper operating condition, are private, and are adequate for personal cleanliness and the disposal of human waste.
(16) *Thermal environment*. The housing must have any necessary heating/cooling facilities in proper operating condition.
(17) *Illumination and electricity*. The structure must have adequate natural or artificial illumination to permit normal indoor activities and support health and safety. There must be sufficient electrical sources to permit the safe use of electrical appliances in the structure.
(18) *Food preparation*. All food preparation areas must contain suitable space and equipment to store, prepare, and serve food in a safe and sanitary manner.
(19) *Sanitary conditions*. The housing must be maintained in a sanitary condition.
(20) *Fire safety*
   i. There must be a second means of exiting the building in the event of fire or other emergency.
   ii. Each unit must include at least one battery-operated or hard-wired smoke detector, in proper working condition, on each occupied level of the unit. Smoke detectors must be located, to the extent practicable, in a hallway adjacent to a bedroom. If the unit is occupied by hearing impaired persons, smoke detectors must have an alarm system designed for hearing-impaired persons in each bedroom occupied by a hearing-impaired person.
   iii. The public areas of all housing must be equipped with a sufficient number, but not less than one for each area, of battery-operated or hard-wired smoke detectors. Public areas include, but are not limited to, laundry rooms, community rooms, day care centers, hallways, stairwells, and other common areas.

Health and fire inspections.
Facilities that receive funding from state, county or city must follow the regulatory duties or requirements of that entity to safeguard children in care in places other than their homes. (Title 63-South Carolina Children's Code, section 63-13-80 (A). … The inspection of the health and fire safety of

childcare centers and group childcare homes must be completed upon the request of the department by the appropriate agencies (i.e., Department of Health and Environmental Control, the Office of the State Fire Marshal, or local authorities)

The Subrecipient must ensure that data on all persons served, and all activities assisted under ESG are entered into the applicable community wide HMIS in 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.

If a program participant violates program requirements, the Subrecipient may terminate the assistance in accordance with a formal process established by the Subrecipient that recognizes the rights of individuals affected. The Subrecipient must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination so that a program participant's assistance is terminated only in the most severe cases. See **Terminating Assistance** section of this handbook. (24 CFR 576.402)

HMIS Component (24 CFR 576.107)

(a) **Eligible costs.**
  (1) The Subrecipient may use ESG funds to pay the costs of contributing data to the HMIS designated by the Continuum of Care for the area, including the costs of:
    (i) Purchasing or leasing computer hardware;
    (ii) Purchasing software or software licenses;
    (iii) Purchasing or leasing equipment, including telephones, fax machines, and furniture;
    (iv) Obtaining technical support;
    (v) Leasing office space;
    (vi) Paying charges for electricity, gas, water, phone service, and high-speed data transmission necessary to operate or contribute data to the HMIS;
    (vii) Paying salaries for operating HMIS, including:
      (A) Completing data entry;
      (B) Monitoring and reviewing data quality;
      (C) Completing data analysis;
      (D) Reporting to the HMIS Lead;
      (E) Training staff on using the HMIS or comparable database; and
      (F) Implementing and complying with HMIS requirements;
    (viii) Paying costs of staff to travel to and attend HUD-sponsored and HUD approved training on HMIS and programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act;
    (ix) Paying staff travel costs to conduct intake; and
    (x) Paying participation fees charged by the HMIS Lead, if the Subrecipient is not the HMIS Lead. The HMIS Lead is the entity designated by the Continuum of Care to operate the area's HMIS.
  (2) If the Subrecipient is the HMIS lead agency, as designated by the Continuum of Care in the most recent fiscal year Continuum of Care Homeless Assistance Grants Competition, it may also use ESG funds to pay the costs of:
    (i) Hosting and maintaining HMIS software or data;
    (ii) Backing up, recovering, or repairing HMIS software or data;

(iii) Upgrading, customizing, and enhancing the HMIS;
(iv) Integrating and warehousing data, including development of a data warehouse for use in aggregating data from Subrecipients using multiple software systems;
(v) Administering the system;
(vi) Reporting to providers, the Continuum of Care, and HUD; and
(vii) Conducting training on using the system or a comparable database, including traveling to the training.

(3) If the Subrecipient is a victim services provider or a legal services provider, it may use ESG funds to establish and operate a comparable database that collects participant-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 or provided to an HMIS.

(b) **General restrictions.** Activities funded under this section must comply with HUD's standards on participation, data collection, and reporting under a local HMIS.

IV. Program Requirements & Grant Administration

Indirect Costs (24 CFR 576.109)

OEO requires that all applicants of ESG funds state in the application whether it will charge indirect costs for the program year. ESG funds may be used to pay indirect costs in accordance with 2 CFR part 200, subpart E. Indirect costs may be allocated to each eligible activity under 24 CFR 576.101 through 576.108, so long as that allocation is consistent with 2 CFR part 200, subpart E. The indirect costs charged to an activity subject to an expenditure limit under 24 CFR 576.100 must be added to the direct costs charged for that activity when determining the total costs subject to the expenditure limit.

The entity's approved federally negotiated indirect cost rate agreement must be submitted to OEO. If an entity does not have an approved federally negotiated indirect cost rate agreement, the entity may elect to charge a de minimis rate of ten percent (15%) of modified total direct costs. The entity also has the option of negotiating an indirect cost rate, refer to 2 CFR 200, Appendix IV.

All Subrecipients must refer to the OEO Fiscal Guidance and Procedural Manual regarding the single audit requirements. If the entity is not required to obtain a single audit, the entity must submit its financial statements to OEO.

Area-wide systems coordination requirements (24 CFR 576.400)

(a) **Consultation with Continuums of Care.**
The State must consult with each Continuum of Care that serves the State in determining how to allocate ESG funds each program year; developing the performance standards for, and evaluating the outcomes of, projects and activities assisted by ESG funds; and developing funding, policies, and procedures for the administration and operation of the HMIS.

TCHC (Total Care for the Homeless Coalition)
(843) 213-1798, or 1-844-705-0316
Lowcountry Homeless Coalition
(843)-203-2744
MACH (Midlands Area Consortium for the Homeless)
(803)-733-5421
Upstate Continuum of Care
(864)-241-0462

(b) **Coordination with other targeted homeless services.**

The recipient and its 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. These programs include:

(1) Shelter Plus Care Program (24 CFR part 582);

(2) Supportive Housing Program (24 CFR part 583);

(3) Section 8 Moderate Rehabilitation Program for Single Room Occupancy Program for Homeless Individuals (24 CFR part 882);

(4) HUD—Veterans Affairs Supportive Housing (HUD-VASH) (division K, title II, Consolidated Appropriations Act, 2008, Pub. L. 110-161 (2007), 73 FR 25026 (May 6, 2008));

(5) Education for Homeless Children and Youth Grants for State and Local Activities (title VII-B of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 *et seq.*));

(6) Grants for the Benefit of Homeless Individuals (section 506 of the Public Health Services Act (42 U.S.C. 290aa-5));

(7) Healthcare for the Homeless (42 CFR part 51c);

(8) Programs for Runaway and Homeless Youth (Runaway and Homeless Youth Act (42 U.S.C. 5701 *et seq.*));

(9) Projects for Assistance in Transition from Homelessness (part C of title V of the Public Health Service Act (42 U.S.C. 290cc-21 *et seq.*));

(10) Services in Supportive Housing Grants (section 520A of the Public Health Service Act);

(11) Emergency Food and Shelter Program (title III of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11331 *et seq.*));

(12) Transitional Housing Assistance Grants for Victims of Sexual Assault, Domestic Violence, Dating Violence, and Stalking Program (section 40299 of the Violent Crime Control and Law Enforcement Act (42 U.S.C. 13975));

(13) Homeless Veterans Reintegration Program (section 5(a)(1)) of the Homeless Veterans Comprehensive Assistance Act (38 U.S.C. 2021);

(14) Domiciliary Care for Homeless Veterans Program (38 U.S.C. 2043);

(15) VA Homeless Providers Grant and Per Diem Program (38 CFR part 61);

(16) Health Care for Homeless Veterans Program (38 U.S.C. 2031);

(17) Homeless Veterans Dental Program (38 U.S.C. 2062);

(18) Supportive Services for Veteran Families Program (38 CFR part 62); and

(19) Veteran Justice Outreach Initiative (38 U.S.C. 2031).

(c) **System and program coordination with mainstream resources.**
The Subrecipient 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. Examples of these programs include

(1) Public housing programs assisted under section 9 of the U.S. Housing Act of 1937 (42 U.S.C. 1437g) (24 CFR parts 905, 968, and 990);
(2) Housing programs receiving tenant-based or project-based assistance under section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f) (respectively 24 CFR parts 982 and 983);
(3) Supportive Housing for Persons with Disabilities (Section 811) (24 CFR part 891);
(4) HOME Investment Partnerships Program (24 CFR part 92);
(5) Temporary Assistance for Needy Families (TANF) (45 CFR parts 260–265);
(6) Health Center Program (42 CFR part 51c);
(7) State Children's Health Insurance Program (42 CFR part 457):
(8) Head Start (45 CFR chapter XIII, subchapter B);

(9) Mental Health and Substance Abuse Block Grants (45 CFR part 96); and
(10) Services funded under the Workforce Investment Act (29 U.S.C. 2801 *et seq.*).

(d) **Centralized or coordinated assessment.**
Once the Continuum of Care has developed a centralized assessment system or a coordinated assessment system in accordance with requirements to be established by HUD, each ESG-funded program or project within the Continuum of Care's area must use that assessment system. The Subrecipient must work with the Continuum of Care to ensure the screening, assessment and referral of program participants are consistent with the written standards required by paragraph (e) of this section.
A victim service provider may choose not to use the Continuum of Care's centralized or coordinated assessment system576.400(d) Should the victim service provider not use the COC centralized or coordinated assessment system, they must develop a system that utilizes their local COC's prioritization and meets HUD requirements for coordinated assessment system. They must also be able to demonstrate the four distinct elements of the assessment and referral processes (assessment, scoring, prioritization, and determining eligibility). [CPD-17-01 I(A)(B)(C), II (A)] [FY2026 HMIS Comparable Database Manual-Coordinated Entry (CE)]

(e) **Written standards for providing ESG assistance.**
The Subrecipient must establish and consistently apply written standards for providing ESG assistance. At a minimum these written standards must include:
(1) Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG;
(2) Standards for targeting and providing essential services related to street outreach;
(3) 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;
(4) Policies and procedures for assessing, prioritizing, and reassessing individuals' and families' needs for essential services related to emergency shelter;
(5) 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 (see 24 CFR 576.400(b) and (c) for a list of programs with which ESG-funded activities must be coordinated and integrated to the maximum extent practicable);
(6) Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance;
(7) Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance;
(8) 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
(9) Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide 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 receive assistance; or the maximum number of times the program participant may receive assistance.

Participation in HMIS. The Subrecipient must ensure that data on all persons served and all activities assisted under ESG are entered into the applicable community wide HMIS in 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. If the Subrecipient is a victim service provider or a legal services provider, it must use a comparable database that collects participant-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 or provided to an HMIS. Subgrantee organizations will be required to submit monthly data quality reports to ensure compliance with this provision.

Evaluation of Program Participant Eligibility and Needs (24 CFR 576.401)

(a) **Evaluations.** The Subrecipient 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 in permanent housing. These evaluations must be conducted in accordance with the centralized or coordinated assessment requirements set forth under 24 CFR 576.400(d) and the written standards established under 24 CFR 576.400(e).

(b) **Re-evaluations for homelessness prevention and rapid re-housing assistance.**
   (1) The Subrecipient must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs not less than once every 3 months for program participants receiving homelessness prevention assistance, and not less than once annually for program participants receiving rapid re-housing assistance. At a minimum, each re-evaluation of eligibility must establish that:
      (i) The program participant does not have an annual income that exceeds 30 percent of median family income for the area, as determined by HUD; and
      (ii) The program participant lacks sufficient resources and support networks necessary to retain housing without ESG assistance.
   (2) The Subrecipient may require each program participant receiving homelessness prevention or rapid re-housing assistance to notify the Subrecipient regarding changes in the program participant's income or other circumstances (e.g., changes in household composition) that affect the program participant's need for assistance under ESG. When notified of a relevant change, the Subrecipient must re-evaluate the program participant's eligibility and the amount and types of assistance the program participant needs.

(c) **Annual income.** When determining the annual income of an individual or family, the must use the standard for calculating annual income under 24 CFR 5.609 as follows:

   a. **Annual income means** all amounts, monetary or not, which:
      (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
      (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and

(3) Which are not specifically excluded in paragraph (c) of this section.
(4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

b. Annual income includes, but is not limited to:

(1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
(2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
(4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);
(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);
(6) Welfare assistance payments.
    (i) Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income only to the extent such payments:
        (A) Qualify as assistance under the TANF program definition at 45 CFR 260.31; and
        (B) Are not otherwise excluded under paragraph (c) of this section.
    (ii) If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
        (A) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
        (B) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;
(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).
(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, financial assistance does not include loan proceeds for the purpose of determining income.

c. Annual income does <u>not</u> include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;
(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);
(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);
(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
(5) Income of a live-in aide, as defined at 24 CFR 5.403;
(6) Subject to paragraph (b)(9) of this section, the full amount of student financial assistance paid directly to the student or to the educational institution;
(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
(8) (i-v)
   i. Amounts received under training programs funded by HUD;
   ii. Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
   iii. Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
   iv. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time;
   v. Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident

management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of $480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of $480 per adopted child;

(13) [Reserved]

(14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

(15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;

(16) Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

d. Annualization of income. If it is not feasible to anticipate a level of income over a 12-month period (e.g., seasonal, or cyclic income), or the Subrecipient believes that past income is the best available indicator of expected future income, the Subrecipient may annualize the income anticipated for a shorter period, subject to a redetermination at the end of the shorter period.

(d) **Connecting program participants to mainstream and other resources.** The Subrecipient must assist each program participant, as needed, to obtain:

(1) Appropriate supportive services, including assistance in obtaining permanent housing, medical health treatment, mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

(2) Other Federal, State, local, and private assistance available to assist the program participant in obtaining housing stability, including:

(iii) Medicaid (42 CFR chapter IV, subchapter C):

(iv) Supplemental Nutrition Assistance Program (7 CFR parts 271–283);

(v) Women, Infants and Children (WIC) (7 CFR part 246);

(vi) Federal-State Unemployment Insurance Program (20 CFR parts 601–603, 606, 609, 614–617, 625, 640, 650);

(vii) Social Security Disability Insurance (SSDI) (20 CFR part 404);

(viii) Supplemental Security Income (SSI) (20 CFR part 416);

(ix) Child and Adult Care Food Program (42 U.S.C. 1766(t) (7 CFR part 226));

(x) Other assistance available under the programs listed in 24 CFR 576.400(c).

(e) Housing stability case management.

(1) While providing homelessness prevention or rapid re-housing assistance to a program participant, the Subrecipient must:
    (i) Require the program participant to meet with a case manager not less than once per month to assist the program participant in ensuring long-term housing stability; and
    (ii) Develop a plan to assist the program participant to retain permanent housing after the ESG assistance ends, considering all relevant considerations, such as the program participant's current or expected income and expenses; other public or private assistance for which the program participant will be eligible and likely to receive; and the relative affordability of available housing in the area.

(2) The Subrecipient is exempt from the requirement under paragraph (e)(1)(i) of this section if the Violence Against Women Act of 1994 (42 U.S.C. 13701 *et seq.*) or the Family Violence Prevention and Services Act (42 U.S.C. 10401 *et seq.*) prohibits that Subrecipient from making its shelter or housing conditional on the participant's acceptance of services.

Terminating Assistance (24 CFR 576.402)

(a) *In general.* If a program participant violates program requirements, the Subrecipient may terminate the assistance in accordance with a formal process established by the Subrecipient that recognizes the rights of individuals affected. The Subrecipient must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination so that a program participant's assistance is terminated only in the most severe cases.

(b) *Program participants receiving rental assistance or housing relocation and stabilization services.* To terminate rental assistance or housing relocation and stabilization services to a program participant, the required formal process, at a minimum, must consist of:
    (1) Written notice to the program participant containing a clear statement of the reasons for termination;
    (2) A review of the decision, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and
    (3) Prompt written notice of the final decision to the program participant.

(c) *Ability to provide further assistance.* Termination under this section does not bar the Subrecipient from providing further assistance at a later date to the same family or individual.

Conflicts of Interest (24 CFR 576.404)

(a) *Organizational conflicts of interest.* The provision of any type or amount of ESG assistance may not be conditioned on an individual's or family's acceptance or occupancy of emergency shelter or housing owned by the Subrecipient, or a parent or subsidiary of the Subrecipient. No Subrecipient may, with respect to individuals or families occupying housing owned by the Subrecipient, or any parent or subsidiary of the Subrecipient, carry out the initial evaluation required under 24 CFR 576.401 or administer homelessness prevention assistance under 24 CFR 576.103.

(b) *Individual conflicts of interest.* For the procurement of goods and services, Subrecipients must comply with 2 CFR 200.317 and 200.318. For all other transactions and activities, the following restrictions apply:

(1) *Conflicts prohibited.* No person described in paragraph (b)(2) of this section who exercises or has exercised any functions or responsibilities with respect to activities assisted under the ESG program, or who is in a position to participate in a decision-making process or gain inside information with regard to activities assisted under the program, may obtain a financial interest or benefit from an assisted activity; have a financial interest in any contract, subcontract, or agreement with respect to an assisted activity; or have a financial interest in the proceeds derived from an assisted activity, either for him or herself or for those with whom he or she has family or business ties, during his or her tenure or during the one-year period following his or her tenure.

(2) *Persons covered.* The conflict-of interest provisions of paragraph (b)(1) of this section apply to any person who is an employee, agent, consultant, officer, or elected or appointed official of the Subrecipient.

(3) *Exceptions.* Upon the written request of the Subrecipient, HUD may grant an exception to the provisions of this subsection on a case-by-case basis, taking into account the cumulative effects of the criteria in paragraph (b)(3)(ii) of this section, provided that the Subrecipient has satisfactorily met the threshold requirements of paragraph (b)(3)(i) of this section.

i. *Threshold requirements.* HUD will consider an exception only after the Subrecipient has provided the following documentation:

(A) If the Subrecipient is a government, disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(B) An opinion of the Subrecipient's attorney that the interest for which the exception is sought would not violate state or local law.

ii. *Factors to be considered for exceptions.* In determining whether to grant a requested exception after the Subrecipient has satisfactorily met the threshold requirements under paragraph (b)(3)(i) of this section, HUD must conclude that the exception will serve to further the purposes of the ESG program and the effective and efficient administration of the Subrecipient's 's program or project, taking into account the cumulative effect of the following factors, as applicable:

(A) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;

(B) Whether an opportunity was provided for open competitive bidding or negotiation;

(C) Whether the affected person has withdrawn from his or her functions, responsibilities or the decision-making process with respect to the specific activity in question;

(D) Whether the interest or benefit was present before the affected person was in the position described in paragraph (b)(1) of this section;

(E) Whether undue hardship results to the Subrecipient, or the person affected, when weighed against the public interest served by avoiding the prohibited conflict; and

(F) Any other relevant considerations.

(c) *Contractors*. All contractors of the Subrecipient must comply with the same requirements that apply to Subrecipients under this section.

Homeless Participation (24 CFR 576.405)

To the maximum extent practicable, the Subrecipient must involve homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under ESG, in providing services assisted under ESG, and in providing services for occupants of facilities assisted under ESG. This involvement may include employment or volunteer services.

Faith-Based Activities (24 CFR 576.406)

(a) Organizations that are religious or faith-based are eligible, on the same basis as any other organization, to receive ESG funds. Neither the Federal Government nor a State or local government receiving funds under ESG shall discriminate against an organization on the basis of the organization's religious character or affiliation.

(b) 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.

(c) 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.

(d) 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.

(e) ESG funds may not be used for the rehabilitation of structures to the extent that those structures are used for inherently religious activities. Solutions ESG funds may be used for the rehabilitation of structures only to the extent that those structures are used for conducting eligible activities under the ESG program. Where a structure is used for both eligible and inherently religious activities, ESG funds may not exceed the cost of those portions of the rehabilitation that are attributable to eligible activities

in accordance with the cost accounting requirements applicable to ESG funds. Sanctuaries, chapels, or other rooms that an ESG-funded religious congregation uses as its principal place of worship, however, are ineligible for funded improvements under the program. Disposition of real property after the term of the grant, or any change in use of the property during the term of the grant, is subject to government-wide regulations governing real property disposition (*see* 2 CFR 200.311) The Subrecipient must inform OEO and obtain instructions as to how the real property will be handled.

(f) If the Subrecipient that is a local government voluntarily contributes its own funds to supplement federally funded activities, the Subrecipient has the option to segregate the Federal funds or commingle them. However, if the funds are commingled, this section applies to all of the commingled funds.

Other Federal Requirements (24 CFR 576.407 and 24 CFR 5.105(d))

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

(b) *Affirmative outreach*. The Subrecipient must make known that use of the facilities, assistance, and services are available to all on a nondiscriminatory basis. If it is unlikely that the procedures that the Subrecipient intends to use to make known the availability of the facilities, assistance, and services will to reach persons of any particular race, color, religion, sex, age, national origin, familial status, or disability who may qualify for those facilities and services, the Subrecipient must establish additional procedures that ensure that those persons are made aware of the facilities, assistance, and services. The Subrecipient must take appropriate steps to ensure effective communication with persons with disabilities including, but not limited to, adopting procedures that will make available to interested persons information concerning the location of assistance, services, and facilities that are accessible to persons with disabilities. Consistent with Title VI and Executive Order 13166, Subrecipients are also required to take reasonable steps to ensure meaningful access to programs and activities for limited English proficiency (LEP) persons.

Affirmatively Furthering Fair Housing (AFFH) is a legal requirement that federal agencies and federal grantees further the purposes of the Fair Housing Act. This obligation to affirmatively further fair housing has been in the Fair Housing Act since 1968 (for further information see Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3608 and Executive Order 12892). HUD's AFFH rule provides an effective planning approach to aid program participants in taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination. As provided in the rule, AFFH means "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in

access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a program participant's activities and programs relating to housing and urban development."

(c) *Uniform Administrative Requirements*. The requirements of 2 CFR part 200 apply to Subrecipients. However, program income may be used as matching contributions subject to the requirements in 24 CFR 576.201. With regard to the disposition of real property for which ESG funds are used for major rehabilitation, conversion, or other renovation under 24 CFR 576.102, and procurement, please contact OEO for more guidance.

(d) *Environmental review responsibilities*
   (1) Activities under this part are subject to environmental review by HUD under 24 CFR part 50. The Subrecipient shall supply all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR part 50. The Subrecipient also shall carry out mitigating measures required by HUD or select alternate eligible property. HUD may eliminate from consideration any application that would require an Environmental Impact Statement (EIS).
   (2) The Subrecipient, or any contractor of the Subrecipient, may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a project under this part, or commit or expend HUD or local funds for eligible activities under this part, until HUD has performed an environmental review under 24 CFR part 50 and the Subrecipient has received HUD approval of the property.

(e) *Davis-Bacon Act*. The provisions of the Davis-Bacon Act (40 U.S.C. 276a to 276a–5) do not apply to the ESG program.

(f) *Procurement of Recovered Materials*. The Subrecipient 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 CFR 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 by 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.

Displacement, relocation, and acquisition (24 CFR 576.408)

(a) *Minimizing displacement. Consistent* with the other goals and objectives of ESG, the Subrecipient must assure that they have 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.

(b) *Temporary relocation not permitted.* No tenant-occupant of housing (a dwelling unit) that is converted into an emergency shelter may be required to relocate temporarily for a project assisted with ESG funds or be required to move to another unit in the same building/complex. When a tenant moves for a project assisted with ESG funds under conditions that trigger the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), 42 U.S.C. 4601–4655, as described in paragraph (c) of this section, the tenant should be treated as permanently displaced and offered relocation assistance and payments consistent with that paragraph.

(c) *Relocation assistance for displaced persons.*

(1) *In general.* A displaced person (defined in paragraph (c)(2) of this section) must be provided relocation assistance at the levels described in, and in accordance with, the URA and 49 CFR part 24. A displaced person must be advised of his or her rights under the Fair Housing Act (42 U.S.C. 3601 *et seq.*). Whenever possible, minority persons shall be given reasonable opportunities to relocate to comparable and suitable decent, safe, and sanitary replacement dwellings, not located in an area of minority concentration, that are within their financial means. This policy, however, does not require providing a person a larger payment than is necessary to enable a person to relocate to a comparable replacement dwelling. (See 49 CFR 24.205(c)(2)(ii)(D).) As required by Section 504 of the Rehabilitation Act (29 U.S.C. 794) and 49 CFR part 24, replacement dwellings must also contain the accessibility features needed by displaced persons with disabilities.

(2) *Displaced Person.*

(i) For purposes of paragraph (c) of this section, the term ''displaced person'' means any person (family, individual, business, nonprofit organization, or farm, including any corporation, partnership, or association) that moves from real property, or moves personal property from real property, permanently, as a direct result of acquisition, rehabilitation, or demolition for a project assisted under the ESG program. This includes any permanent, involuntary move for an assisted project, including any permanent move from the real property that is made:

(A) After the owner (or person in control of the site) issues a notice to move permanently from the property or refuses to renew an expiring lease, if the move occurs on or after:

I. The date of the submission by the Subrecipient (, as applicable) of an application for assistance to HUD (or the Subrecipient, as applicable) that is later approved and funded if the Subrecipient (, as applicable) has site control as evidenced by a deed, sales contract, or option contract to acquire the property; or

II. The date on which the Subrecipient (, as applicable) selects the applicable site, if the Subrecipient (, as applicable) does not have site control at the time of the application, provided that the Subrecipient (, as applicable) eventually obtains control over the site;

(B) Before the date described in paragraph (c)(2)(i)(A) of this section, if the Subrecipient or HUD determines that the displacement resulted directly from acquisition, rehabilitation, or demolition for the project; or

(C) By a tenant-occupant of a dwelling unit and the tenant moves after execution of the agreement covering the acquisition, rehabilitation, or demolition of the property for the project.

(ii) Notwithstanding paragraph (c)(2)(i) of this section, a person does not qualify as a displaced person if:

(A) The person has been evicted for cause based upon a serious or repeated violation of the terms and conditions of the lease or occupancy agreement; violation of applicable Federal, State, or local law, or other good cause; and the Subrecipient determines that the eviction was not undertaken for the purpose of evading the obligation to provide relocation assistance.

(B) The person moved into the property after the submission of the application but, before signing a lease and commencing occupancy, was provided written notice of the project, its possible impact on the person (*e.g.,* the person may be displaced), and the fact that the person would not qualify as a ''displaced person'' (or for any assistance under this section) as a result of the project;

(C) The person is ineligible under 49 CFR 24.2(a)(9)(ii); or

(D) HUD determines that the person was not displaced as a direct result of acquisition, rehabilitation, or demolition for the project.

(iii) The Subrecipient may, at any time, request that HUD to determine whether a displacement is or would be covered by this rule.

(3) *Initiation of negotiations.* For purposes of determining the type of replacement housing payment assistance to be provided to a displaced person pursuant to this section:

(i) If the displacement is the direct result of privately undertaken rehabilitation, demolition, or acquisition of the real property, ''initiation of negotiations'' means the execution of the agreement between the Subrecipient and the person owning or controlling the property;

(ii) If site control is only evidenced by an option contract to acquire the property, the ''initiation of negotiations'' does not become effective until the execution of a written agreement that creates a legally enforceable commitment to proceed with the purchase, such as a sales contract.

(d) *Real property acquisition requirements*. The acquisition of real property, whether funded privately or publicly, for a project assisted with ESG funds is subject to the URA and Federal government wide regulations at 49 CFR part 24, subpart B.

(e) *Appeals*. A person who disagrees with the Subrecipient's ('s, if applicable) determination concerning whether the person qualifies as a displaced person, or the amount of relocation assistance for which the person may be eligible, may file a written appeal of that determination with the Subrecipient under 49 CFR 24.10. A low-income person who disagrees with the Subrecipient's determination may submit a written request for review of that determination by the appropriate HUD field office.

Recordkeeping and reporting requirements (24 CFR 576.500)

(a) *In general*. The Subrecipient must have policies and procedures to ensure the requirements of this part are met. The policies and procedures must be established in writing and implemented by the

Subrecipient to ensure that ESG funds are used in accordance with the requirements. In addition, sufficient records must be established and maintained to enable the Subrecipient and HUD to determine whether ESG requirements are being met.

(b) *Homeless status*. The Subrecipient must maintain and follow written intake procedures to ensure compliance with the homeless definition in 24 CFR 576.2. The procedures must require documentation at intake of the evidence relied upon to establish and verify homeless status. The procedures must establish the order of priority for obtaining evidence as third-party documentation first, intake worker observations second, and certification from the person seeking assistance third. However, lack of third-party documentation must not prevent an individual or family from being immediately admitted to emergency shelter, receiving street outreach services, or being immediately admitted to shelter or receiving services provided by a victim service provider. Records contained in an HMIS, or comparable database used by victim service or legal service providers are acceptable evidence of third-party documentation and intake worker observations if the HMIS retains an auditable history of all entries, including the person who entered the data, the date of entry, and the change made; and if the HMIS prevents overrides or changes of the dates on which entries are made.

(1) If the individual or family qualifies as homeless under paragraph (1)(i) or (ii) of the homeless definition in 24 CFR 576.2, acceptable evidence includes a written observation by an outreach worker of the conditions where the individual or family was living, a written referral by another housing or service provider, or a certification by the individual or head of household seeking assistance.

(2) If the individual qualifies as homeless under paragraph (1)(iii) of the homeless definition in 24 CFR 576.2, because he or she resided in an emergency shelter or place not meant for human habitation and is exiting an institution where he or she resided for 90 days or less, acceptable evidence includes the evidence described in paragraph (b)(1) of this section **and** one of the following:

(i) Discharge paperwork or a written or oral referral from a social worker, case manager, or other appropriate official of the institution, stating the beginning and end dates of the time residing in the institution. All oral statements must be recorded by the intake worker; or

(ii) Where the evidence in paragraph (b)(2)(i) of this section is not obtainable, a written record of the intake worker's due diligence in attempting to obtain the evidence described in paragraph (b)(2)(i) and a certification by the individual seeking assistance that states he or she is exiting or has just exited an institution where he or she resided for 90 days or less.

(3) If the individual or family qualifies as homeless under paragraph (2) of the homeless definition in 24 CFR 576.2, because the individual or family will imminently lose their housing, the evidence must include:

(i)

(A) A court order resulting from an eviction action that requires the individual or family to leave their residence within 14 days after the date of their application for homeless assistance; or the equivalent notice under applicable state law, a Notice to Quit, or a Notice to Terminate issued under state law;

(B) For individuals and families whose primary nighttime residence is a hotel or motel room not paid for by charitable organizations or federal, state, or local government programs for low-income individuals, evidence that the individual or family lacks

the resources necessary to reside there for more than 14 days after the date of application for homeless assistance; or

(C) An oral statement by the individual or head of household that the owner or renter of the housing in which they currently reside will not allow them to stay for more than 14 days after the date of application for homeless assistance. The intake worker must record the statement and certify that it was found credible. To be found credible, the oral statement must either:

I. be verified by the owner or renter of the housing in which the individual or family resides at the time of application for homeless assistance and documented by a written certification by the owner or renter or by the intake worker's recording of the owner or renter's oral statement; or

II. if the intake worker is unable to contact the owner or renter, be documented by a written certification by the intake worker of his or her due diligence in attempting to obtain the owner or renter's verification and the written certification by the individual or head of household seeking assistance that his or her statement was true and complete;

(ii) Certification by the individual or head of household that no subsequent residence has been identified; and

(iii) Certification or other written documentation that the individual or family lacks the resources and support networks needed to obtain other permanent housing.

(4) * If the individual or family qualifies as homeless under paragraph (3) of the homeless definition in 24 CFR 576.2, because the individual or family does not otherwise qualify as homeless under the homeless definition but is an unaccompanied youth under 25 years of age, or homeless family with one or more children or youth, and is defined as homeless under another Federal statute or section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), the evidence must include:

(i) For paragraph (3)(i) of the homeless definition in 24 CFR 576.2, certification of homeless status by the local private nonprofit organization or state or local governmental entity responsible for administering assistance under the Runaway and Homeless Youth Act (42 U.S.C. 5701 *et seq.*), the Head Start Act (42 U.S.C. 9831 *et seq.*), subtitle N of the Violence Against Women Act of 1994 (42 U.S.C. 14043e *et seq.*), section 330 of the Public Health Service Act (42 U.S.C. 254b), the Food and Nutrition Act of 2008 (7 U.S.C. 2011 *et seq.*), section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), or subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C.11431 *et seq.*), as applicable;

(ii) For paragraph (3)(ii) of the homeless definition in 24 CFR 576.2, referral by a housing or service provider, written observation by an outreach worker, or certification by the homeless individual or head of household seeking assistance;

(iii) For paragraph (3)(iii) of the homeless definition in 24 CFR 576.2, certification by the individual or head of household and any available supporting documentation that the individual or family moved two or more times during the 60-day period immediately preceding the date of application for homeless assistance, including: recorded statements or records obtained from each owner or renter of housing, provider of shelter or housing, or social worker, case worker, or other appropriate official of a hospital or institution in which the individual or family resided; or, where these statements or records are unobtainable, a written record of the intake worker's due diligence in attempting to obtain these statements or records. Where a move was due

to the individual or family fleeing domestic violence, dating violence, sexual assault, or stalking, then the intake worker may alternatively obtain a written certification from the individual or head of household seeking assistance that they were fleeing that situation and that they resided at that address; and

For paragraph (3)(iv) of the homeless definition in 24 CFR 576.2, written diagnosis from a professional who is licensed by the state to diagnose and treat that condition (or intake staff recorded observation of disability that within 45 days of date of the application for assistance is confirmed by a professional who is licensed by the state to diagnose and treat that condition); employment records; department of corrections records; literacy, English proficiency tests; or other reasonable documentation of the conditions required under paragraph (3)(iv) of the homeless definition.

** Despite any requirements that provide otherwise, youth aged 24 and under who seek assistance (including shelter, services or rental assistance) shall not be required to provide third-party documentation that they meet the homeless definition in 24 C.F.R.576.2 as a condition for receiving assistance, and unaccompanied youth aged 24 and under (or families headed by youth aged 24 and under) who have an unsafe primary nighttime residence and no safe alternative to that residence shall be considered homeless for purposes of assistance provided by any private nonprofit organization whose primary mission is to provide services to youth aged 24 and under and families headed by youth aged 24 and under.(Addendum 2 of HUD Grant agreement PY26 ESG with OEO, #4)

(5) If the individual or family qualifies under paragraph (4) of the homeless definition in 24 CFR 576.2, because the individual or family is fleeing domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions related to violence, then acceptable evidence includes an oral statement by the individual or head of household seeking assistance that they are fleeing that situation, that no subsequent residence has been identified and that they lack the resources or support networks (e.g. family, friends, faith-based or other social networks, needed to obtain other housing) If the individual or family is receiving shelter or services provided by a victim service provider, the oral statement must be documented by either a certification by the individual or head of household; or a certification by the intake worker. Otherwise, the oral statement that the individual or head of household seeking assistance has not identified a subsequent residence and lacks the resources or support networks (e.g., family, friends, faith-based or other social networks, needed to obtain housing) must be documented by a certification by the individual or head of household that the oral statement is true and complete, and, where the safety of the individual or family would not be jeopardized, the domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening condition must be verified by a written observation by the intake worker or a written referral by a housing or service provider, social worker, legal assistance provider, health-care provider, law enforcement agency, legal assistance provider, pastoral counselor, or any other organization from whom the individual or head of household has sought assistance for domestic violence, dating violence, sexual assault, or stalking. The written referral or observation need only include the minimum amount of information necessary to document that the individual or family is fleeing, or attempting to flee domestic violence, dating violence, sexual assault, and stalking.

(c) *At risk of homelessness status.* For each individual or family who receives ESG homelessness prevention assistance, the records must include the evidence relied upon to establish and verify the individual or family's ''at risk of homelessness'' status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the Subrecipient. The evidence must also include:

(1) If the program participant meets the criteria under paragraph (1) of the ''at risk of homelessness'' definition in 24 CFR 576.2:
   (i) The documentation specified under this section for determining annual income;
   (ii) The program participant's certification on a form specified by HUD that the program participant has insufficient financial resources and support networks; *e.g.,* family, friends, faith-based or other social networks, immediately available to attain housing stability and meets one or more of the conditions under paragraph (1)(iii) of the definition of ''at risk of homelessness'' in 24 CFR 576.2;
   (iii) The most reliable evidence available to show that the program participant does not have sufficient resources or support networks; *e.g.,* family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the ''homeless'' definition. Acceptable evidence includes:
      (A) Source documents (*e.g.,* notice of termination from employment, unemployment compensation statement, bank statement, health-care bill showing arrears, utility bill showing arrears);
      (B) To the extent that source documents are unobtainable, a written statement by the relevant third party (*e.g.,* former employer, public administrator, relative) or the written certification by the Subrecipient's 's intake staff of the oral verification by the relevant third party that the applicant meets one or both of the criteria under paragraph (1)(ii) of the definition of ''at risk of homelessness'' in 24 CFR 576.2; or
      (C) To the extent that source documents and third-party verification are unobtainable, a written statement by the Subrecipient's 's intake staff describing the efforts taken to obtain the required evidence; and
   (iv) The most reliable evidence available to show that the program participant meets one or more of the conditions under paragraph (1)(iii) of the definition of ''at risk of homelessness'' in 24 CFR 576.2. Acceptable evidence includes:
      (A) Source documents that evidence one or more of the conditions under paragraph (1)(iii) of the definition (*e.g.,* eviction notice, notice of termination from employment, bank statement);
      (B) To the extent that source documents are unobtainable, a written statement by the relevant third party (*e.g.,* former employer, owner, primary leaseholder, public administrator, hotel or motel manager) or the written certification by the Subrecipient's 's intake staff of the oral verification by the relevant third party that the applicant meets one or more of the criteria under paragraph (1)(iii) of the definition of ''at risk of homelessness''; or
      (C) To the extent that source documents and third-party verification are unobtainable, a written statement by the Subrecipient's 's intake staff that the staff person has visited the applicant's residence and determined that the applicant meets one or more of the criteria under paragraph (1)(iii) of the definition or, if a visit is not practicable or relevant to the determination, a written statement by the Subrecipient's 's intake staff describing the efforts taken to obtain the required evidence; or (2) If the program participant meets the criteria under paragraph (2) or (3) of the ''at risk of homelessness'' definition in 24 CFR 576.2, certification of the child or youth's homeless status by the agency or organization responsible for administering assistance under the

Runaway and Homeless Youth Act (42 U.S.C. 5701 *et seq.*), the Head Start Act (42 U.S.C. 9831 *et seq.*), subtitle N of the Violence Against Women Act of 1994 (42 U.S.C. 14043e *et seq.*), section 330 of the Public Health Service Act (42 U.S.C. 254b), the Food and Nutrition Act of 2008 (7 U.S.C. 2011 *et seq.*), section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) or subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 *et seq.*), as applicable.

(d) *Determinations of ineligibility*. For each individual and family determined ineligible to receive ESG assistance, the record must include documentation of the reason for that determination.

(e) *Annual income*. For each program participant who receives homelessness prevention assistance, or who receives rapid re-housing assistance longer than one year, the following documentation of annual income must be maintained:

(1) Income evaluation form containing the minimum requirements specified by HUD and completed by the Subrecipient; and

(2) Source documents for the assets held by the program participant and income received over the most recent period for which representative data is available before the date of the evaluation (*e.g.,* wage statement, unemployment compensation statement, public benefits statement, bank statement);

(3) To the extent that source documents are unobtainable, a written statement by the relevant third party (*e.g.,* employer, government benefits administrator) or the written certification by the Subrecipient's 's intake staff of the oral verification by the relevant third party of the income the program participant received over the most recent period for which representative data is available; or

(4) To the extent that source documents and third-party verification are unobtainable, the written certification by the program participant of the amount of income the program participant received for the most recent period representative of the income that the program participant is reasonably expected to receive over the 3-month period following the evaluation.

(f) *Program participant records*. In addition to evidence of homeless status or ''at risk of homelessness'' status, as applicable, records must be kept for each program participant that document:

(1) The services and assistance provided to that program participant, including, as applicable, the security deposit, rental assistance, and utility payments made on behalf of the program participant;

(2) Compliance with the applicable requirements for providing services and assistance to that program participant under the program components and eligible activities provisions at 24 CFR 576.101 through 576.106, the provision on determining eligibility and amount and type of assistance at 24 CFR 576.401(a) and (b), and the provision on using appropriate assistance and services at 24 CFR 576.401(d) and (e); and

(3) Where applicable, compliance with the termination of assistance requirement in 24 CFR 576.402.

(g) *Centralized or coordinated assessment systems and procedures*. The Subrecipient must keep documentation evidencing the use of, and written intake procedures for, the centralized or coordinated assessment system(s) developed by the Continuum of Care(s) in accordance with the requirements established by HUD.

(h) *Rental assistance agreements and payments*. The records must include copies of all leases and rental assistance agreements for the provision of rental assistance, documentation of payments made to owners for the provision of rental assistance, and supporting documentation for these payments, including dates of occupancy by program participants.

(i) *Utility allowance*. The records must document the monthly allowance for utilities (excluding telephone) used to determine compliance with the rent restriction.

(j) *Shelter and housing standards*. The records must include documentation of compliance with the shelter and housing standards in 24 CFR 576.403, including inspection reports.

(k) *Emergency shelter facilities*. The Subrecipient must keep records of the emergency shelters assisted under the ESG program, including the amount and type of assistance provided to each emergency shelter. As applicable, the Subrecipient's records must also include documentation of the value of the building before the rehabilitation of an existing emergency shelter or after the conversion of a building into an emergency shelter and copies of the recorded deed or use restrictions.

(l) *Services and assistance provided*. The Subrecipient must keep records of the types of essential services, rental assistance, and housing stabilization and relocation services provided under the Subrecipient's program and the amounts spent on these services and assistance. The Subrecipient that are units of general-purpose local government must keep records to demonstrate compliance with the maintenance of effort requirement, including records of the unit of the general-purpose local government's annual budgets and sources of funding for street outreach and emergency shelter services.

(m) *Coordination with Continuum(s) of Care and other programs*. The Subrecipient must document their compliance with the requirements of 24 CFR 576.400 for consulting with the Continuum(s) of Care and coordinating and integrating ESG assistance with programs targeted toward homeless people and mainstream service and assistance programs.

(n) *HMIS*. The Subrecipient must keep records of the participation in HMIS or a comparable database by all projects of the Subrecipient.

(o) *Matching*. The Subrecipient must keep records of the source and use of contributions made to satisfy the matching requirement in 24 CFR 576.201. The records must indicate the particular fiscal year grant for which each matching contribution is counted. The records must show how the value placed on third-party, noncash contributions was derived. To the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocation of regular personnel costs.

(p) *Conflicts of interest*. The Subrecipient must keep records to show compliance with the organizational conflicts-of-interest requirements in 24 CFR 576.404(a), a copy of the personal conflicts of interest policy or codes of conduct developed and implemented to comply with the requirements in 24 CFR 576.404(b), and records supporting exceptions to the personal conflicts of interest prohibitions.

(q) *Homeless participation*. The Subrecipient must document its compliance with the homeless participation requirements under 24 CFR 576.405.

(r) *Faith-based activities*. The Subrecipient must document their compliance with the faith-based activities requirements under 24 CFR 576.406.

(s) *Other Federal requirements*. The Subrecipient must document their compliance with the Federal requirements in 24 CFR 576.407, as applicable, including:

    (1) Records demonstrating compliance with the nondiscrimination and equal opportunity requirements under 24 CFR 576.407(a), including data concerning race, ethnicity, disability status, sex, and family characteristics of persons and households who are

applicants for, or program participants in, any program or activity funded in whole or in part with ESG funds and the affirmative outreach requirements in 24 CFR 576.407(b).

(2) Records demonstrating compliance with the uniform administrative requirements in 2 CFR part 200.

(3) Records demonstrating compliance with the environmental review requirements, including flood insurance requirements.

(4) Certifications and disclosure forms required under the lobbying and disclosure requirements in 24 CFR part 87.

(t) *Relocation*. The records must include documentation of compliance with the displacement, relocation, and acquisition requirements in 24 CFR 576.408.

(u) *Financial records*.

(1) The Subrecipient must retain supporting documentation for all costs charged to the ESG grant.

(2) The Subrecipient must keep documentation showing that ESG grant funds were spent on allowable costs in accordance with the requirements for eligible activities under 24 CFR 576.101 - 576.109, financial management in 2 CFR 200.302, and the cost principles in 2 CFR 200, subpart E.

(3) The Subrecipient must retain records of the receipt and use of program income.

(4) The Subrecipient must keep documentation of compliance with the expenditure limits in 24 CFR 576.100 and the expenditure deadline in 24 CFR 576.203.

(v) *Contractors*

(1) The Subrecipient must retain copies of all solicitations of and agreements with contractors, records of all payment requests by and dates of payments made to contractors, and documentation of all monitoring and sanctions of contractors, as applicable.

(2) The Subrecipient must retain copies of all procurement contracts and documentation of compliance with the procurement requirements in the OEO Fiscal Policy and Procedural Manual.

(3) The Subrecipient must ensure that its contractors comply with the recordkeeping requirements specified by the Subrecipient and HUD notice or regulations.

(w) *Other records specified by HUD*. The Subrecipient must keep other records specified by HUD.

(x) *Confidentiality*

(1) The Subrecipient must develop and implement written procedures to ensure:

(i) All records containing personally identifying information (as defined in HUD's standards for participation, data collection, and reporting in a local HMIS) of any individual or family who applies for and/or receives ESG assistance will be kept secure and confidential;

(ii) The address or location of any domestic violence, dating violence, sexual assault, or stalking shelter project assisted under the ESG will not be made public, except with written authorization of the person responsible for the operation of the shelter; and

(iii) The address or location of any housing of a program participant will not be made public, except as provided under a preexisting privacy policy of the Subrecipient and consistent with state and local laws regarding privacy and obligations of confidentiality.

(2) The confidentiality procedures of the Subrecipient must be in writing and must be maintained in accordance with this section.

(y) *Period of record retention.* All records pertaining to each fiscal year of ESG funds must be retained for the greater of 5 years or the period specified below. Copies made by microfilming, photocopying, or similar methods may be substituted for the original records.
    (1) Documentation of each program participant's qualification as a family or individual at risk of homelessness or as a homeless family or individual and other program participant records must be retained for 5 years after the expenditure of all funds from the grant under which the program participant was served;
    (2) Where ESG funds are used for the renovation of an emergency shelter involves costs charged to the ESG grant that exceed 75 percent of the value of the building before renovation, records must be retained until 10 years after the date that ESG funds are first obligated for the renovation; and
    (3) Where ESG funds are used to convert a building into an emergency shelter and the costs charged to the ESG grant for the conversion exceed 75 percent of the value of the building after conversion, records must be retained until 10 years after the date that ESG funds are first obligated for the conversion.

(z) *Access to records.*
    (1) *Federal government rights.* Notwithstanding the confidentiality procedures established under paragraph (x) of this section, Subrecipients must comply with the requirements for access to records in 2 CFR 200.336.
    (2) *Public rights.* The Subrecipient must provide citizens, public agencies, and other interested parties with reasonable access (consistent with state and local laws regarding privacy and obligations of confidentiality and the confidentiality requirements in this part) to records regarding any uses of ESG funds the Subrecipient received during the preceding 5 years.

(aa) *Reports*. The Subrecipient must collect and report data on its use of ESG funds in the Integrated Disbursement and Information System (IDIS) and other reporting systems, as specified by HUD. The Subrecipient must also comply with the reporting requirements in 2 CFR part 200 and 24 CFR part 91 and the reporting requirements under the Federal Funding Accountability and Transparency Act of 2006, (31 U.S.C. 6101 note), which are set forth in Appendix A to 2 CFR part 170.

OEO recommends that program participant records are kept in files that are sectioned for organizational purposes. It is also recommended that each Subrecipient have an established procedure for record storage and accessibility should the Subrecipient permanently close.

Enforcement (24 CFR 576.501)

In conducting performance reviews, the State will rely primarily on information obtained from the records and reports from the Subrecipient and as well as information from onsite monitoring, audit reports, and information from IDIS and HMIS. Where applicable, the State may also consider reliant information pertaining to the Subrecipient's performance gained from other sources, including citizen comments, complaint determinations, and litigation. Reviews to determine compliance with specific requirements of this part will be conducted as necessary, with or without prior notice to the Subrecipient.

(1) If the State determines preliminarily that one of its Subrecipients has not complied with an ESG program requirement, the State will give notice of this determination and an opportunity to demonstrate, within the time prescribed by OEO and on the basis of substantial facts and data, that the Subrecipient has complied with ESG requirements.

(2) If the Subrecipient fails to demonstrate to OEO's satisfaction that the activities were carried out in compliance with ESG program requirements, OEO will take one or more of the remedial actions or sanctions specified in paragraph (b) of this section.

(a) *Remedial actions and sanctions*. Remedial actions and sanctions for a failure to meet an ESG program requirement will be designed to prevent a continuation of the deficiency; mitigate, to the extent possible, its adverse effects or consequences; and prevent its recurrence.

(1) The State may instruct the Subrecipient to submit and comply with proposals for action to correct, mitigate, and prevent noncompliance with ESG requirements, including:
    (i) Preparing and following a schedule of actions for carrying out activities affected by the noncompliance, including schedules, timetables, and milestones necessary to implement the affected activities;
    (ii) Establishing and following a management plan that assigns responsibilities for carrying out the remedial actions;
    (iii) Canceling or revising activities likely to be affected by the noncompliance, before expending ESG funds for the activities;
    (iv) Reprogramming ESG funds that have not yet been expended from affected activities to other eligible activities;
    (v) Suspending disbursement of ESG funds for some or all activities;
    (vi) Reducing or terminating the remaining grant of a Subrecipient and reallocating those funds to other Subrecipients; and
    (vii) Making matching contributions before or as draws are made from the Subrecipient's ESG grant.
(2) HUD may change the method of payment to a reimbursement basis.
(3) HUD may suspend payments to the extent HUD deems it necessary to preclude the further expenditure of funds for affected activities.
(4) HUD may remove the Subrecipient from participation in reallocations of funds under subpart D of this part.
(5) HUD may deny matching credit for all or part of the cost of the affected activities and require the Subrecipient to make further matching contributions to make up for the contribution determined to be ineligible.
(6) HUD may require the Subrecipient to reimburse its line of credit in an amount equal to the funds used for the affected activities.
(7) HUD may reduce or terminate the remaining grant of a Subrecipient and reallocate those funds to other Subrecipients in accordance with subpart D of this part.
(8) HUD may condition a future grant.
(9) HUD may take other remedies that are legally available.

(b) *Subrecipient sanctions*. If the State determines that a Subrecipient is not complying with an ESG program requirement or its subgrantee agreement, the State will take appropriate actions, as prescribed for HUD in paragraphs (a) and (b) of this section. If funds become available as a result of an action under this section, the State must reallocate those funds to other Subrecipients as soon as practicable. If the Subrecipient is a unit of general-purpose local government of territory, it must either reallocate those funds to other Subrecipients or reprogram the funds for other activities to be carried out by the Subrecipient as soon as practicable. The State will amend its Consolidated Plan in accordance with its citizenship participation plan if funds become available and are reallocated or

reprogrammed under this section. The reallocated or reprogrammed funds must be used by the expenditure deadline in 24 CFR 576.203.

V. ESG Tools

ESG tools can be downloaded from OEO website below:
http://oeo.sc.gov/resources.html

My HUD Exchange

Request technical assistance, access the CPD Income Eligibility Calculator, register for HUD training(s), access online training, view your training transcript and more at: https://www.hudexchange.info/hudexchange-portal/?display=login&returnURL=https%3A%2F%2Fwww%2Ehudexchange%2Einfo%2Fhudexchange%2Dportal%2F