

# Emergency Shelter Grants Program

FY2010  
Policy Manual and Application



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## **Introduction**

The Emergency Shelter Grants Program (ESGP) is authorized by Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S. Code, Sections 11371-11378 in particular). This manual of policy and procedure reflects both the federal regulations of Title 24 Code of Federal Regulations Part 576 that governs the ESGP, and the procedures used by the Delaware State Housing Authority (DSHA) in administration of this grant as directed by the U.S. Department of Housing and Urban Development (HUD). In addition, standards for financial management and internal controls reflect federal regulations at 24 CFR Sections 84 and 85 and OMB Circulars A-110, A-122 and A-133. DSHA is also responsible for the environmental regulations of 24 CFR Part 58. These federal laws and regulations are hereby included by reference as part of these policies and procedures.

Changes may occur as statutory interpretations and clarifications become available from HUD or as DSHA rules, procedures or guidelines are revised. No part of this policy guide shall override the rules set forth by federal oversight of HUD. These policies supersede any previous ESGP policies and are updated yearly. The effective date of this policy manual is May 1, 2010

In addition to the policies and procedure sections, this manual includes DSHA Grant Forms and an Index of Reference Information in order to facilitate easy access in a format that will accommodate the users' needs and contribute to the proper implementation of the grant.

Questions and comments regarding the material contained in this manual may be referred to Valerie Miller, Delaware State Housing Authority, Community Development Section, 18 The Green, Dover, DE 19901 or by telephone at 302-739-4263 ex. 260.

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## **Section 1 - Applicability and Purpose**

Title IV of the Stewart B. McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371-11378) authorizes the ESGP. The grant is available to units of general local government or private nonprofit organizations. The ESGP is designed to help improve the quality of existing emergency shelters for the homeless, to make available additional emergency shelters, to help meet the costs of operating emergency shelters and to provide certain essential social services to homeless individuals, so that these persons have access not only to safe and sanitary shelter, but also to the supportive services and other kinds of assistance they need to improve their situations. The program is also intended to restrict the increase of homelessness through the funding of preventative programs and activities.

Emergency food and shelter programs are essential to meet the most immediate life-threatening needs of people with nowhere to go. Shelters must be open around the clock, throughout the year. They must offer refuge tailored to the special circumstances determined by environment and individual need.

In addition to providing for the immediate needs of shelter and food, important goals for an emergency shelter system are the provision of medical care; assurance that assistance will be available to all who need it; establishment of a decent standard of quality for services; a "prevention" program for the "at-risk"; program cost-effectiveness; and avoidance of the institutionalization of emergency programs.

## **Section 2 – Summary Information**

### **Amount of Funds Available**

It is estimated that the State of Delaware will receive \$101,046 in ESGP funds in FY2010. The funds are made available to interested applicants each year through a **Notice of Funding Availability**, which is mailed to interested parties and published in prominent newspapers statewide. Instructions on how to apply for these grant monies are provided in the notice. A contact person is listed in the notice for the benefit of interested parties who may have questions about the program.

### **Eligible Applicants**

For the State of Delaware ESGP, eligible applicants are: 1) Units of general local government located in Kent and Sussex Counties and 2) Private nonprofit organizations located in Kent and Sussex Counties. Assistance may be provided under this part to a religious organization if the religious organization agrees to provide all eligible activities under this program in a manner that is free from religious influences and in accordance with the following principles:

- It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;
- It will not discriminate against any person applying for shelter or any of the eligible activities under this part on the basis of religion and will not limit such housing or other eligible activities or give preference to persons on the basis of religion; and
- It will provide no religious instruction or counseling; conduct no religious worship or services; engage in no religious proselytizing; and exert no other religious influence in the provision of shelter and other eligible activities under this part. Applicants that are primarily religious organizations are encouraged to contact DSHA for specifics or refer to 24 CFR Part 576.23.

### **Application Guidelines**

**DSHA will accept completed applications until 4:00 p.m. local time, Friday, June 11<sup>th</sup>, 2010 at: 18 The Green, Dover, DE 19901. DSHA is requesting an original plus (1) copy of all applications and they must be in an envelope which is clearly marked “FY2010 ESGP Application, Attention: Valerie Miller” and include the applicant’s name. Applications received after 4:00 p.m. June 11<sup>th</sup>, 2010 will not be opened and will be returned to the sender. No telephone, Internet or faxed applications will be accepted.**

The basic elements of the threshold score are presented in the Application Narrative section of the ESGP Application. The Narrative Exhibits must be included in the application in order for the project to be considered for maximum funding capability. The Exhibits are determined by DSHA before the application process begins and may change periodically at their discretion according to funding focus and HUD guidelines. Using defined rating criteria; applications are reviewed and rated by a Review Panel comprised of professionals with knowledge and experience in homeless issues and grant management. Scores from each member are averaged for each proposal; the averaged score reflects the Panel’s determination of the merit of the project.

### **Awards and Agreements**

Subgrantees will be notified in writing of the amount of the grant award. Included with the award letter is a Grant Agreement, which must be signed and returned within a specified time frame. The maximum award for FY2010 is \$20,000.00.

## **Section 3 - Program Activities and Requirements**

### **Categories of Eligible Spending**

The five major categories of eligible spending for ESGP funds are as follows:

- Renovation, Major Rehabilitation or Conversion;
- Essential Services;
- Shelter Operations;
- Homeless Prevention; and
- Administrative Costs.

Although general guidelines for activities of the program are listed at 24 CFR 576.21, other possible costs may be eligible under the program provided they must:

- 1) Fit the statutory requirement of benefiting homeless persons (or persons at imminent risk of homelessness, in the case of homeless prevention funds) and assisting their movement toward independent living;
- 2) Fit into one of the five eligible “spending categories” listed above; and
- 3) Are reasonable and customary to the area.

### **Eligible Activities**

The State of Delaware ESGP may be used to fund one or more of the following activities relating to emergency shelter for the homeless:

- **“Renovation”**, defined as rehabilitation that involves costs that does not exceed **75 percent of the value of the building before rehabilitation**. Renovations assisted under this part must meet local government safety and sanitation standards (24 CFR 576.55) and the shelter receiving this level of improvement must be used as a shelter for at least 3 years. In addition, for projects of 15 or more units where rehabilitation costs are less than 75 percent of the replacement cost of the building, that project must meet the requirements of 24 CFR 8.23(b). “Value of the building” means the monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by the grantee or State recipient.

Renovation costs may include labor, materials, tools and other costs of improving buildings, including repair directed toward an accumulation of deferred maintenance; replacement of principal fixtures and components of existing buildings; installation of security devices; and improvement through alterations or incidental additions to, or enhancement of, existing buildings, including improvements to increase the efficient use of energy in buildings.

- **“Major rehabilitation”** means a rehabilitation that involves costs **in excess of 75 percent of the value of the building before rehabilitation**. Renovations assisted under this part must meet local government safety and sanitation standards (24 CFR 576.55) and the shelter receiving this level of improvement must be used as a shelter for at least ten years. In addition, for projects of 15 or more units where rehabilitation costs are 75 percent of the replacement cost of the building, that project must meet the requirements of 24 CFR 8.23(a), and the accessibility requirements of Section 504 of the Rehabilitation Act of 1973, as amended.

- **“Conversion”**, defined as a change in the use of a building to an emergency shelter for the homeless, where the costs of conversion exceed 75 percent of the value of the building after conversion.

*Note: Any building for which ESGP funds are used for renovation must be maintained as a shelter for the homeless for not less than a three-year period after which such assistance is provided; or if the ESGP funds are used for major rehabilitation or conversion, the building must be used for a shelter for not less than ten (10) years after which such assistance is provided.*

- **“Essential services”** are defined as services concerned with employment, health, drug abuse and education and may include (but are not limited to):
  - Assistance in obtaining permanent housing;
  - Medical and psychological counseling and supervision;
  - Employment counseling;
  - Nutritional counseling;
  - Substance abuse treatment and counseling;
  - Assistance in obtaining other federal, state, and local assistance including mental health benefits; employment counseling; medical assistance; Veteran’s benefits; and income support assistance such as Supplemental Security Income benefits, Aid to Families with Dependent Children, General Assistance and Food Stamps;
  - Other services such as child care, transportation, job placement and job training; and
  - Staff salaries necessary to provide above services.

*Note: The legislation and regulations both limit the amount of ESGP funds that may be spent on essential services. No more than 30% of the State’s allocation (or \$30,313.80 in FY2010) may be allocated for this purpose. In addition, all Essential Services provided must be a new service or a quantifiable increase in the level of service provided during the twelve (12) months immediately prior to the submission of the application.*

- **“Operational costs”** for maintenance, operations (including administration), rent, repair, security, fuels and equipment, insurance, utilities, and furnishings.

*Note: Staff salaries (including fringe benefits) paid under the operating costs category are limited to 10 percent of the State’s allocation (or \$10,104.60 in FY2010). Maintenance and security salary costs are not subject to the 10 percent standard.*

- **“Homeless Prevention Activities”**, defined as activities or programs designed to prevent the incidence of homelessness, including but not limited to:
  - Short-term subsidies to defray rent and utility arrearages for families that have received eviction or utility termination notices;
  - Security deposits or first month’s rent to permit a homeless family to move into their own apartment;
  - Mediation programs for landlord-tenant disputes;
  - Legal services programs for the representation of indigent tenants in eviction proceedings;
  - Payments to prevent foreclosure on a home; and
  - Other innovative programs and activities designed to prevent the incidence of homelessness.

*Note: There is a cap on the amount of funds, which may be used for Homeless Prevention Activities. No more than 30% of the State's allocation (or \$30,313.80 for FY2010) may be allocated for this purpose.*

- **“Administrative costs”** include staff to operate the program, preparation of progress reports, audits and monitoring of recipients.

*Note: There is a cap on the amount of funds, which may be used for Administrative Activities. No more than 5% of the State's allocation (or \$5,052.30 for FY2010) may be allocated for this purpose.*

### **Ineligible Activities**

ESGP funds shall not be used for activities other than those listed above. Examples of ineligible uses include:

- Acquisition or construction of an emergency shelter for the homeless;
- Staffing costs exceeding 10 percent of the grant amount, other than for case management or maintenance and security staff;
- Rehabilitation services performed by the staff of a grantee or recipient, such as preparation of work specifics, loan processing or inspections; and
- Mortgage payments for shelters, unless a waiver is approved by DSHA.

### **Local Match Requirements**

Recipients shall be required to provide matching funds in an amount at least equal to their approved ESGP funding amounts for eligible program activities. Matching funds must be derived from sources other than the Program, and only funds provided after the date of the grant to the DSHA will be considered as eligible matching funds. In calculating the amount of matching funds, the following types may be included:

- Cash;
- The value or fair rental value of any donated material or building;
- The value of any lease on a building;
- Any salary paid to staff to carry out the program of the recipient; and
- The value of the time and services contributed by volunteers to carry out the program of the recipient at a current rate of \$5 per hour.

*Note: Volunteers providing professional services such as medical or legal services are valued at the reasonable and customary rate in the community.*

The provisions of matching funds as specified by the applicants in the proposal will be considered a commitment to provide the state amounts and types of matching contributions as stated in the proposal, if the applicant is provided assistance under this grant solicitation. The provision of matching funds will be a contractual requirement of any assistance agreement. During the review process of proposals, DSHA reserves the right to require additional information concerning matching funds commitments, as necessary to be reasonably assured that such resources will be available. **ESGP funds will not be released until after sufficient matching funds requirements have been met.**

### **Beneficiaries and Client Eligibility Guidelines**

Every client served by ESGP funds must qualify for assistance according to HUD standards. Service providers are responsible for determining eligibility status, for both homeless clients and those at risk of homelessness. This documentation may come from either the participant or a third party information source and is typically obtained at intake, entry, or referral by another ESGP service provider. A copy of

the documentation must be kept in the client file and made available to DSHA or HUD for monitoring or risk analysis purposes. DSHA provides guidance regarding client eligibility and documentation, which may be found in the ***Documentation of Homelessness*** in Section 8.2.

### **Persons who are homeless**

Families and individuals who are homeless, or in danger of becoming homeless, are eligible to receive benefits from the ESGP funds if they meet the definitions of “homeless” from the Stewart B. McKinney Homeless Assistance Act, referencing U.S.C. 11302 (a):

- An individual who lacks a fixed, regular and adequate nighttime residence; and/or
- An individual who has a primarily nighttime residence that is:
  - A supervised publicly or privately operated shelter designed to provide temporary living accommodations;
  - An institution that provides a temporary residence for individuals intended to be institutionalized; or
  - A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

An individual would also qualify to receive ESGP benefits if that person:

- Is being evicted within a week from private dwelling units and no subsequent residence has been identified and the person lacks the resources and support networks to obtain housing; or,
- Is being discharged within a week from an institution in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and he/she lacks the resources and support networks needed to obtain housing; or,
- Is fleeing domestic violence.

### **Persons who are at risk of becoming homeless**

Persons or families at risk of homelessness may qualify for assistance with Homeless Prevention funds. Clients who are at risk of homelessness must **also** meet the following criteria:

- The inability of the family to make the required payments must be the result of a sudden reduction in income;
- The assistance must be necessary to avoid eviction of the family or termination of utility services to the family;
- There must be reasonable prospect that the family will be able to resume payments within a reasonable period of time; and
- The assistance must not supplant funding for pre-existing homeless prevention activities from any other sources.

Households receiving Homeless Prevention funds for short-term assistance to pay rental arrearages or utility arrearages **must have an eviction notice or a notice of utility termination**. This documentation is required for reimbursement.

### **Homeless Children and Youth**

- In general, children and youth in foster care are not considered homeless. Many foster children are in the custody of a public agency, which is responsible for providing housing for foster children. The foster home or care facility, although temporary, serves as a fixed, regular and adequate nighttime residence.
- Throwaway youth (i.e. those whose parents or guardians will not permit them to live at home) are considered homeless if they live on the streets, in shelters or in other transitional or inadequate accommodations.
- Youth who have run away from home and live in run away shelters, abandoned buildings, the streets or other inadequate accommodations are considered homeless, even if their parents have provided or are willing to provide a home for them.

### **Client Files**

Client files should not only document homelessness eligibility, but should include a detailed record of the services provided to each client and the program funds that supported each service. ESGP funding is directly related to project performance. Program outcomes can only be measured if full and precise information about activities and services provided are gathered and maintained for reporting.

*Note: Any demographic and service information requested on the Annual Performance Report should be a regular part of recordkeeping procedures for project sponsors. Client files should reflect dates, types, program costs, etc. of all services in order to document both efficient grant management and the success of the shelter project.*

### **Confidentiality**

42 U.S.C. 11375 (c)(5) requires service providers assisting clients in domestic violence situations to ensure that their records are kept confidential. DSHA will not disclose non-public, personal information to any non-affiliated third party except as required by law, or with the client's written permission. Client information should not be accessible to any persons other than authorized Service Provider personnel, or authorized personnel from DSHA and HUD for Compliance Monitoring and/or Audit purposes. The Delaware Homeless Management Information System (DE-HMIS) used for required homeless tracking statistics includes ample safety measures for confidentiality as well. Locations of domestic violence shelter facilities receiving ESGP funds will not be publicly disclosed except with the written authorization of the person responsible for shelter operations.

### **Termination of Assistance**

Service providers may terminate ESGP assistance to participants who violate program requirements. The agency must have a process in place that governs the termination and grievance procedures and must make this policy available to participants either by written handouts or posting of the policy used by the shelter.

## **Section 4 - Program Implementation**

### **Project Planning**

The activities necessary for carrying out the project will be outlined in the original ESGP application and should be maintained throughout the period of the grant. Any additional, unplanned or unexpected activities may not be added to the budget without prior approval by DSHA. Risk Management guidelines dictate that drifting from the original scope of the application is “high risk” in project management and indicates insufficient planning in grant spending that should trigger a monitoring visit.

### **Performance Measures**

The local government and recipient nonprofit organizations must keep unduplicated counts of the number of homeless individual families assisted and report them to the state. For FY2010, this will continue to be done by the Annual Performance Report that is required to be submitted with the Application and with the Conditional Closeout documentation. The Annual Performance Report may be found in Section 8.3 of this manual.

Further, the subgrantees involved in the activities should develop standardized performance measures for significant outcomes, *(keeping in mind the state goal of ESGP-funded programs is to increase permanent housing, stability and self-sufficiency in the homeless population)*. Submitting this application implies understanding and agreement of the required data collection for this grant.

*Note: This year the Annual Performance Report will be required under the application submission stage of funding. The data used to submit this document will be projections based on previous year performance reports. This change is so that the state can meet federal IDIS reporting. As usual a final Annual Performance Report to close out the grant year will be required.*

### **Approved Budget**

Federal programs are governed by regulations that delineate types of spending allowed under each grant. The Eligible Activities for the ESGP are listed above and at 24 CFR 576.21. During the application process, a Budget Worksheet is required to show how the recipient plans to spend the requested funds. These budgets are reviewed and must be approved by DSHA before the activity is set up for drawing down funds. The Final Approved Budget is used by DSHA throughout the grant period to monitor spending and the funded agency must adhere to the planned budget line items explicitly unless an ***Amendment to the Grant Agreement*** is approved by DSHA.

### **Spending Deadlines and Recapture**

A normal spending cycle for the ESGP is 12 months. Subgrantees are expected to plan their budgets in a way that project goals are met by the end of the spending period with little or no budget adjustments. In the event that DSHA determines a subgrantee to be unable to spend all grant monies by the contractual deadline, funds may be recaptured and redistributed to a recipient that will be able to spend the funds in a timely manner on eligible activities. Any grantee having funds recaptured by DSHA in a grant cycle will have the same amount subtracted from any ESGP award made to that applicant in the following grant period.

### **Reimbursement of Costs**

Instructions and forms for requesting reimbursement for eligible expenses are supplied by DSHA with the Grant Agreement. Samples are included for your reference in Section 8.4 of this manual. The ESGP is built on a reimbursement basis and only costs that have already been paid will qualify. Receipts with proof of payment will be required before draws will be processed. According to ESGP policy guidelines

provided by HUD, it is the responsibility of DSHA “to minimize the time between when a recipient incurs grant expenses and when it seeks reimbursement from the federal government” (24 CFR 85.20 (b)(7)).

### **Reimbursement Procedure**

- Subgrantees are responsible to use the reimbursement forms provided by DSHA to ensure that funds will be extracted from the proper grant.
- Subgrantees may choose to submit reimbursement requests on a monthly or quarterly basis. Other reimbursement schedules may be submitted to DSHA for approval.
- Subgrantees must adhere to the line items approved by DSHA on the budget submitted with the Grant Application for all reimbursement requests.

Subgrantees are responsible to provide required documentation of program costs. Failure to provide required documentation will delay processing and prevent a timely reimbursement to the subgrantee.

### **Documentation of Allowable Costs**

- *Date of Service* – Only expenses incurred on or after the date of the formal award are allowable. This includes utility receipts that may have service dates beginning before this date, but ending within the grant period. If services begin before the date of the award, receipts must be pro-rated to reimburse costs only for the eligible days within the service period.
- *Proof of Payment* – Receipts submitted with draws for reimbursement must show proof of payment. This may come in the form of copied checks, or check numbers written on each receipt and initialed by the contact person. In the event that check numbers are written on receipts as proof of payment, agency draw files should be set up so that DSHA or HUD may easily verify these numbers at an onsite-monitoring visit.
- Documentation that is insufficient or difficult to decipher will delay or halt the reimbursement process, and may be grounds for the entire request to be returned to the subgrantee for clarification and to be resubmitted properly at a later date.

### **DSHA Forms**

DSHA provides most of the forms necessary for carrying out this grant. DSHA forms are created to fit the needs of the administration process and, most importantly, to fit the reporting requirements from HUD. It is important for subgrantees to cooperate with the use of the forms provided, understanding that they are purposeful and necessary. Different or varied forms of these documents created by subgrantees have proven to be problematic. Some DSHA forms are included in Section 8 of this manual for your reference.

### **Financial Standards**

Internal controls reflect the overall financial management of an organization. Standards for financial management systems of nonprofit organizations may be found in 24 CFR 84. The following areas should be included:

- *Budget Controls*: When budget controls are adequate the subgrantee will have a regular, on-going basis of comparison between actual expenditures and ESGP-budgeted amounts for the activities. The ESGP budget will cover intended activity expenses with very little necessity for adjustments during the grant period. The subgrantee will also relate its financial information to recorded outcomes, since awards are more likely to be made when performance measures are in place and outcomes are tracked.
- *Accounting Controls*: Expenditures must be supported by invoices, contracts, purchase orders, etc. even when DSHA does not require full details to accompany draw requests. If

- minimal documentation is allowed with a draw, subgrantees must have detailed records onsite to provide a complete audit trail at any time.
- *Wages* supported by more than one funding source must be documented by records that clearly show the time distribution and wage breakdowns between programs.
  - *Financial records* relative to the ESGP must be maintained for three (3) years from the last transaction with DSHA.
  - *Procurement Rules:* 24 CFR Part 84 provides regulations that govern the procurement of supplies, equipment, construction and services to ensure that they are obtained economically and competitively. In summary, subgrantees may use their own procurement procedures as long as they conform to the regulations. Important elements for subgrantees to consider are: a system to handle contract disputes; a code of conduct preventing conflicts of interest; some form of cost analysis to ensure economic purchases; positive efforts to use small, minority- and woman-owned businesses to the maximum extent possible.
  - *Property Controls:* The federal regulations regarding property controls in 24 CFR 84.34 (f) are for the purpose of tracking the assets purchased with grant funds to ensure that they are properly maintained, secure and being used for authorized purposes. DSHA is required to do a periodic physical inventory on these items to verify their existence, current utilization and continued need. For this reason, agencies using ESGP funds to purchase furnishings, vehicles or equipment for an activity should keep accurate records including the following: a complete description of the item purchased, a serial or other identification number, the source of funds and Grant Agreement number, the acquisition date and the cost.

### **Audit Requirements**

The fiscal management system of a unit of local government, which receives ESGP funds, must provide for audits in accordance with the requirements of 24 CFR Part 44. A private nonprofit organization which receives ESGP funds, must provide for audits in accordance with the requirements of OMB circular A-110.

### **Records Maintenance**

In addition to the three (3) year record retention policy in *Accounting Controls* above, subgrantees must follow the guidelines for equipment/inventory recordkeeping and for program outcomes. ESGP funding should be directly related to service delivery through emergency shelters, transitional housing programs, or direct client services to the homeless through day shelters, soup kitchens, or community action agencies. Accurate results regarding these services to the homeless population should be systematically gathered and maintained in subgrantee's files for regular reporting purposes. HUD requires DSHA to report consistently on not only the proper and timely expenditure of grant funds, but also the types of program activities being funded and their evidence of measurable outcomes. HMIS will provide a wide variety of tracking capabilities to serve this purpose. Reliable agency data, client data, service data and outcomes data will be gathered through this system and used for annual HUD reporting.

## **Section 5 – Proposal Forms**

### **General Application Submittal Details**

To be considered for funding, applicants must submit a complete response to this application using the format provided. **An original application** must be submitted **with one (1) copy** to the address below:

Valerie Miller  
Community Development Section  
Delaware State Housing Authority  
18 The Green  
Dover, DE 19901  
(302) 739-4263  
[valerie@destatehousing.com](mailto:valerie@destatehousing.com) (email for questions only)

The following must be included for your application to be considered complete:

- 1) Application Cover Sheet – page 17
- 2) Summary of Funds Requested – Page 18
- 3) Application Narrative – Page 19
- 4) ESGP Annual Report – Page 21
- 5) Matching Funds Request – Page 23
- 6) Methods of Involving Homeless Persons – Page 24
- 7) Required Attachments Checklist – Page 25

If hand delivered, the envelope must be clearly marked “FY2010 ESGP Application, Attention: Valerie Miller,” and include the applicant’s name.

No telephone, Internet, or faxed applications will be accepted. Completed applications will be accepted until 4:00 p.m. local time, Friday, June 11<sup>th</sup>, 2010. Applications received after 4:00 p.m. June 11<sup>th</sup>, 2010 will not be opened and will be returned to the sender.

An official authorized to bind the applicant to its provisions must sign applications.

**Verification of tax-exempt status** – *Provide an IRS Determination letter, as well as a tax-exempt number.*

# Emergency Shelter Grants Program FY2010 Application Packet

## Applicant Information

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

E-mail: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

### *Project Information*

Eligible Activity(ies) applied for:

- Renovation
- Major Rehabilitation
- Essential Services
- Maintenance/Operation
- Homeless Prevention
- Administration

Describe Activity(ies):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Amount of ESGP Funds Requested: \$** \_\_\_\_\_

### *Certifications*

*I, the undersigned, certify that I am authorized to represent the applicant; that to the best of my knowledge and belief, data in this application is true and correct; that the document has been duly authorized by the governing body of the applicant; that the applicant is empowered to perform the functions and provided the services encompassed by the proposed activity; and that the applicant will comply with all applicable State and Federal laws and regulations in implementing the proposed activity if it is selected for funding.*

*Signature of Authorized Official:* \_\_\_\_\_ *Date:* \_\_\_\_\_

*Printed Name:* \_\_\_\_\_ *Title:* \_\_\_\_\_

## Summary of Funds Requested

Name of Agency: \_\_\_\_\_

	Requested ESGP funds	Other Funds	Match Funds	Approved
<i>Rehabilitation, Conversion and Renovation Activities</i>				
Renovation				
Major Rehabilitation				
Conversion				
<b>Total Rehabilitation</b>				
<b>Operation</b>				
Maintenance/Repair				
Insurance				
Utilities				
Furnishing/Appliances				
Food				
Other Operations (specify)				
<b>Total Operations</b>				
<b>Essential Services</b>				
<b>Permanent Housing Referral</b>				
<b>Mental Health/Counseling</b>				
<b>Staff Salaries for Essential Services</b>				
<b>Other Services (specify)</b>				
<b>Total Essential Services</b>				
<b>Total Administration</b>				
<b>Homeless Prevention Activities</b>				
<b>Total All Activities</b>				

\* DSHA will fill in the approved column with the authorized amount.

\*\* Total Essential Services cannot exceed 30 percent of the total grant amount.

\*\*\* Homeless Prevention funds cannot exceed 30 percent of the total grant amount.

## **2010 Application Narrative Elements of Threshold Score**

**Discuss each of the eight elements below:**

### **Provider Background (10 points possible)**

- Include years of service, type of service(s) provided, targeted population, the history of service provided to your community, qualifications of agency staff and location of services.

### **Description and Demonstrated Need for Proposed Program (10 points possible)**

- Explain the type of service deficiency your project will fulfill and the population that has been affected by this deficiency.
- What is the client population that has been affected by this deficiency? Is this a new need, an ongoing need or a need that has re-surfaced?
- Provide an adequate description of the scope of activities proposed and how these will benefit the homeless population? Does the proposed activity directly address the community need identified? Is there a measurable impact on the locality?
- How will your program be impacted if your services were not available? How will your program be impacted if you are not funded in this grant round?
- Identify all independent elements or services of your program and the amount of funding needed for each element.

### **Community Commitment (10 points possible)**

- Explain the importance of your shelter operations to the community.
- Does your community conduct fund-raising or other activities on your behalf? If so, how frequently?
- Does your shelter utilize volunteers? If so, how frequently and in what capacity?

### **Administration and Documentation (15 points possible)**

- Explain your administrative capability to manage ESGP funds and comply with all the federal and state requirements.
- What grant programs have you worked with?
- Have you been audited or monitored by any funding provider in the last two years? If so, when, by whom, and are there any unresolved findings?
- Is there a procedure to document eligibility of prospective clients? Is there evidence of a formal process to terminate assistance to a participant or participants?

### **Performance Measurements (15 points possible)**

- How does your agency track and measure the success of your shelter programs?
- What process do you use to document your accomplishments for each program element and each goal listed?
- How is client progress monitored during a shelter stay?
- What percentage of clients leave your shelter for transitional or permanent housing?
  
- What percentage of clients need assistance with mainstream resources upon intake? Describe the mainstream services available and your process for connecting shelter clients to these services.

**Goals and Objectives (15 points possible)**

- What are the goals of your program (aid in client self-sufficiency, emergency care, case management, etc.)?
- What steps will you use to implement your program (the process for reaching program goals)?
- Use clear concise statements when identifying goals.
- How soon will the award be utilized? If the program is new, when will you start providing services? How many persons do you anticipate will receive services from this award?

**Cost Effectiveness (15 points possible)**

- Costs of providing adequate room, board, resident supervision, maintenance, and management for each site in relationship to the number of persons to be served.
- Describe the need for DSHA funding in relation to other sources of support to meet the projected costs? (leveraging)
- Complete attached funding survey with total operating budget.

**Coordination with Mainstream Services (10 points possible)**

- Describe the mainstream services available in your area and your process for connecting shelter clients to these services.
- What agencies in your area do you collaborate with to provide better care for your clients and to prevent duplication of services?
- Describe how your shelter works with local law enforcement and mental health facilities regarding discharge planning for homeless exiting their programs.
- Describe other shelters in your area and explain how you work together to meet emergency and transitional shelter needs.

## Emergency Shelter Grants Program Annual Report

*(This form should match information entered in DE-HMIS)*

Grantee: Please complete the following items. This report will reflect the projections of whom your grant served.

**Indicate the type of project(s) and service(s): *Mark all that your agency provides.***

- |  |   |
|--|---|
| <p>_____ Emergency shelter facilities</p> <p>_____ Vouchers for shelters</p> <p>_____ Drop-in-center</p> <p>_____ Food pantry</p> <p>_____ Mental health</p> <p>_____ Alcohol/drug program</p> <p>_____ Childcare</p> <p>_____ Other (please list)</p> | <p>_____ Transitional housing</p> <p>_____ Outreach</p> <p>_____ Soup kitchen/meal distribution</p> <p>_____ Healthcare</p> <p>_____ HIV/AIDS services</p> <p>_____ Employment</p> <p>_____ Homeless prevention</p> |
|--|---|

***Note: The numbers for the following questions should be based on the annual number of persons served.***

***Residential Services (Emergency or Transitional Shelters)***

Annual Number Adults Served: \_\_\_\_\_

Annual Number of Children Served: \_\_\_\_\_

**Total:** \_\_\_\_\_

***Non-Residential Services***

Average Number Served Daily: \_\_\_\_\_

***Race and Ethnicity: Annual Number Served (select only one)***

	<i># Total</i>	<i># Hispanic</i>
White	_____	_____
Black or African American	_____	_____
Asian	_____	_____
American Indian or Alaska Native	_____	_____
Native Hawaiian or Other Pacific Islander	_____	_____
American Indian or Alaska Native <i>and white</i>	_____	_____
Asian and White	_____	_____
Black or African American <i>and white</i>	_____	_____
American Indian or Alaska Native and black	_____	_____
Other Multiracial	_____	_____

***Emergency or Transitional Shelters***

**Annual Number of Individual Households (singles):**

Unaccompanied 18 and over.....male \_\_\_\_\_ female \_\_\_\_\_

Unaccompanied under 18.....male \_\_\_\_\_ female \_\_\_\_\_

**Annual Number of Family Households with Children Headed By:**

Single 18 and over.....male \_\_\_\_\_ female \_\_\_\_\_  
Single under 18..... male \_\_\_\_\_ female \_\_\_\_\_  
Two parents 18 and over..... \_\_\_\_\_  
Two parents under 18..... \_\_\_\_\_

**Annual number of Family Households with no children \_\_\_\_\_**

***List the number of persons for each subpopulation you served. If you served subpopulations that fit more than one category, you may place overlapping numbers (duplicate persons) on the appropriate lines.***

Chronically Homeless (Emergency Shelter only) : \_\_\_\_\_  
Severely Mentally Ill: \_\_\_\_\_  
Chronic Substance Abuse: \_\_\_\_\_  
Other Disability: \_\_\_\_\_  
Veterans: \_\_\_\_\_  
Persons with HIV/AIDS: \_\_\_\_\_  
Victims of Domestic Violence: \_\_\_\_\_  
Elderly (age 62 and over): \_\_\_\_\_

***Annual number served in Emergency or Transitional Shelters***

<i>Shelter Type</i>	<i>Number of Persons Housed</i>
Barracks	_____
Group/Large house	_____
Scattered site Apartment	_____
Single-family detached house	_____
Single room occupancy	_____
Mobile Home/Trailer	_____
Hotel/Motel	_____
Other (describe)	_____

***Detailed ESGP Funding Sources (Please enter dollar amount)***

ESGP: \_\_\_\_\_  
Other Federal: \_\_\_\_\_  
Local Government: \_\_\_\_\_  
Private: \_\_\_\_\_  
Fees: \_\_\_\_\_  
Other: \_\_\_\_\_

### Matching Funds Table

Type	Dollar Value	Source of Match	Method of Calculation (determined by)
Donated Supplies (clothing, furniture, equipment, etc.)			
Cash Donations or Grants			
Value of Donated (building)			
Fair Rental or Lease Value			
Salaries			
Volunteers (at \$5 an hour)			
Other (fundraisers)			
Match Total*			

\*Matching funds must equal or exceed the total ESGP funding proposed for eligible program activities.

## Methods of Involving Homeless Persons in Operations and Maintenance

ESGP Subgrantee: \_\_\_\_\_

Check all of the following methods of involving homeless persons in the operations and maintenance of your facility, and in the provision of services that you are currently using or will be using in fiscal year 2010:

- Suggestion Box
- Chore List for Residents
- Clients Assist with Children's Program
- Clients Assist with Parenting Classes
- Clients Assist with Vocational Training
- Clients or Former Clients Serve on Board
- Regularly Scheduled House Meetings
- Exit Interview

Other (Be Specific)

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## Required Attachments

Please attach the following to your application

1. Bylaws and/or constitution  
 Attached  
 Submitted last year; no change
2. Articles of Incorporation  
 Attached  
 Submitted last year; no change
3. Documentation of 501(c)(3)  
status from the IRS  
 Attached  
 Submitted last year; no change  
 We are a public entity, not a nonprofit
4. Organizational chart of the  
Agency Board and staff  
 Attached  
 Submitted last year; no change
5. Bids – at least 2 competitive bids  
for renovation/rehabilitation activities  
 Attached  
 No ren/rehab funds requested
6. Shelter pictures of any renovation  
activities (inside and/or outside)  
 Attached  
 No ren/rehab funds requested
7. Recent audit or annual accounting  
 Attached

## **Section 6 - Other Federal Requirements**

### **Non-Discrimination Policy**

Units of general local government and nonprofit organizations shall make it known that facilities and services supported by this grant are available to any person (who otherwise meets the eligible criteria for the program) without discrimination on the basis of race, color, religion, sex, marital status, national origin, familial status, disability, age or creed.

### **Environmental Review Requirements**

The environmental effects of each application must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

Environmental regulations provide certain categorical exclusions under NEPA and under Part 58 set conditions under which excluded activities may be determined exempt from all environmental review requirements. In cases where proposed assistance and matching contributions solely involve operating costs for facilities or the provision of essential services, and the structures and sites involved in the project meet the program requirements of this part, these activities are categorically excluded by regulation and may be determined fully exempt from environmental review by DSHA.

Funds may not be obligated or expended for activities in projects that have not been previously environmentally cleared. ESGP funds distributed by the state to units of local government, will require that unit of local government to assume the environmental responsibility specified in section 104 (g)(1) of the Housing and Community Development Act of 1974. The state will be responsible for providing the release of funds in accordance with the requirement of 24 CFR Part 58.

Funds distributed by the state to non-profit organizations will require the state to assume the environmental responsibilities specified in section 104 (g)(1) of the Housing and Community Development Act of 1974 as amended in 1992. The state will provide the release of funds in this instance. In either case, funds may be obligated or expended only after the Request for Release of Funds and Certification of Compliance with Environmental Regulations at 24 CFR Part 58 have been approved for projects provided fifteen (15) calendar days have elapsed from time of receipt of the Request for Release of Funds and the Certification and if no objections from the public are received. An Environmental Determination Guide for ESGP Activities may be found in Section 8.7 of this manual.

### **Drug- and Alcohol-Free Facilities**

The 1988 Amendment Act requires grantees, recipients and project sponsors under each of the homeless housing programs authorized by Title IV of the McKinney Act, to administer in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession or distribution of drugs or alcohol by its beneficiaries.

### **Homeless Representation and Participation on the Board**

According to Title 42 of the U.S. Code Section 11375 (d) each recipient is required to provide for the participation of not less than one (1) homeless individual or formally homeless individual on the Board of Directors or other equivalent policy-making entity. Staff members may not be substituted for board members to meet this requirement. According to Title 42 of the U.S. Code Section 11375 (c)(7), subgrantees must also involve homeless or formally homeless individuals and families in providing work

or services pertaining to facilities or activities funded with ESGP funds, to the maximum extent practicable. See Section 8.8 for required documentation.

### **Relocation and Displacement**

Any ESGP rehabilitation project that displaces residents is subject to the requirements of the Uniform Relocation Act. The costs of relocation assistance may be paid by ESGP funds or other funding sources. See the requirements at 24 CFR 576.59 for more detailed information.

### **Conflict of Interest**

Regulations at 24 CFR 576.57 prohibit any persons in a decision-making position for an organization to benefit from or obtain personal interest in ESGP funded activities. This exclusion must continue for one year following this person's association or employment with the agency. A Code of Conduct may insure compliance with this regulation that an organization has in place to prohibit such persons from being involved in decision making, or to otherwise avoid potential conflicts of this type.

### **Lead-Based Paint**

The ESGP deals primarily with the operation of short-term emergency shelters that can be defined as "zero-bedroom dwellings" according to the Lead-Based Paint (LBP) Hazard regulations at 24 CFR Part 35, which is hereby included for reference. Therefore, ESGP is governed by Subpart K of this regulation. Most emergency shelters are exempt from the regulations, such as studio apartments, dormitories, SRO units, barracks and group homes. Any emergency shelters built prior to 1978 need only comply with the following simplified lead requirements:

- Provide the Lead Hazard Information Pamphlet available through HUD;
- Do a visual assessment of painted surfaces to identify deterioration;
- Complete paint stabilization by repainting deteriorating surfaces; and,
- Incorporate ongoing LBP maintenance.

Housing that is not exempted by the definitions above, or housing where children under the age of six (6) reside frequently, is subject to all lead-based paint regulations. Homeless prevention services are subject to lead regulations because the units assisted with these funds are not temporary residences and do not fall under the shelter exemption. Assistance for first month's rent cannot be provided for housing units that are not known to be free of lead-based paint contamination. A chart of Lead-Based Paint Requirements for ESGP is in Section 8.9 of this manual.

### **Faith-Based Organizations**

Religious or faith-based organizations are eligible, on the same basis as any other organization, to participate in the ESGP. Grant funds may not be used for inherently-religious activities, such as worship or proselytizing; clients or prospective participants may not be discriminated against on the basis of religion or religious beliefs; and services may not be limited on the basis of religious participation. Religious activities must be offered separately, in time or location, from grant-funded activities, but program participants may voluntarily take part in religious activities offered by the organization. More information may be obtained through HUD's Final Rule on *Participation in HUD Programs by Faith-Based Organizations*, published in the Federal Register, Part IV on September 30, 2003.

## **Section 7 - Compliance Monitoring and Reporting**

### **Delaware Homeless Management Information System (DE-HMIS)**

HUD requires recipients of federal funds to collect unduplicated client data each year by DE-HMIS. This is a computerized data collection tool specifically designed to capture client level system-wide information over time on the characteristics and service needs of men, women and children experiencing homelessness. The system is used not only for an accurate count of the homeless in Delaware, but also to assist them in getting the appropriate services faster, decrease duplicative intakes and assessments and streamline the referral process. The statewide integrated system has the ability to track the use of services throughout Delaware by people who are homeless and can provide agencies the ability to see what services have been accessed in the past and help to determine what referrals are needed. It also helps assess the costs versus benefits and determine where there is duplication of services and where there are gaps in the system. In FY2010, participation in the HMIS system is mandatory.

### **Reporting Requirements**

Subgrantees will be required to report fiscal, program and client data to DSHA within specific time frames. At a minimum, applicants are required to ensure that:

- Accounting systems shall meet and comply with generally-accepted accounting principles. Expenditures shall be supported by source documentation (i.e. time sheets which indicate specific ESGP time spent, itemized store receipts, copies of checks, etc), which identify the source and use of ESGP contract funds.
- Subgrantees shall comply with DSHA requirements to collect demographic information of all homeless and at-risk persons who seek assistance.
- Subgrantees shall complete an Annual Performance Report for each program year during which ESGP funds are expended. This report documents the services provided, persons served, persons turned away and other demographic information needed for HUD reporting purposes.

### **Monitoring**

DSHA, as administrator of federal HUD funds, is required to monitor subgrantees for compliance with federal laws governing grant programs. Using techniques, guidelines and federal regulations at 24 CFR Part 576 from HUD's Monitoring Guidance for the Emergency Shelter Grants Program, DSHA has developed a process which is attached as Section 8.10 in this manual.

### **Sanctions for Non-compliance**

DSHA is responsible for implementing sanctions upon any subgrantee found to be out of compliance with program requirements. Sanctions may include, but are not limited to:

- A warning letter regarding further sanctions for continued non-compliance;
- Conditioning a future grant;
- Directives to stop incurring certain costs;
- Retraction of remaining grant funds;
- Requirement to repay certain grant amounts spent ineligibly;
- Reducing the level of funds a subgrantee may otherwise be entitled to; and
- Electing not to provide future funds until appropriate actions are taken to ensure compliance.

These sanctions are taken from HUD's Operating Instructions and Policy Guide for the Emergency Shelter Grants Program.

## **Section 8 - Definitions**

**Applicant** – any unit of general local government or public or private nonprofit organization submitting the necessary paperwork to be considered for funding as an ESGP service provider.

**Annual Performance Report** – (APR) a yearly progress and outcome report required by DSHA for every project during each year that a grant agreement is active.

**Audit Trail** – a complete record of expenditures including: request for purchase and by whom, how approved, source of funds used for expense, date of acquisition and cost.

**Authorized Signature** – the signature of an executive officer, agency director, or other responsible employee designated by a recipient agency as an “Authorized Person” on the *Authorized Signature Card for Requests for Payment and Witness Certification*.

**Conversion** – a change in the use of a building to an emergency shelter for the homeless, where the cost of conversion and any rehabilitation costs **exceed 75% of the value** of the building **after** conversion. Any building converted to an emergency shelter that is assisted with ESGP funds must meet local government safety and sanitary standards, and must be maintained as a shelter for the homeless for not less than a **ten-year period**.

**Emergency Shelter** – any facility where the **primary purpose** of which is to provide temporary shelter or short-term transitional shelter for the homeless in general or for specific populations of homeless persons.

**ESGP** – the Emergency Shelter Grants Program is defined and controlled under HUD regulations found at Title 24, Code of Federal Regulations, Part 576, which are hereby included for reference as part of these policies and procedures.

**Essential Services** – address the immediate needs of the homeless through day shelters or soup kitchens, or provide assistance from the shelter setting, which enables homeless persons to become more independent and to secure permanent housing. These services should focus on bringing clients to the next step of the continuum. After meeting immediate personal needs, shelter services should provide assistance that will strengthen a client’s ability to move into transitional, supportive or permanent housing.

**Grantee** – the direct recipient of grant funds. In the ESGP, DSHA is the grantee responsible to HUD for proper execution of the grant program through sub-contracted providers of homeless services in Kent and Sussex Counties, Delaware.

**Homeless** – means as the term is defined in 42 U.S.C. 11302, hereby included by reference. The definition, in summary, includes families and individuals living in places not meant for human habitation or in an emergency shelter (or who would be without HUD’s homelessness assistance), and who do not have the resources or support needed to obtain housing.

**Homeless Management Information System (HMIS)** – The State of Delaware has instituted the use of HMIS in response to requirements of the United States Congress under the HUD Appropriations Act HR-2620. HUD has required implementation and operation of management information systems for purposes of collecting unduplicated counts of homeless people and analyzing patterns of use of assistance funded by the federal government.

**Homeless Prevention** – activities designed to prevent the incidence of homelessness. Primarily, rental assistance when eviction is imminent, utility assistance when services are being terminated, first month’s rent, security or utility deposits for obtaining permanent housing, and some hotel/motel vouchers in the event that shelters are full.

**HUD** – the U.S. Department of Housing and Urban Development.

**DSHA** – the Delaware State Housing Authority, administrator of federal funds to the State of Delaware.

**In-Kind** – donated volunteer services or goods including staff time, shelter rent, shelter facilities or supplies of the same kind eligible under program guidelines.

**Internal Controls** – a combination of policies, procedures, personnel, defined responsibilities and records that allow an organization to maintain adequate oversight and control of its finances. A chart of **Good Business Practices for Adequate Financial Controls** is listed in Section 8.11 of this manual.

**Major Rehabilitation** – rehabilitation that involves costs **in excess of 75% of the value** of the building **before** rehabilitation. Buildings assisted at this level must be maintained as a shelter for the homeless for not less than a **ten-year period**.

**Management by Expenditure** – a term used by DSHA to ensure that cash management regulations regarding timely disbursement of funds are followed. In addition to HUD’s “payment by reimbursement” rules for ESGP, DSHA promotes financial accountability by asking for consistent draw requests from subgrantees within 60 days of program expenses to be reimbursed.

**Private Nonprofit Organization** – a secular or religious organization described in Section 501© of the Internal Revenue Code of 1954, which is (a) exempt from taxation under Subtitle A, Title 26 of the Code, (b) has an accounting system and voluntary board, and (c) practices nondiscrimination in the provision of assistance.

**Project Sponsor** – any agency sponsoring an ESGP-funded project and holding a formal grant agreement with DSHA for a designated contract period.

**Rehabilitation** – labor, materials, tools and other costs of improving buildings, other than minor or routine repairs. Buildings assisted at this level (other than major rehabilitation) must be maintained as a shelter for the homeless for not less than a **three-year period**.

**Renovation** – rehabilitation that involves cost of **75% or less of the value** of the building **before** rehabilitation. Buildings assisted at this level must be maintained as a shelter for the homeless for not less than a **three-year period**.

**Service Provider** – any entity that is successfully involved in providing needed services to Delaware’s homeless. For the purpose of ESGP, any entity that has successfully applied for grant funds and has been awarded a portion of the statewide ESGP with which to support planned services to Delaware’s homeless. Services are approved for ESGP funding by DSHA to be provided through emergency shelters, transitional housing projects, day-shelters, soup kitchens or community action agencies.

**Transitional Housing** – for the purpose of ESGP assistance, housing that extends past the “3 days to 3 months” reasonable period for temporary housing (emergency shelter). HUD defines transitional housing as having the “purpose” of moving homeless individuals and families to permanent housing within 24 months. (42 U.S.C. 11384(b))

**Units of General Local Government** – a general-purpose political subdivision of the State of Delaware as determined by Delaware Code.

**Value of the Building** – the monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by DSHA.

## **Section 9 – Reference Information**

- 9.1 – Documentation of Homelessness
- 9.2 – DSHA Homeless Persons Documentation Table
- 9.3 – Reimbursement Forms
- 9.4 – Inventory Policy and Equipment and Furnishings Inventory Record
- 9.5 – Environmental Determination Guide for ESGP Activities
- 9.6 – Lead Based Paint Requirements for ESGP
- 9.7 – Monitoring Guidelines

## **Section 9.1 – Documentation of Homelessness**

An important aspect of ESGP management is the documentation of participants' homelessness situation. ESGP subgrantees are required to maintain adequate documentation of homelessness status to determine the eligibility of persons served by the ESGP. The documentation is typically obtained from the participant or a third party at the time of referral, entry, intake or orientation to the ESGP-funded activity and a copy of the documentation should be maintained in the client file.

### **Definition of Homelessness**

The United States Department of Housing and Urban Development (HUD) defines homelessness as: A homeless person is someone who is living on the street or in an emergency shelter, or who would be living on the street or in an emergency shelter without HUD's homelessness assistance. A person is considered homeless only when he/she resides in one of the places described below:

- In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings, on the street;
- In an emergency shelter;
- In transitional or supportive housing for homeless persons who originally came from the streets or emergency shelters;
- In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution;
- Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing or their housing has been condemned by housing officials and is no longer considered meant for human habitation;
- Is being discharged within a week from an institution in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing; or
- Is fleeing a domestic violence housing situation and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.

### **Documentation for Homeless Prevention Activities**

For homeless prevention activities, the recipient organization must obtain evidence of an eviction, foreclosure, or utility termination notice(s) and evidence that the inability to pay was sudden, necessary to prevent homelessness, and resumption of payment is reasonably expected within the near future. Evidence would include, for example, notice of termination from the utility provider, court documents indicating that eviction was imminent or foreclosure documents indicating that foreclosure proceedings were pending. "Sudden" loss of income means, for example, the loss of a job, or the inability to work due to illness.

### **Homelessness Documentation**

HUD encourages that ESGP recipients maintain adequate documentation to determine eligibility of persons served. The following are HUD recommendations for documentation:

- *Persons living on the street* – For activities that provide short-term shelter and/or services, it is sufficient for the subgrantee/recipient staff to confirm that the persons served, indeed reside on the street or are otherwise homeless.
- *Persons living on the street or in short-term emergency shelter* – Information should be obtained to indicate that the person is living on the street or in a short-term emergency shelter. If unable to verify that the person is living on the street or in a short-term shelter, the staff person may prepare a written statement about the person’s previous living space. This statement should be signed and dated by the recipient.
- *Persons coming from transitional housing for homeless persons* – Signed and dated written verification from the transitional housing staff that the participant has been residing there. Also written verification should be obtained that the participant was living on the street or in an emergency shelter prior to living in the transitional housing facility, or was discharged from an institution or evicted from a private dwelling prior to living in the transitional housing and would have been homeless if not for the transitional housing.
- *Persons being evicted from a private dwelling* – Obtain evidence of the formal eviction notice that the person was being evicted within a week before receiving homeless assistance. Also, information should be obtained regarding the participant’s income and efforts made to obtain housing and why, without the ESGP assistance the person would be living on the street or in an emergency shelter. In the cases of no formal eviction notice, persons are considered evicted when they are forced out of the dwelling by circumstances beyond their control. The subgrantee must make very effort to confirm that these eviction circumstances are true and obtain a signed, dated written verification as to the validity of the eviction.
- *Persons from a short-term stay in an institution who previously resided on the street or in an emergency shelter* – Written verification must be obtained from the institution’s staff that the person has been residing in the institution for less than 31 days and information on the previous living situation.
- *Persons being discharged from a longer stay in an institution* – Subgrantee must obtain evidence from the institution’s staff that the person was being discharged within the week before receiving assistance. Information on the income of the person, what efforts were made to obtain housing and why, without the assistance, the person would be living on the street or in an emergency shelter.
- *Persons fleeing from domestic violence* – Subgrantee should obtain written verification from the participant that he/she is fleeing a domestic violence situation. If unable to obtain verification, the subgrantee may prepare a written statement about the person’s previous living situation for them to sign and date.

## Section 9.2 – Delaware State Housing Authority Homeless Persons Documentation Table

Persons seeking assistance from federally-funded programs for the homeless must be qualified according to HUD standards before assistance may be provided. Program sponsors are responsible to document the qualification process and to keep client files showing how or where these verifications were obtained. Records may be monitored at any time for compliance.

### Short-Term Emergency Shelter Services

Situation	Documentation Required for Assistance
<b>A.</b> Persons living on the street – not shelter clients	Short-term services such as outreach, food, healthcare, and clothing may be provided to persons living on the street. It is not feasible to require documentation for each person receiving say, food boxes. The provider may simply confirm that they are homeless.

### Long-Term Emergency Shelter or Transitional Housing Service

<b>B.</b> Persons coming off the street or from short-term emergency shelter	Verify living situation. This may include names of organizations or outreach workers who have assisted them in the past; any assistance checks received by the client and where they are delivered, etc. If information regarding previous living situation is not available, the intake person may prepare a written statement and have the participant sign and date the form.
<b>C.</b> Persons coming from transitional housing for homeless persons	Obtain written, signed and dated, verification from the referring transitional housing staff that the person has resided at their facility. The verification must include confirmation of the person's <u>prior</u> living condition as well, showing inevitable homelessness if not for the transitional housing availability.
<b>D.</b> Persons being evicted from a private dwelling	Formal eviction notice (3 days – 1 week). Income verification and documentation of efforts to obtain other housing; why the homeless assistance is necessary to prevent homelessness.
<b>E.</b> Family evictions	A signed, dated statement by the evicting family member describing the situation. Verification signed and dated by the shelter staff showing efforts to confirm these circumstances and attesting to their validity. Income verification and documentation of efforts to obtain other housing; why the assistance is necessary to prevent homelessness.
<b>F.</b> Persons leaving a short-term institutional stay	Written verification from institutional staff regarding participant's residency for less than 31 days at the facility, plus prior living situation confirmed as in 'C' above.
<b>G.</b> Persons discharged from a longer stay in an institution	Evidence from the institution staff of participant's discharge within a week of receiving homeless assistance. Income verification and documentation of efforts to obtain housing; why the homeless assistance is necessary to prevent homelessness.
<b>H.</b> Persons fleeing domestic violence	Written verification from the participant that he/she is fleeing domestic violence. If the participant is unable to prepare verification, the shelter staff may prepare a written statement about the prior living situation for the participant to sign and date.

DSHA-8

<b>TO: DELAWARE STATE HOUSING AUTHORITY</b>		<b>DSHA USE ONLY</b>
<b>FROM:</b>		<b>APPROVED</b>
<b>RE: REQUEST FOR DRAWDOWN</b>		<b>DATE</b>
<b>DATE:</b>		
<b>SECTION I REQUEST FOR PAYMENT</b>		
	<b>Contract No.</b>	<b>Federal E.I. No.</b>
	<b>Amount Requested</b>	<b>Request No.</b>
<b>SECTION II ITEMIZATION OF AMOUNT REQUESTED</b>		
<b>TYPE OF ACTIVITY</b>		<b>AMOUNT</b>
<b>PROGRAM COSTS (LIST FOR PAYEE AND TYPE ACTIVITY)</b>		
<b>ADMINISTRATIVE COSTS</b>		
<b>TOTAL FUNDS REQUESTED</b>		
<b>SECTION III REMARKS</b>		

**NOTE: Program Income must be used to reduce the NEXT drawdown submitted after it is received. Indicate under REMARKS the program activity to which program income will be applied.**

**DELAWARE STATE HOUSING AUTHORITY  
 EMERGENCY SHELTER GRANTS PROGRAM  
 SCHEDULE OF PAYMENTS**

**Contract Number:**

**Drawdown Number:**

Program Activity	Authorized Budget	Draws to Date	This Draw**	Total Draws	Balance
Administration					
Program Activities					
<b>Total Draw Request</b>					

**CERTIFICATION:** I certify that this Request for Payment has been in accordance with the terms and conditions of the Contract Award cited and that the amount requested is proper for payment to the drawer. I also certify that the data reported above is correct and that the amount of the Request for Payment is not in excess of current needs.

**NOTE:** An approved change order (DSHA-16) must accompany any Request for Drawdown that indicates transfer of funds not exceeding 5% of the total funds approved for all contracted SHP program activities, excluding administration.

When an individual transfer, or the cumulative amount of all such transfers, exceeds 5% of the total funds approved for all contracted SHP program activities, excluding administrative costs, a Contract Amendment reflecting the transfer must be executed prior to drawdown.

DATE: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_ TITLE:

DATE: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_ TITLE:

\*\* NOTE: This column should reflect NET PROGRAM REQUESTS and TOTAL FUNDS REQUESTED from Page 1.

## 9.4 – DSHA Inventory Policy for ESGP

CFR 24 Section 84.34 outlines the federal regulations that apply to equipment purchased with grant monies. A summary of these requirements follows:

- The recipient will use the equipment in the project for which it was acquired as long as needed. When it is no longer needed for that project, it should be used for other federally-sponsored (particularly HUD) activities, unless compensation is made to HUD [CFR 24 Section 84.34(g)].
- The recipient will maintain accurate equipment records including:
  - Description;
  - Serial number, model number, or identification number;
  - Source of federal funds with which equipment was purchased;
  - Date received;
  - Cost;
  - Location;
  - Condition when acquired; and,
  - Date of disposal, if expired.
- A physical inventory of equipment should be taken every 2 years during which the recipient will verify the existence, current utilization and continued need for the equipment.
- Recipient is responsible to ensure that adequate maintenance procedures are implemented to keep the equipment in good condition.
- If the recipient is authorized to sell the equipment, federal sales procedures must be followed [CFR 24 Section 84.34(g)].

## Section 9.5 – Delaware State Housing Authority Environmental Determination Guide for ESGP Activities

ESGP ACTIVITIES		LEVEL OF ENVIRONMENTAL REVIEW			
Category	Eligible Activities	Exempt	Categorically Excluded: Not Subject to §58.5	Categorically Excluded: Subject to §58.5 (also subject to §58.6)	Environmental Assessment (an EIS may be required if the project meets any of the conditions in §58.37)
		24 CFR 58.34	24 CFR 58.35(b)	24 CFR 58.35(a)	24 CFR 58.36
1	<b>Administrative Costs</b> 24CFR 576.21(a)(5)	✓			
2	<b>Essential Services</b> 24 CFR 576.3	✓			
3	<b>Homeless Prevention Activities</b> 24 CFR 576.3		✓		
4	<b>Operational Costs</b> 24 CFR 576.21(a)(3)		✓		
5	<b>Renovation/ Major Rehab/ Conversion</b> 24 CFR 576.3  <b>Renovation</b>  <b>OR</b>  <b>Major Rehabilitation</b>  <b>OR</b>  <b>Conversion</b>	<p>Rehabilitation that costs <u>less than 75%</u> of the value of the building before rehabilitation.</p> <p>Rehabilitation that costs <u>more than 75%</u> of the value of the building before rehabilitation.</p> <p>Changing the use of a building to an emergency shelter where the cost of conversion and any rehab costs exceed 75% of the value of the building after conversion.</p> <p>NOTE: Lead-based paint work is a renovation/rehab/conversion activity.</p>		✓  Costs are less than 75% of the replacement value of the building after rehabilitation; and Unit density is not changed by more than 20%; and There is no change in land use (e.g., from commercial or industrial to residential).	✓  If any one of the three criteria that qualifies the activity as categorically excluded (listed in the column to the left) is NOT met.

## Section 9.6 – Lead-Based Paint Requirements for ESGP

[ESGP Desk Guide, Section 8.2]

TYPE of PROJECT	CONSTRUCTION PERIOD	
Rehabilitation on property receiving less than \$5,000 assistance per unit	Pre-1978	<ul style="list-style-type: none"> <li>➤ Provision of pamphlet</li> <li>➤ Conduct paint testing of surfaces to be disturbed</li> <li>➤ Implement safe work practices during rehab</li> <li>➤ Repair all disturbed paint surfaces</li> <li>➤ Clearance examination of work site</li> <li>➤ Notice to Occupants of finished testing</li> </ul>
Rehabilitation on property receiving more than \$5,000, and up to \$25,000 per unit	Pre-1978	<ul style="list-style-type: none"> <li>➤ Provision of pamphlet</li> <li>➤ Conduct paint testing of surfaces to be disturbed</li> <li>➤ Risk assessment</li> <li>➤ Interim controls</li> <li>➤ Notice to Occupants</li> </ul>
Rehabilitation on property receiving more than \$25,000 per unit	Pre-1978	<ul style="list-style-type: none"> <li>➤ Provision of pamphlet</li> <li>➤ Conduct paint testing of surfaces to be disturbed</li> <li>➤ Risk assessment</li> <li>➤ Abatement of LBP hazards</li> <li>➤ Notice to Occupants</li> </ul>
Essential Service and/or Operations	Pre-1978	<ul style="list-style-type: none"> <li>➤ Provision of pamphlet</li> <li>➤ Visual assessment to identify deteriorated surfaces</li> <li>➤ Paint stabilization of deteriorated surfaces</li> <li>➤ Notice to Occupants</li> <li>➤ Ongoing LBP maintenance as part of operations</li> </ul>

### **Exempt from LBP Regulations**

- Housing built after January 1, 1978
- Housing exclusively for the elderly or disabled, unless small children reside there
- Zero-bedroom dwellings: SRO units, dormitories, barracks
- Inspector-certified properties that have been found to be free of LBP
- Properties where LBP removal has been completed
- Unoccupied housing that will be vacant until demolition
- Non-residential property
- Projects where rehabilitation will not disturb painted surfaces
- Emergency repairs to safeguard against imminent danger to human life, health or safety, or to protect from further structural damage
- Emergency shelters where clients will not stay longer than 100 days

## Section 9.7 – Monitoring Guidelines

### **Introduction**

The Stewart B. McKinney Homeless Assistance Act (McKinney Act) established funding through the HUD, to support specialized housing services for the homeless. The intent of this program is to provide safe, decent and sanitary housing for homeless individuals, as well as connect these individuals with the supportive services they need to improve their situation and maintain permanent housing. DSHA administers these funds for the State of Delaware through the ESGP.

DSHA delegates the implementation to subgrantees; however, as the HUD grantee for this program, DSHA is responsible for ensuring the performance and compliance of all subgrantees.

### **Purpose of this Manual**

This manual provides guidance to subgrantees that receive ESGP funds. This guidance is to ensure that grants are being administered in compliance with applicable statutory and regulatory requirements. To ensure that ESGP grants are managed well, DSHA staff is expected to have regular contact with subgrantees by phone or letter. The purpose of this contact is to provide technical assistance to grantees and to advise them of program deadlines and reporting requirements. In addition, DSHA will use this contact and its access to IDIS to track and remind subgrantees of the status of obligations and drawdowns well before the applicable deadlines.

If subgrantees have any questions about the ESGP or this manual, they may contact Valerie Miller, Community Development Section, DSHA, 18 The Green, Dover, DE 19901, 302-739-4263 ext. 260 or via e-mail at [Valerie@destatehousing.com](mailto:Valerie@destatehousing.com).

### **Governing Regulations**

The ESGP is authorized by the Stewart B. McKinney Act of 1988 (Pub. L. 100-628, approved November 7, 1988). This program is governed by regulations at 24 CFR Part 576. The applicable statutory changes in the National Affordable Housing Act (Pub. L. 101-625, as amended November 28, 1990) govern the program as well.

The regulations for the ESGP affirm that the state grantee, DSHA, is responsible for ensuring that their respective subgrantees carry out ESGP supported efforts in compliance with all applicable requirements. Grantees are responsible, whether they are providing services directly or through other subgrantees, for making sure that compliance with program requirements occurs at all applicable levels. Grantees must have a process to ensure the compliance of their subgrantees and enforce it via sanctions if necessary. DSHA is required to take appropriate action, including sanctions, against subgrantees that are not in compliance with the program requirements 24 CFR 576 Subpart E.

### **Monitoring Objectives**

DSHA's monitoring efforts are guided by objectives that address both the agency's responsibilities and goals under the ESGP. The objectives are as follows:

- **Track Program/Project Performance** – Resources within the state for housing for homeless persons are limited. DSHA will track subgrantee performance to ensure that both the level of

service provided and the individuals served correspond to the activities outlined in the subgrantees grant agreement.

- **Ensure Timely Expenditure of ESGP funds** – Funds must be spent within specific time periods or the state will lose these valuable housing resources. To ensure that funds are used in a timely manner, the Agreements executed by subgrantees establish specific periods of performance. DSHA will monitor grantee progress in spending their ESGP funds to ensure that these funds will not be lost.
- **Document Compliance** – DSHA is responsible for ensuring that ESGP funds are used for eligible activities. If HUD determines that these funds were used for ineligible activities, DSHA will be required to repay these funds out of its own resources. DSHA will monitor the administration of ESGP funded programs and projects to assure that subgrantees are complying with federal requirements and properly documenting their activities.
- **Prevent Fraud and Abuse** – Fraud and misuse of federal funds is a crime and DSHA will monitor subgrantee systems for administering ESGP funds to ensure that adequate protections against fraud and misuse of funds are in place.
- **Identify Technical Assistance Needs** – Subgrantees encountering program or financial performance problems may need technical assistance to address weaknesses in program designs or to build their capacity to administer ESGP funds. As part of DSHA’s partnership with subgrantees, it will work with them to identify technical assistance needs and obtain the help they need to improve their performance.

### **Monitoring Methods**

DSHA staff will monitor subgrantee activities using two basic methods:

- *Desk reviews* are performed at DSHA offices and involve examining information and materials provided by subgrantees to track their performance and identify potential problem areas. In performing desk reviews, staff will examine invoices and subgrantee progress reports to assess subgrantee performance and look for indicators of performance or compliance problems. DSHA staff may also find valuable information in the subgrantee’s audit or single audit, which must be conducted by an independent auditor in accordance with the Single Audit Act (31 U.S.C. 7501-7). A Single Audit is only required if the subgrantee has received over \$300,000 or more in federal funds from all sources. If questions or concerns arise, staff should gather additional information from the subgrantee through telephone calls or by requesting additional documents or other written materials.
- *On-site reviews* involve traveling to the location of the program or project to gather in-depth information about subgrantee activities. DSHA will conduct an annual on-site review with each ESGP subgrantee. During an on-site review, DSHA staff identifies aspects of the program/project where the subgrantee is performing well and any areas of weak performance; assess subgrantees compliance with program requirements; and determine whether grantee records are adequate to document compliance. When performing an on-site review, staff will complete the appropriate monitoring checklists and prepare a written report summarizing the results of the review.

During an on-site review, DSHA staff will gather information through a combination of interviews with program/project staff and reviews of program/project files.

### **Performing On-Site Reviews**

Subgrantees will be contacted at least two weeks prior to the planned date of an on-site visit to schedule the monitoring review. After scheduling the actual dates the review will take place, DSHA staff will send a written confirmation letter to the subgrantee that confirms the following items:

- The date and time of the visit;
- The name of the DSHA staff person(s) performing the visit;
- The elements of the program/project to be monitored; and,
- The files and records that will be reviewed.

To prepare for an on-site visit, DSHA staff should review the following items in DSHA's program files for the subgrantee:

- The subgrantee's grant agreement;
- Invoices and subgrantee progress reports;
- Correspondence between DSHA and the subgrantee;
- Reports from past on-site monitoring reviews; and,
- Audit reports and grantee responses to these reports.

These items should be reviewed to assess subgrantee's progress, examine changes in subgrantee's activities, identify existing or potential problems and determine the elements of the subgrantee's program/project that should be given priority during the review.

### **Conducting On-Site Reviews**

When conducting an on-site review, DSHA staff should complete the following steps:

- Conduct an initial meeting with the executive director, director of programs, or other subgrantee official to explain the purpose and schedule for the review;
- Interview members of the subgrantee's staff to gather information about subgrantee's activities and performance;
- Review additional materials provided by the subgrantee that provide more detailed information about the program/project;
- Examine a sample of expenditures for required documentation and to verify the accuracy of information provided on invoices;
- Perform a fiscal review to assure compliance with all applicable OMB circulars;
- Review a sample of client files for required documentation that program participants meet eligibility requirements and that they are provided access to supportive services; and,
- Hold an exit interview with appropriate subgrantee staff to discuss the preliminary conclusion of the review and identify any follow-up actions the subgrantee will need to take.

Upon completing the on-site visit, DSHA staff must properly document the results of the review. All applicable checklists must be filled out and properly annotated. All documentation required to support conclusions from the review must be attached to the checklists and placed in DSHA's program file for the subgrantee.

### **Monitoring Letter**

After completing the on-site visit, DSHA staff must prepare a monitoring letter describing the results of the review. The monitoring letter is to include the following items if applicable:

- Subgrantee Grant Agreement number;
- The name(s) of the DSHA staff who performed the review;
- The elements of the program/project examined during the monitoring review;
- If any, findings or concerns for each element of the program/project that were monitored;
- Corrective actions, or recommendations that the subgrantee is to take to correct areas of non-compliance or potential non-compliance;
- May include observations along with suggested actions the subgrantee could take to improve program/project performance;
- A description of areas of strong performance and significant improvement or progress toward achieving contractual obligations; and
- State a time limit as to when the subgrantee is to respond to any DSHA staff concerns or findings noted in the monitoring letter.

The monitoring should clearly highlight concerns and findings that will result in negative consequences if not corrected. It is also important that such findings be presented in a constructive tone and format. Deficiencies should be placed in the context of the subgrantee's overall performance, recognizing areas of improvement and good performance. The description of corrective actions required should identify specific steps the subgrantee needs to take to correct these deficiencies. Recommendations for technical assistance should be included wherever appropriate.

The monitoring letter should be addressed to the Executive Director or any other applicable personnel of the subgrantee's agency. The monitoring letter is to be issued within 30 days of completing the on-site review.

### **Follow-Up Action**

If the subgrantee fails to meet a target date for corrective action, DSHA staff should first contact the subgrantee by telephone.

If the subgrantee has not responded within 15 days after the date the subgrantee was required to take corrective action, DSHA staff must send a letter requesting the subgrantee to advise DSHA of the steps that have been taken to implement required corrective actions. The letter should also advise the subgrantee of possible consequences of failure to take corrective action.

Once a subgrantee's response has been received, DSHA staff must review the response and determine if the grantee has successfully addressed the required corrective actions. These reviews should be completed within 15 days of receiving the subgrantee's response.

If DSHA staff determines that the subgrantee's response is not satisfactory, a follow-up letter should be sent to the subgrantee which specifies the additional actions that are required and the date for completing these actions. Significant non-compliance or lack of response from the grantee may result in suspension of funding until such time as the problems are rectified.

### **Areas of Monitoring**

The major areas of compliance are listed below. The various means of monitoring described above should yield information about whether subgrantees meet the program requirements.

**Eligible Activities Requirements.** Subgrantees are to use the ESGP funds as originally planned and for eligible activities as described in 24 CFR 576.21. Any changes from planned expenditures should be documented in the subgrantee's program files. If a subgrantee proposed to spend funds for an eligible activity and, subsequently, expends funds for another eligible activity, appropriate DSHA staff is to be notified in writing about changes in planned expenditures. Written permission is to be obtained from DSHA.

One step in reviewing the uses of ESGP funds for eligible activities is to determine whether costs have been properly classified. While ESGP regulations do not list all eligible activities, items, or costs, there is a statutory requirement that activities benefit the appropriate population and that they will be provided at a reasonable cost. If there are questions about the classification of items or activities, subgrantees should contact DSHA for clarification.

Statutory requirements relating to ESGP eligible activities are as follows:

- Up to ten (10) percent of an ESGP allocation may be spent on staff costs related to operations. Staff costs associated with maintenance or security are eligible and are not subject to the 10% cap on staff salaries for operations. Staff salaries and other expenses associated with providing services, such as case management or counseling, are eligible expenses under the essential services category.
- Grantees may use up to five (5) percent of any annual grant received for administrative purposes.
- Essential Services and homeless prevention services are each capped at thirty (30) percent of any annual grant received (all statutory caps are referenced in 24 CFR 576.21).

**Habitability Standards.** All housing provided through HUD funds must meet certain Habitability Standards to ensure that facilities provide appropriate privacy, safety, sanitary and other health-related conditions for homeless persons. The written Habitability Standards, included under Attachment A, establish the minimum standards which any housing unit acquired, converted, constructed, rehabilitated or leased with these HUD funds must meet.

### **General Program Requirements:**

- Participant Eligibility – Subgrantees must document that participants meet all required eligibility requirements including income eligibility, including the HUD definition of homelessness.
- Assistance in Obtaining Supportive Services – The ESGP requires that recipients be given assistance in obtaining appropriate supportive services to promote self-sufficiency and to assist them in obtaining permanent housing (24 CFR 576.56 (a)).
- Minimum use Periods for Structures – The ESGP mandates a time period for which property renovated, substantially rehabilitated, or converted through ESGP funds must remain in operation. The time limits vary between three and ten years, depending on the activity (24 CFR 576.53).

**Environmental Compliance.** Before any ESGP funds are used to acquire, rehabilitate, convert, lease, repair or construct properties to provide housing, DSHA, as required in the applicable regulations, shall perform an Environmental Review, in accordance with 24 CFR Part 50, which implements the National Environmental Policy Act and related federal laws and authorities. Because HUD may recapture ESGP funds if grantees commit any funds prior to conducting the Environmental Review and receiving the Authority to Use Grant Funds by DSHA or HUD, DSHA must ensure that their grantees have not made such commitments.

**Financial Regulations and OMB Circulars:**

- The federal regulations require grantees to meet certain requirements concerning financial management. The regulations direct state and local government grantees to 24 CFR Parts 44 and 85, as well as OMB Circular A-87 and A-102. They direct nonprofit grantees to 24 CFR Part 84, which replaces OMB Circular A-110, and to OMB Circular A-122. 24 CFR Part 45 implements OMB Circular A-133, which covered the audit requirement of A-110.
- OMB Circular A-133, which provided guidance on audits for nonprofit organizations, is in effect. HUD issued an Interim Rule implementing its provisions in the Federal Register on July 27, 1992, and it became effective August 26, 1992. The provisions of A-133 supersede only paragraph 2h of Attachment F of OMB Circular A-110.

**Program Disbursements:**

- *Drawdowns in Advance of Need* – 24 CFR 82.21 (b)(5) states that a grantee must make drawdowns as close in time as possible to its disbursements. The IDIS system is designed so that subgrantees can drawdown funds when needed.
- Subgrantee's records will be reviewed to ensure that program funds are drawn down and disbursed as needed. The common standard for programs managed by the Office of Community Planning and Development of HUD is that funds drawn down by units of local government should be disbursed within three (3) days. Similarly, subgrantees should disburse funds in payment of program costs within three (3) days of receipt of funds from DSHA account. DSHA may inform or remind subgrantees of these standards through start-up meetings, training or technical assistance. After taking such steps, accounting systems and any other data management tools necessary may be used to monitor the financial activity of the subgrantees. If their drawdowns do not conform to the above standard, staff may contact grantees to remind them that drawdowns must be related to their expenditure need and request an explanation for drawdowns in advance of the need.

**Equipment and Records.** 24 CFR 84 defines equipment and the equipment records that must be maintained by nonprofit organizations.

**Financial Management Standards.** The ESGP requires that nonprofit subgrantee's financial management systems must conform to the requirements of 24 CFR Part 84. Nonprofit subgrantees should review these standards with their CPAs to ensure that the financial administration of the program funds meets all OMB standards.

**Procurement.** Purchases of services from contractors or vendors by nonprofit subgrantees with ESGP funds are subject to 24 CFR Part 84. This includes standards that prohibit conflicts of interest, procedures for open competition with consistent technical solicitations, affirmative efforts to hire

minority- and women-owned businesses, maintenance of selection documentation, and a contract administration system that provides sufficient monitoring. Purchases of services from contractors or vendors by public agencies with ESGP funds are subject to 24 CFR Part 85.

**Conflict of Interest.** A conflict of interest may exist when a person affiliated with a subgrantee's organization has a direct or indirect financial interest in the selection of contractors, vendors and beneficiaries assisted with program funds. Subgrantees must follow the conflict of interest provisions contained in either 24 CFR 85 (for public agencies) or 24 CFR Part 84 (for nonprofit agencies).

Parts 84 and 85 provided general guidelines with respect to the procurement of services and materials with federal funds. In general, subgrantees must have a code of conduct that prohibits any employee, officer or agent of the grantee from participating in the decision-making process if that person or his/her immediate family, partner or any organization employing any of the above has direct financial interest or benefit in the entity selected. These persons also may not accept any form of gratuity, favors or anything of monetary value from any entities selected. Subgrantees should develop standards for avoiding such conflicts, be they real, apparent or potential.

### **Audits**

- Nonprofit subgrantees are subject to the audit requirements of 24 CFR Part 45.
- States and local government grantees are subject to 24 CFR Part 44. State and local governments will include HOPWA activities in their single audit and proceed as usual.

### **Other Federal Requirements**

Subgrantees' use of ESGP funds must comply with the following additional requirements stated in the National Affordable Housing Act and at 24 CFR 576.57.

- The requirements of the Fair Housing Act (42 U.S.C. 3501-20) and implementing regulations at 24 CFR Part 100; Executive Order 11063 and implementing regulations at 24 CFR Part 107; and title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4).
- The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against otherwise qualified individuals with handicaps under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), as amended by the Americans with Disabilities Act, and its implementing regulations at 28 CFR Part 36.
- The requirements of Executive Order 11246 and the regulations issued under the Order at 41 CFR Chapter 60.
- The requirements of Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701U (see 570.607 (b)).
- The requirements of Executive Orders 11625, 12432 and 12138. Consistent with HUD's responsibilities under these Orders, the subgrantee must make efforts to encourage the use of minority- and woman-owned businesses in connection with activities funded under this part.
- The requirement that the grantee make known that the use of the facilities and services is available to all on a nondiscriminatory basis. Where the procedures that a grantee or subgrantee intends to use to make known the availability of such facilities and services are unlikely to reach persons with handicaps or persons of any particular race, color, religion, sex, age, familial status or national origin within their services area who may qualify for them, the grantee or subgrantee must establish additional procedures that will ensure that

these persons are made aware of the facilities and services. Subgrantees must also adopt and implement procedures designed to make available to interested persons information concerning the existence and location of services and facilities that are accessible to persons with disabilities.

**Lead-Based Paint.** Subgrantees must ensure that facilities meet the requirements at 24 CFR Part 35 in general for all expenditures of federal funds.

**Flood Insurance.** Subgrantees must ensure that facilities meet the requirements at 24 CFR 576.79.

**Relocation.** Subgrantees must ensure that projects meet the requirements at 24 CFR 92.353.

**Minimizing Displacement.** Subgrantees must ensure that projects meet the requirements at 24 CFR 576.59 (a).

**Conflicts of Interest.** Subgrantees must ensure that projects meet the requirements at 24 CFR 576.57 (d) as stated now in 24 CFR 84.42 rather than in OMB Circular A-110.

**Drug-Free Workplace.** Subgrantees must ensure that projects meet the requirements at 24 CFR 576.79 (h).

**Primarily Religious Organizations.** Subgrantees' projects must meet the requirements at 24 CFR 576.23.

**Confidentiality.** The requirement of the National Affordable Housing Act (Pub. L. 101-625) contained in Section 832 (e)(2)(C) that grantees and subgrantees develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted and that the address or location of any family violence project assisted will, except with written authorization of the person or persons responsible for the operation of such shelter, not be made public.