

ESG CARES Act Regulation Summary

Overview

This document prepared by CARES of NY Inc. summarizes the HUD Notice entitled *Waivers and Alternative Requirements for the Emergency Solutions Grant (ESG) Program Under the CARES Act* (CPD-20-08). This summary highlights the essential elements of the September 1, 2020 memorandum directive focusing on Sections I-II and specifically notes page numbers for easy reference.

I. Funding Opportunity Description (p. 3)

The CARES Act designated 4 billion dollars for the Emergency Solution Grant Program specifically to prevent, prepare for and respond to coronavirus, among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impact created by the virus. These dollars can fund outreach services, emergency shelter, temporary emergency shelter, homelessness prevention and rapid re-housing.

II. Allocation (p. 6)

ESG-CV funds are available through two separate allocations. HUD may reallocate funds if states and territories fail to submit substantial amendments to their FY 2020 Annual Action Plan that are subsequently approved by HUD. HUD may also recapture ESG CV funds that have been awarded if recipients fail to meet expenditure deadlines and provisions to prevent recapture of funds.

Obligation Process (p. 8)

State Recipients have **180 days** from the date HUD signs the grant agreement to obligate funds. Cities and counties have up to **240 days** from the date HUD signs the grant agreement to obligate funds.

Progressive Expenditure Deadlines and Recapture Provisions (p. 9)

At least **20% of funds**, including first and second round allocations, **must be spent by 9/30/2021** and **80% of funds must be spent by 3/31/2022** for expenditure and payment requirements to be met and to avoid recapture of funds by HUD.

The overall deadline for spending first and second allocations of ESG-CV funds is **September 30, 2022**.

III. Applicable Rules, Statutes, Waivers, and Alternative Requirements

Exemptions and Additional Eligible Activities (p. 11-13)

There are exemptions to some of the standard ESG requirements as well as noted additional eligible activities. Two important exemptions are: the Emergency Shelter and Street Outreach cap has been lifted (i.e. shelter and outreach categories do not have to be below a certain financial threshold) and Pre-Award Costs are qualifying eligible activities.

Additional eligible activities have been identified as:

- Temporary Emergency Shelters
- Training
- Hazard Pay
- Handwashing Stations and Portable Bathrooms
- Landlord Incentives (i.e. signing bonuses, additional security deposits etc.)
- Volunteer Incentives

Please reference pages 11 through 14 for detailed information on these activities. Please also note pre-award costs are eligible (pg. 10).

Waivers, Alternative Requirements and Statutory Flexibilities (p. 14- 16)

With regards to Waivers, Alternative Requirements and Statutory Flexibilities for Existing Eligible Activities, Medium-Term Rental Assistance has been redefined as follows:

Medium Term Rent was defined as “for more than 3 months but not more than 24 months of rent”. This has been waived and is replaced with the language requirement that **medium-term rent is now defined as “for more than 3 months but not more than 12 months”**.

The Notice states that recipients may use up to **10 percent of their total ESG-CV grant for administrative costs**, (as permitted by the CARES Act). **24 CFR 576.108**

Additional flexibilities under the Cares Act Regulation also waive the spending cap for **Emergency Shelter and Street Outreach Activities**. The same flexibility applies to using ESG-CV funds to establish and operate temporary emergency shelters. **24 CFR Part 576.100(b)**.

These flexibilities also extend to **Hotel/Motel** eligible costs to include a hotel or motel voucher for homeless individuals and families where no appropriate emergency shelter is available. **24 CFR 576.102(a)(3)**.

The flexibilities also waive the cap on the 24-month maximum assistance period (in any existing 3 yr. period). Participants who reach the 24-month cap between 1/21/20 and 3/1/2021 are able to receive continued assistance for an additional 6 months in order to maintain housing or prevent homelessness.

Program Requirements (p. 16-18)

- The requirements set in 24 CFR part 576, subpart E continue to apply, except as otherwise established in this Notice, including: Consultation with the Continuum of Care waived.
- Coordination with other targeted homeless services waived.
- System and Program Coordination with Mainstream Resources waived.
- Centralized or Coordinated Assessment, Written Standards for Administering Assistance, and HMIS (waived only for the first 60 days of the program)
- Housing Stability Case Management (requirement to meet at least once per month waived)
- Shelter and Housing Standards (habitability standards waived for temporary shelters).
- Environmental Review Requirements (waived for temporary shelters).
- Procurement (may establish alternate procurement standards).
- Prohibition Against Duplication of Benefits.

It is important to note the Notice explicitly states individuals and families experiencing homelessness must not be required to receive treatment or perform any other prerequisite activities as a condition for services.

Reporting Requirements (p. 18)

The CARES Act details additional reporting requirements. Recipients of \$150,000 or more of CARES Act funding must submit, not later than 10 days after the end of each calendar quarter, a report containing information regarding the amount of funds received; the amount of funds obligated or expended for each project or activity; a detailed list of all such projects or activities, including a description of the project or activity; and detailed information on any subcontracts or subgrants awarded by the recipient.

HUD is waiving part of the standard reporting requirement; under ESG-CV recipients are granted up to 180 days from their program year end date to submit their CAPER to allow additional time for reporting as recipients respond to coronavirus.

Additional Important Information

As a reminder of all ESG eligible activities (regulation 24 CFR Part 576), please see the Emergency Solutions Grants (ESG) Program Components Quick Reference Document.

<https://files.hudexchange.info/resources/documents/ESG-Program-Components-Quick-Reference.pdf>