

# ESG Eligible Program Expenses

## Rental Assistance

Rental assistance cannot be provided to a client who is receiving the same type of assistance through other public sources, or to a client who has been provided with replacement housing payments under the *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)*, during the period of time covered by the URA payments.

<b>Expense Type</b>	<b>Description</b>
<i>Rental Assistance</i>	<ul style="list-style-type: none"> <li>• Maximum = 24 months within any 3-year period</li> <li>• Recipient may set a maximum amount or percentage, maximum months, or maximum number of times</li> <li>• Unit rent may not exceed FMR and must be Rent Reasonable</li> <li>• **Please see <a href="#">Addendum 1: COVID-19 Waivers</a>, for information on temporary COVID-19 HUD Waivers regarding FMR requirement.**</li> <li>• Subrecipient must enter into a Housing Assistant Payment (HAP) contract—a rental assistance agreement with the landlord that meets the requirements in the ESG Interim Rule, at <a href="#">24 C.F.R. 576.106(e)</a></li> <li>• The client must have a lease</li> <li>• <b>Ineligible:</b></li> <li>• Penalties for late payment under the rental assistance agreement</li> </ul>
<i>Rental Arrears</i>	<ul style="list-style-type: none"> <li>• One-time payment for up to 6 months of rent in arrears, including any late fees on those arrears</li> </ul>

## Housing Relocation and Stabilization Services

### Financial Assistance Costs

Housing relocation and stabilization services cannot be provided to a client who is receiving the same type of assistance through other public sources, or to a client who has been provided with replacement housing payments under the *Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)*, during the period of time covered by the URA payments.

<b>Expense Type</b>	<b>Description</b>
<i>Security Deposits</i>	<ul style="list-style-type: none"> <li>• Maximum = 2 months' rent</li> </ul>
<i>Rental Application Fees</i>	<ul style="list-style-type: none"> <li>• Eligible only if fee is charged by the owner to all applicants</li> </ul>
<i>Last Month's Rent</i>	<ul style="list-style-type: none"> <li>• Maximum = 1 month's rent</li> <li>• Included in calculating the program participant's total rental assistance (which cannot exceed 24 months during any 3-year period)</li> </ul>
<i>Utility Deposits</i>	<ul style="list-style-type: none"> <li>• Eligible utility services are gas, electric, water, and sewage</li> </ul>
<i>Utility Payments</i>	<ul style="list-style-type: none"> <li>• Maximum = 24 months (including up to 6 months of utility payments in arrears per service) within any 3-year period</li> <li>• Partial payment of a utility bill counts as one month</li> <li>• Member of client household must have account in their name with a utility company or proof of responsibility to make utility payments</li> <li>• Eligible utility services are gas, electric, water, and sewage</li> </ul>

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<b>Expense Type</b>	<b>Description</b>
<i>Moving Costs</i>	<ul style="list-style-type: none"> <li>• Truck rental</li> <li>• Hiring a moving company</li> <li>• Payment of temporary storage fees for up to 3 months only if fees are accrued after the date the client begins receiving ESG case management or housing search services and before they move into permanent housing</li> <li>• <b>Ineligible:</b></li> <li>• Payment of temporary storage fees in arrears</li> <li>• Other client expenses, e.g., furniture</li> </ul>
<i>Emergency Transfer Costs</i>	<ul style="list-style-type: none"> <li>• For clients receiving ESG rental assistance, ESG funds may be used to pay amounts owed for breaking a lease to affect an emergency transfer under <a href="#">24 CFR 5.2005(e)</a></li> <li>• These costs are not subject to the 24-month limit on rental assistance</li> </ul>

## Services Costs

If the eligible services below are being directly delivered by subrecipient, eligible costs for those services also include:

- Costs of labor, supplies, and materials
- Salary and benefit packages of staff who directly deliver the services

### **Ineligible:**

- Staff training and costs of obtaining professional licenses/certifications needed to provide services

<b>Expense Type</b>	<b>Description</b>
<i>Housing Search and Placement</i>	<ul style="list-style-type: none"> <li>• Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, including:               <ul style="list-style-type: none"> <li>○ Assessment of housing barriers, needs, and preferences</li> <li>○ Development of an action plan for locating housing</li> <li>○ Housing search</li> <li>○ Outreach to and negotiation with owners</li> <li>○ Assistance with submitting rental applications and understanding leases</li> <li>○ Assessment of housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness</li> <li>○ Assistance with obtaining utilities and making moving arrangements</li> <li>○ Tenant counseling</li> </ul> </li> </ul>
<i>Housing Stability Case Management</i>	<ul style="list-style-type: none"> <li>• Maximum = 30 days during housing search, 24 months in permanent housing</li> <li>• Costs of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program</li> </ul>

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<i>Expense Type</i>	<i>Description</i>
	<p>participant in overcoming immediate barriers to obtaining housing, including:</p> <ul style="list-style-type: none"> <li>○ Using the Coordinated Assessment System to evaluate individuals and families applying for or receiving homelessness prevention or rapid re-housing assistance</li> <li>○ Conducting the initial evaluation to determine eligibility and amount and types of assistance the household needs to regain stability in permanent housing</li> <li>○ Counseling</li> <li>○ Developing, securing, and coordinating services and obtaining Federal, State, and local benefits</li> <li>○ Monitoring and evaluating program participant progress</li> <li>○ Providing information and referrals to other providers</li> <li>○ Developing an individualized housing and service plan, including planning a path to permanent housing stability</li> <li>○ Conducting annual re-evaluations of eligibility</li> </ul>
<i>Mediation</i>	<ul style="list-style-type: none"> <li>● Mediation between the program participant and the owner/landlord or people with whom the program participant is living</li> <li>● Must be necessary to prevent the program participant from losing permanent housing in which the program participant currently resides</li> </ul>
<i>Legal Services</i>	<ul style="list-style-type: none"> <li>● Hourly fees for legal advice and representation, to the extent that other appropriate legal services are unavailable or inaccessible within the community</li> <li>● Must be necessary to resolve a legal problem that prohibits the client from obtaining or retaining housing</li> <li>● Eligible subject matters include:               <ul style="list-style-type: none"> <li>○ Child support</li> <li>○ Guardianship</li> <li>○ Paternity</li> <li>○ Emancipation</li> <li>○ Legal separation</li> <li>○ Orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking</li> <li>○ Appeal of veterans and public benefit claim denials</li> <li>○ Resolution of outstanding criminal warrants</li> <li>○ Landlord/tenant matters</li> </ul> </li> <li>● Eligible services/activities include:               <ul style="list-style-type: none"> <li>○ Client intake</li> <li>○ Preparation of cases for trial</li> <li>○ Provision of legal advice</li> </ul> </li> </ul>

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<i>Expense Type</i>	<i>Description</i>
	<ul style="list-style-type: none"> <li>○ Representation at hearings</li> <li>○ Legal counseling</li> <li>○ Filing fees and other necessary court costs</li> <li>● Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees</li> <li>● If the subrecipient is a legal services provider and performs the services itself, the eligible costs are the subrecipient's employees' salaries and other costs necessary to perform the services</li> </ul> <p><b><u>Ineligible:</u></b></p> <ul style="list-style-type: none"> <li>● Immigration and citizenship matters</li> <li>● Issues relating to mortgages</li> <li>● Retainer fee arrangements</li> <li>● Contingency fee arrangements</li> </ul>
<i>Credit Repair</i>	<ul style="list-style-type: none"> <li>● Credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems</li> </ul> <p><b><u>Ineligible:</u></b></p> <ul style="list-style-type: none"> <li>● Payment or modification of a debt</li> </ul>

## Administrative Activities

- Up to 7.5% of a recipient's allocation can be used for Administrative Activities.
  - FY2019 and FY2020 HCD-administered CoC Allocation exception: Of the allocation available to each Administrative Entity, approximately 2.6% of ESG funds may be used to pay for direct administrative costs
- Admin staff time should be coded to distinguish the eligible activity on their timecards. Not all staff time is eligible, only time spent working on this program can be charged.
- Please note that staff travel time and expenses, including mileage, are only eligible if travel is related to the performance of an eligible activity and should be billed accordingly, e.g.:
  - Staff mileage to carry out *Housing Search and Placement* should be billed under Supportive Services.
  - Staff mileage to carry out Environmental Review should be billed under Administrative Activities.
  - Staff mileage to attend non-HUD-sponsored training is not an eligible expense.

<i>Expense Type</i>	<i>Description</i>
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# ESG Eligible Program Expenses

*General Management, Oversight and Coordination*

- Salaries, wages, and related costs of the recipient's staff, the staff of subrecipients, or other staff engaged in program administration → May use only one of the following methods for each fiscal grant:
  - A. The entire salary, wages, and related costs allocable to the program of each person whose *primary* responsibilities with regard to the program involve program administration assignments (see below) OR
  - B. The pro rata shares of the salary, wages, and related costs of each person whose job includes *any* program administration assignments (see below)
- Program administration assignments include:
  - Preparing program budgets and schedules, and amendments to those budgets and schedules
  - Developing systems for assuring compliance with program requirements
  - Developing interagency agreements and agreements with subrecipients and contractors to carry out program activities
  - Monitoring program activities for progress and compliance with program requirements
  - Preparing reports and other documents directly related to the program for submission to HUD
  - Coordinating the resolution of audit and monitoring findings
  - Evaluating program results against stated objectives
  - Managing or supervising persons whose primary responsibilities with regard to the program include such assignments as those described above
- Travel costs incurred for monitoring of subrecipients
- Administrative services performed under third-party contracts or agreements, including general legal services, accounting services, and audit services
- Other costs for goods and services required for administration of the program, including rental or purchase of equipment, insurance, utilities, office supplies, and rental and maintenance (but not purchase) of office space

*Training on ESG Requirements*

- Costs of providing training on ESG requirements and attending HUD-sponsored ESG trainings

*Consolidated Plan*

- Costs of preparing and amending the ESG and homelessness-related sections of the consolidated plan in accordance with ESG requirements and 24 CFR Part 91

*Environmental Review*

- Costs of carrying out the environmental review responsibilities

## HMIS Activities

\*\*Generally, ESG funds may be used to pay the costs of managing and operating the HMIS only if the ESG recipient is the HMIS Lead (24 CFR 576.107 (a)(2)). HUD's March 31st memo waives the condition that the recipient must be the HMIS Lead. Any recipient may use ESG funds to the extent necessary to upgrade or enhance its local HMIS to incorporate data on ESG participants and activities related to COVID-19. \*\*Please see Addendum 1: COVID-19 Waivers, for further information.\*\*