



Eligible Uses of ESG RRH Funding

Santa Clara County CoC
ESG Compliance 101

Agenda

- I. Welcome & Introductions
- II. Eligible Costs
 - 1. RRH Rental Assistance
 - 2. Supportive Services
 - 3. Administrative
 - 4. Indirect
- III. Recordkeeping & Reporting
- IV. Wrap up

Resources

SCC CoC RAPA Toolkit

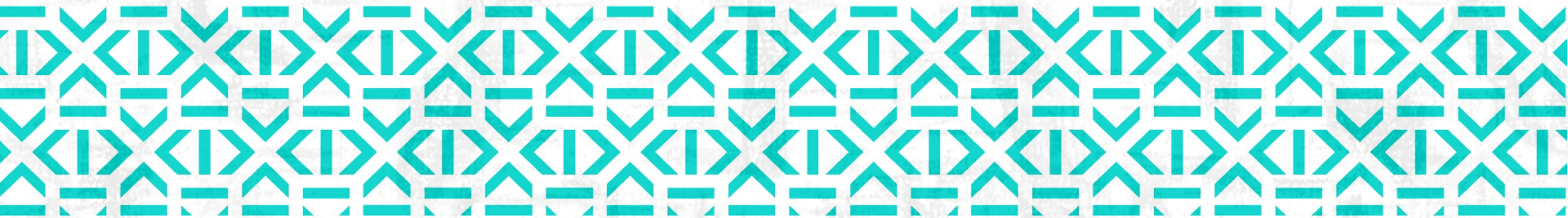
SCC CoC Eligibility Documentation Forms

HUD Exchange website

ESG Program Interim Rule

SantaClaraCoC@homebaseccc.org

Eligible ESG Program Costs



RADAR: Documenting Eligible Expenses

All costs charged to Federal grants must be...

Reasonable

Allowable

Documented

Allocable

Reimbursable

Categories of ESG Eligible Costs

Street
Outreach

Emergency
Shelter

Prevention

Rapid
Rehousing
Assistance

HMIS

Admin
Activities

Rapid Rehousing: Eligible Costs

Rapid Rehousing

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graph TD; A[Rapid Rehousing] --> B[Housing Relocation and Stabilization Services]; A --> C[Short-term and/or Medium-term Rental Assistance];
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Housing Relocation
and Stabilization
Services

Short-term and/or
Medium-term Rental
Assistance

RRH: Rental Assistance

Types of Rental Assistance	Length of Assistance
Short-term Rental Assistance	Up to 3 months
Medium-term Rental Assistance	4 to 24 months
Payment of Rental Arrears	One-time payment up to 6 months, including any late fees on those arrears
Any combination of the three types of rental assistance	Total not to exceed 24 months during any 3-year period, including any payment for last month's rent

*Note: Programs have discretion to set caps, require participant contribution.

RRH: Rental Assistance Requirements and Restrictions

Rent includes monthly rent, fees (other than late fees, pet fees), and monthly utility allowance

- ✓ Compliance with Minimum Habitability Standards
- ✓ Cannot use with other public rental assistance subsidies
- ✓ Compliance with FMR limits and Rent Reasonableness

Definition of Fair Market Rent (FMR)

- ❑ HUD-established estimate of gross rent, including both rent and utilities (excludes telephone, internet, cable)
- ❑ Calculated for 530 metropolitan areas and 2,045 non-metropolitan areas nationwide
- ❑ Based on a standard calculation and updated annually (published October 1)

Fair Market Rent Amounts for Santa Clara County Continuum of Care

Final FY 2019 & 2020 San Jose–Sunnyvale–Santa Clara MSA FMRs By Unit Bedrooms

	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2019	\$1,952	\$2,316	\$2,839	\$3,829	\$4,394
FY 2020	\$2,103	\$2,458	\$2,970	\$3,943	\$4,525
FY 2021	\$2,228	\$2,558	\$3,051	\$3,984	\$4,593

Source: <https://www.huduser.gov/portal/datasets/fmr.html>

Definition of Rent Reasonableness

- Rent for ESG-assisted units must be reasonable compared to rents paid for unassisted units:
 - ❑ In a similar location
 - ❑ Of a similar size, quality, and age
 - ❑ Offering similar amenities and utilities

CoC Rent Reasonableness Policy

- A uniform approach to rent reasonableness across the community reduces barriers to housing for program participants. **Providers that are contracted by OSH have the option to adopt the below policy or provide their own rent reasonableness policy for OSH approval.** Other providers are encouraged to adopt this policy as well by incorporating it into their existing agency specific policies and procedures.
- Rent Reasonableness Standard:
 - The rent reasonableness standard is designed **to ensure that program rents being paid are reasonable in relation to rents being charged for comparable unassisted units in the same market.** In order to determine whether a unit meets this standard, a review must be conducted, and several factors must be considered to ensure compliance is documented prior to executing the lease for an assisted unit and anytime unit rent is increased thereafter.

Source: <https://www.sccgov.org/sites/osh/ContinuumofCare>

CoC Rent Reasonableness Policy

- Documenting Rent Reasonableness:
 - At minimum, **no less than three** comparable units will be used to complete the rent reasonableness review. It is important to ensure that the comparison you are using is **up-to-date** as comparable rents change over time due to market fluctuations.
- The comparable rents can be checked by using a **market study** of rents charged for units of different sizes in different locations or by reviewing advertisements for comparable rental units. If advertisements for rental units will be used, the **unit listings must be printed and attached to the form that outlines the comparison of the units** including, but not limited to information regarding the rent, size, location, amenities, quality, etc.

For reference, please see the sample [Rent Reasonable Checklist and Certification](#)

RENT REASONABLENESS CHECKLIST AND CERTIFICATION

Client Name or HMIS ID:

	Proposed Unit	Comparable Unit #1	Comparable Unit #2	Comparable Unit #3
Address	[Address]	[Address]	[Address]	[Address]
Number of Bedrooms	[SELECT]	[SELECT]	[SELECT]	[SELECT]
Square Feet / Age	[Square Footage] / [Age in Years]	[Square Footage] / [Age in Years]	[Square Footage] / [Age in Years]	[Square Footage] / [Age in Years]
Type of Unit	[SELECT]	[SELECT]	[SELECT]	[SELECT]
Housing Condition	[SELECT]	[SELECT]	[SELECT]	[SELECT]
Additional information on any amenities within the unit, on-site and neighborhood.	[accessibility / transportation, laundry facilities, shopping, resources, etc.] Accessible Unit <input type="checkbox"/> YES <input type="checkbox"/> NO	[accessibility / transportation, laundry facilities, shopping, resources, etc.] Accessible Unit <input type="checkbox"/> YES <input type="checkbox"/> NO	[accessibility / transportation, laundry facilities, shopping, resources, etc.] Accessible Unit <input type="checkbox"/> YES <input type="checkbox"/> NO	[accessibility / transportation, laundry facilities, shopping, resources, etc.] Accessible Unit <input type="checkbox"/> YES <input type="checkbox"/> NO
Utility type and included?	[SELECT] <input type="checkbox"/> YES <input type="checkbox"/> NO	[SELECT] <input type="checkbox"/> YES <input type="checkbox"/> NO	[SELECT] <input type="checkbox"/> YES <input type="checkbox"/> NO	[SELECT] <input type="checkbox"/> YES <input type="checkbox"/> NO
Unit Rent	\$(Unit Rent)	\$(Unit Rent)	\$(Unit Rent)	\$(Unit Rent)
Estimated Utility Allowance	\$(Estimated Utilities)	\$(Estimated Utilities)	\$(Estimated Utilities)	\$(Estimated Utilities)
Gross Rent	\$(Unit Rent + Estimated Utilities)	\$(Unit Rent + Estimated Utilities)	\$(Unit Rent + Estimated Utilities)	\$(Unit Rent + Estimated Utilities)

A. Proposed Unit

\$ Proposed Unit Rent + \$ Utility Allowance = \$ Proposed Unit Gross Rent FMR for the proposed unit size is \$

The following is applicable to this specific program / contract: Proposed unit gross rent must be rent reasonable and **can be above FMR** | Proposed unit gross rent must be rent reasonable and **cannot be above FMR**

B. Comparable Units

\$ Total Gross Rents + divide by **3** # of Comparable Units = \$ Average Gross Rent

C. Rent Reasonableness Certification

I have confirmed that the proposed unit gross rent (Section A) is within \$100 of the average gross rent (Section B) of the comparable units. Therefore, I certify that the proposed unit is rent reasonable per HUD standards.

Print Name of Staff Completing Form

Signature of Staff Completing Form

Date Completed

FMR and Rent Reasonableness

Fair Market Rent (FMR)	Rent Reasonableness
HUD-established estimate of gross rent, calculated for non/metropolitan areas nationwide, updated annually	Programs review and document that the assisted unit has reasonable rent compared to units in a similar location, of similar size/quality/age, and offering similar amenities and utilities
Available online at https://www.huduser.gov/portal/datasets/fmr.html	Rent Reasonableness Policy, Checklist, Certification, and User Guide available at https://www.sccgov.org/sites/osh/ContinuumofCare

For more info: <https://files.hudexchange.info/resources/documents/ESG-Rent-Reasonableness-and-FMR.pdf>

RRH Rental Assistance

Rental Agreements & Lease Req'ts

- **Rental Assistance Agreements**
 - Between the owner and the program
 - Must set terms under which rental assistance will be provided
 - Must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease
 - Terminate if participant moves out, lease terminates, or participant becomes ineligible for ESG assistance
- **Leases**
 - Between the owner and program participant
 - Must be legally binding, written (unless for rental arrears only)
- Both must include all applicable **VAWA requirements**, protections
- **Late Payments**
 - Programs are solely responsible for paying any late payment penalties it incurs with non-ESG funds

Housing Relocation & Stabilization: Financial Assistance Costs

Expense Type	Description
Rental Application Fees	Must be charged by the owner to all applicants
Security Deposits	Maximum = 2 mo's rent
Last Month's Rent	Maximum = 1 mo's rent
Utility Deposits	Deposit required by the utility company for: Gas, Electric, Water, Sewage
Utility Payments	For Gas, Electric, Water, Sewage. Maximum = 24 mo's, including up to 6 mo's of arrears
Moving Costs	i.e., truck rental, moving company, temporary storage fees (<u>not</u> arrears for storage fees)
Emergency Transfer Costs	For clients receiving ESG rental assistance, may pay for costs for breaking a lease to transfer client

Housing Relocation & Stabilization: Services Costs

Housing
Search &
Placement

Housing
Stability Case
Management

Mediation

Legal
Services

Credit
Repair

Housing Relocation & Stabilization: Housing Search & Placement

Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing.

- Assessment of housing barriers, needs, and preferences
- Development of an action plan for locating housing
- Housing search
- Outreach to and negotiation with owners
- Assistance with submitting rental applications and understanding leases
- Assessment of housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness
- Assistance with obtaining utilities and making moving arrangements
- Tenant counseling

Housing Relocation & Stabilization: Housing Stability Case Management

Assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a participant who resides in permanent housing, or to assist a participant in overcoming immediate barriers to obtaining housing

- Using CAS to evaluate households applying for or receiving RRH assistance
- Conducting initial evaluation, including verifying and documenting eligibility
- Counseling
- Developing, securing, and coordinating services and obtaining Federal, State, and local benefits
- Monitoring and evaluating client progress
- Providing information and referrals to other providers
- Developing an individualized housing and service plan, including path to permanent housing stability
- Conducting re-evaluations

Housing Relocation & Stabilization: Legal Services

Eligible subject matters

- Child support
- Guardianship
- Paternity
- Emancipation
- Legal separation
- Orders of protection & other civil remedies for victims of domestic violence, dating violence, sexual assault, & stalking
- Appeal of veterans & public benefit claim denials
- Landlord tenant disputes
- Resolution of outstanding criminal warrants

Housing Relocation & Stabilization: Mediation and Credit Repair

Mediation	Credit Repair
<ul style="list-style-type: none">• Between the program participant and the landlord/owner, or people with whom the participant is living• Must be necessary to prevent the participant from losing housing	<ul style="list-style-type: none">• Credit counseling and other services necessary to assist program participants with critical skills related to:<ul style="list-style-type: none">• Household budgeting• Managing money• Accessing a free personal credit report• Resolving personal credit problems

Administrative Costs

An admin budget line item can cover:

- General management, oversight & coordination
- Reporting
- Training on ESG requirements
- Consolidated Plan, Annual Action Plan, CAPER
- Environmental review

Administrative costs do not include staff & overhead costs directly related to carrying out rapid re-housing activities

Admin Costs: General Management, Oversight, & Coordination

Salaries, wages, & related costs of staff engaged in program administration:

- Preparing & amending program budgets & schedules
- Developing systems for assuring compliance with program requirements
- Developing agreements with subrecipients & contractors to carry out program activities
- Monitoring program activities for progress & compliance with program requirements
- Preparing reports & other documents directly related to the program for submission to HUD
- Coordinating the resolution of audit & 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 above

Admin Costs: General Management, Oversight, & Coordination

Travel costs incurred for monitoring of subrecipients

Administrative services performed under third-party contracts or agreements, including:

- General legal services
- Accounting services
- Audit services

Other costs for goods & services required for administration of the program, including:

- Rental or purchase of equipment
- Insurance
- Utilities
- Office supplies
- Rental & maintenance (but not purchase) of office space

Allocating Shared Costs

Costs that benefit more than one cost objective and cannot reasonably be tracked to each activity

- E.g. Staff time administering payroll allocated based on overall FTE or number of accounting transactions
- Must be allocated based on actual benefit to each activity
- Must have a written cost allocation plan
- See the Uniform Guidance at 2 C.F.R. 200.405

Federal Requirements Related to Allocation of Shared Costs

Definitions

- **Eligible costs** are all the allowable program expenses that are included in the Interim Rule applicable to your program (CoC or ESG).
- **Administrative costs**¹ are a specific subset of eligible costs outlined in the Interim Rule applicable to your program. Please note that these costs exclude staff and overhead expenses directly related to carrying out rental, leasing, supportive services, or other eligible activities. Some of these costs clearly benefit a single grant while others are shared costs.
 - Eligible CoC Admin costs are outlined in the [CoC Program Interim Rule](#) at 24 C.F.R. part 578.59.
 - Eligible ESG Admin costs are outlined in the [ESG Program Interim Rule](#) at 24 C.F.R. part 576.108.
- **Shared costs** benefit more than one cost objective and cannot reasonably be tracked to each activity. The shared costs under an Admin line item may be classified and billed as either direct costs, or as indirect costs under an indirect cost rate, depending on the type of cost and the approach selected by the grant recipient or subrecipient. See 2 C.F.R. Part 200.405(d).
- **Direct costs** can be identified specifically with a particular final cost objective (i.e., a Federal award) or can be directly assigned to such activities relatively easily with a high degree of accuracy. See 2 C.F.R. Part 200.413(a).
- **Indirect costs** are incurred for a common purpose benefitting more than one cost objective and are not readily assignable to your project. Indirect costs exclude expenses for fundraising and lobbying, which generally cannot be federally reimbursed. See 2 C.F.R. Part 200.56, 200.422, and 200.450.

- [Source: Federal Requirements Related to Allocation of Shared Costs Overview](#)

Indirect Costs



Direct and Indirect Costs

Direct Costs	Indirect Costs
<ul style="list-style-type: none">• Can be identified specifically with <u>a particular</u> final cost objective, or• Can be directly assigned relatively easily with a high degree of accuracy	<ul style="list-style-type: none">• Are incurred for a common purpose benefitting <u>more than one</u> cost objective, and• Not readily assignable to your project

Most Important: Be Consistent!

Indirect Costs

Governed by the Uniform Guidance
(2 C.F.R. 200.414)

- Costs incurred for a common purpose benefitting more than one objective & not readily assignable to your project
- Must be allocated to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived
- Examples: staff salary for office administration, office supplies used for multiple projects

Indirect Cost Rate Options

Negotiated indirect cost rate

- Based on a cost rate proposal approved by a cognizant agency
- Common for large organizations with many federal awards & complicated accounting systems
- Required for nonprofits who have had a negotiated rate in the past

De minimis rate: 10% of Modified Total Direct Costs

- Only available to recipients that have never had a negotiated indirect cost rate with a cognizant agency
- For organizations that do not have an existing indirect cost rate or prefer not to go through the process of developing a rate

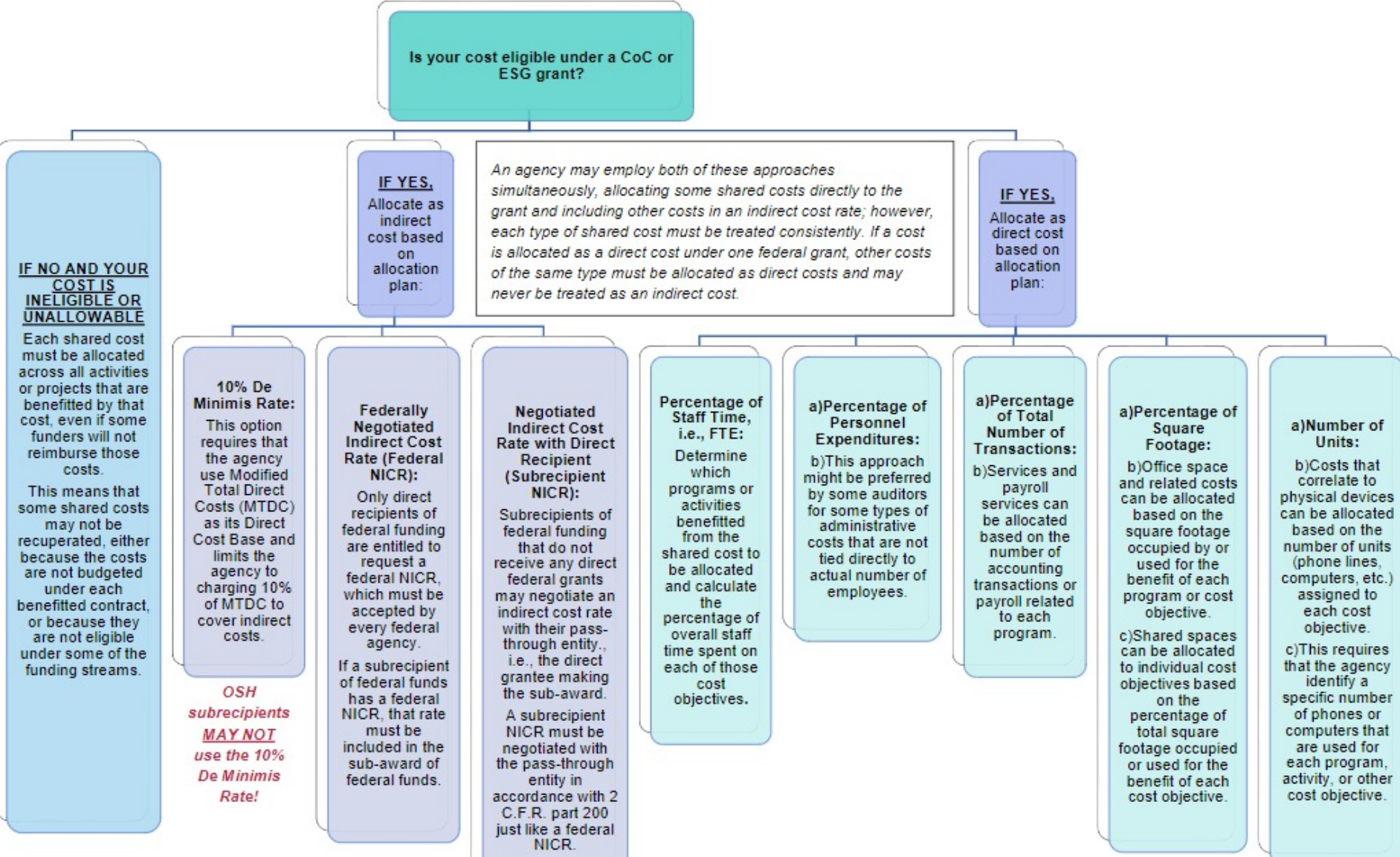
Indirect Costs

Indirect costs DO NOT
increase the grant amount

They are calculated as a percentage of specific,
eligible direct costs

Federal Requirements Related to Allocation of Shared Costs

Decision Tree



Questions?

Recordkeeping and Reporting

- ✓ Rental Assistance Agreements and Payments
- ✓ Utility Allowance
- ✓ Services and Assistance Provided
- ✓ Financial Records

Financial records and supporting documents must be retained for five years* from the date of submission of the financial report.

Timekeeping



Why complete a timesheet?

Without timesheets

- Difficult to effectively track & plan for costs
- Not compliant with grant requirements
- Inaccurate reimbursement requests
- May have to pay back grant funds

With timesheets

- Personnel costs are visible
- Employees spend less time trying to remember what actually happened
- Draw down grant funds accurately
- Avoid monitoring findings

Documenting Staff Costs

Must comply with Uniform Guidance (2 C.F.R. 200.430)

Support the distribution of the employee's salary or wages among specific activities or cost objectives

Incorporated into the recipient's official records

Reflect the total activity for the which the employee is compensated

Supported by a system of internal control to ensure that time charges are accurate, allowable, and properly allocated

Comply with recipient's accounting policies and practices

Time & Activity Reports

Reports must:

Account for actual time worked

Track time to eligible activities & eligible participants served

Align with back up documentation

Track ineligible costs in addition to eligible costs & account for total activity

Track time to multiple funding sources when applicable

Remember...

Track time by grant, client, & eligible activity

Track all time, including both eligible & non-eligible activities

Common Timekeeping Mistakes

- Billing 8 hours in a single day to one grant
- Billing a fixed percentage of time to a grant
- Not reconciling time & activity reporting with invoicing
- Excluding sick & vacation time
- Forgetting to record:
 - An eligible activity
 - An eligible grant
 - A project &/or client
 - Ineligible time & activities
- Missing documentation to accompany time & activity reporting

ESG Sample Time and Activity Log

Staff Name:

Agency Name:

Date:

Consult the ESG Eligible Program Expenses guidance for definitions of service description categories.

Cost Center	Time Spent on Service Description	Total Time (Minutes)
(SELECT)	(SELECT) - for (Client Initials)	
(SELECT)	(SELECT) - for (Client Initials)	
(SELECT)	(SELECT) - for (Client Initials)	
(SELECT)	(SELECT) - for (Client Initials)	
(SELECT)	(SELECT) - for (Client Initials)	
(SELECT)	(SELECT) - for (Client Initials)	

[Source: ESG Sample Time and Activity Log](#)

Questions?

Thank you!

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