

EMERGENCY SHELTER GRANTS (ESG) PROGRAM

What is ESG?

The primary purpose of the ESG Program is to increase the number and quality of emergency and transitional housing facilities and is designed to be the first step in a continuum of assistance to enable homeless individuals and families to move toward independent living as well as to prevent homelessness.

ESG is a formula-funded program that uses the Community Development Block Grant (CDBG) program formula as a basis of allocating funds to eligible jurisdictions, including States, territories, and qualified metropolitan cities and urban counties for the rehabilitation or conversion of buildings into homeless shelters, operating expenses for shelters, essential services, and homeless prevention activities.

The ESG Program was originally established by the Homeless Housing Act of 1986, in response to the growing issue of homelessness among men, women, and children in the United States. In 1987, the ESG program was incorporated into subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act.

ESG Program Objectives

The objectives of the ESG Program are to:

- Increase the number and quality of emergency shelters and transitional housing facilities for homeless individuals and families
- To operate these facilities and provide essential services
- To help prevent homelessness

Eligible Activities

ESG funding may be used by shelters and other service providers for four main categories of eligible activities:

- Renovation, rehabilitation, and conversion of buildings for use as emergency shelters or transitional housing for the homeless. All activities of this type must meet local safety and sanitary standards
- Essential services, including services concerned with employment, health, drug abuse, and education
- Operating costs such as maintenance, insurance, rent, security, and other costs associated with maintaining beds or units in the shelter
- Homeless prevention, including short-term subsidies to defray rent and utility arrearages

Ineligible Activities

ESG funding may NOT be used by shelters and other service providers for the following ineligible activities:

- Ineligible rehabilitation or renovation costs include: acquisition of real property, new construction, property clearance or demolition, rehabilitation administration, staff training or fund raising activities associated with rehabilitation and building maintenance and repairs.
- Ineligible essential services costs include: funding existing services and staff (services must be new or provided to more persons); salary of case management supervisor when not working directly on participant issues; advocacy, planning and organizational capacity building; staff recruitment/training; and transportation costs not directly associated with service delivery.
- Ineligible operating or maintenance costs include: recruitment or on-going training of staff; depreciation; costs associated with the organization rather than the project (advertisements, pamphlets about organization, surveys, etc.); staff training, entertainment, conferences or retreats; public relations or fund raising; bad debts/late fees; mortgage payments.
- Ineligible homeless prevention costs include: housing/services to homeless persons; direct payments to individuals; long-term assistance beyond several months.

Eligible Clients

A person must be homeless (or at great risk of becoming immediately homeless) to receive help from ESG program activities.

HUD defines homelessness using the following definition: "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 ESG'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 lacks the support networks needed to obtain housing
- 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 of Client Eligibility

All persons serviced by shelters or other service providers documenting clients must demonstrate in writing using the Sample Documentation of Homeless that the client is homeless. The homeless population served must be identified further as battered spouses, runaway/throwaway youth, chronically mentally ill, developmentally disabled, persons with HIV/AIDS, alcohol dependent individuals, drug dependent individuals, elderly, veterans, physically disabled, and other. Harris County requires the use of the Individual Eligibility Form to document eligibility. These forms are required for all individuals and households receiving services and provide documentation according to Harris County Monitoring and Recordkeeping Guidelines.

Persons receiving homeless prevention funds cannot be homeless. To be eligible to receive this type of financial assistance, individuals must have an eviction notice or a utility termination notice, qualify under low-income guidelines and reside within the Harris County Service Area. Additionally, the agency must provide evidence that the inability to pay was due to a sudden loss of income, the assistance is necessary to prevent homelessness, and the client is reasonably expected to be able to resume payments in the near future.

Participation of Homeless Persons in Policy-making and Operations

All ESG applicant organizations are required by Federal regulation 24 CFR 576.56 (b) to provide for the participation of at least one homeless or formerly homeless person(s) in a **policy-making function** of the organization. This might include, for example, involvement of a homeless or formerly homeless person on the Board of Directors or advisory board that considers and sets policy or makes decisions for the recipient agency.

All recipients are further required to involve participants in the **operation** of the ESG-funded program. This involvement includes the participant's employment or volunteering in project activities such as construction, renovation, maintenance, general operation of facilities, or provision of services. This involvement can include paid and/or volunteer work. For example, a shelter might involve participants in ongoing maintenance tasks or other operations of the facility such as staffing the reception desk.

Funding Limitations/Caps under Eligible Activities

The legislation and the regulations both limit the amount of ESG funds that may be spent on eligible ESG activities.

- **Minor renovation** activities must continue use as a shelter for 3 years and **major rehabilitation/conversion** activities must continue use as a shelter for 10 years.
- No more than 30 percent of Harris County's aggregate ESG Program funds may be spent on **essential services**. Funding must be spent on: **new services** (any service not previously delivered by an agency), **expansion** (an established service not currently funded by Harris County Funds), or **renewal** (current service funded by Harris County).
- Staff salaries (including fringe benefits) paid under the **operating cost** category is limited to 10 percent of the grant. Maintenance and security salary costs are not subject to the 10 percent standard.
- No more than 30 percent of Harris County's aggregate ESG Program funds may be used for activities under **homeless prevention** activities.

Match Requirements

Organizations must match ESG funds 100 percent from non-federal sources. Matching funds must be provided after the date of the grant award. Funds used to match a previous ESG activity may not be used to match a subsequent grant award. An organization may comply with this requirement by providing the match funds itself, or through matching funds or voluntary efforts provided by any nonprofit recipient.

Applicants may use any of the following in calculating the amount of matching funds provided:

- 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
- The value of the time and service contributed by volunteers to carry out the program, valued at \$5/hour. (Note: Volunteers providing professional services such as medical or legal services are valued at the reasonable and customary rate in the community.)