

Emergency Solutions Grant Program (ESG)

Housing Problem-Solving Policy



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I. Introduction

The Emergency Solutions Grant (ESG) Program is a federal program operated by the U.S. Department of Housing and Urban Development (HUD) to make grants to states, local governments, and territories for the purposes of funding activities that directly serve people experiencing homelessness, including people at risk of homelessness. The California Department of Housing and Community Development (CA HCD) is a direct recipient of ESG from HUD. CA HCD administers an annual allocation of ESG and an additional one-time allocation of ESG made available under the CARES Act.

Housing Problem-Solving (HPS) is a person-centered, housing-focused approach to exploring creative, safe, and cost-effective solutions to quickly resolve a housing crisis. As a philosophy and model, HPS is not rooted in historically marginalizing practices; instead, it is a set of techniques that can be used with any participant that are not contingent upon the same standardized assessment used for other housing resources, screening, eligibility, or prioritization.

CA HCD has adopted HPS as an approach that can and should be used with each participant in every ESG-funded, participant-serving project.

A. Applicability

This Policy applies to ESG grants funded using:

- Annual ESG
- ESG-CV

II. Project Requirements

A. Requirements by Project Type

The following project types are required to use the following HPS techniques with all participants. These requirements are further articulated in the relevant CA HCD Policy for each project type.

Project Type	Prevention	Diversion	Rapid Exit
Homelessness Prevention (ESG-HP)	●	●	
Street Outreach (ESG-SO)		●	●
Emergency Shelter (ESG-ES)		●	●

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Project Type	Prevention	Diversion	Rapid Exit
Rapid Re-Housing (ESG-RRH)			●

Note: ESG-RRH projects should provide HPS services to each participant

- (a) Before the project begins providing short- to medium-term rental assistance
- (b) Ongoingly while the project is providing short- to medium-term rental assistance

For ESG-RRH participants who have already received Rapid Exit services from another project during their current episode of homelessness, ESG-RRH projects are not required to deliver services under (a), above. ESG-RRH projects should document that a participant has already received Rapid Exit services in the participant file via written documentation from the Rapid Exit provider, HMIS documentation, or other documentation establishing that the services occurred.

B. HMIS Requirements

As with all ESG-funded services, HPS services must be recorded in the local Continuum of Care (CoC)'s Homelessness Management Information System (HMIS) or, for victim services providers (VSPs), in the VSP's HMIS-comparable database.

ESG providers are strongly encouraged to consult with their local CoC and HMIS Lead agency to determine how to best record HPS services.

C. Coordinated Entry Integration

All ESG-funded projects are required to fully participate in their CoC's Coordinated Entry system. Increasingly, well-developed Coordinated Entry systems are delivering HPS services to all participants. These systems frequently look for HPS leadership in ESG-ES and ESG-SO projects, as few other homeless-dedicated projects can deliver longer-term HPS services to people experiencing literal homelessness.

CA HCD encourages ESG-HP, ESG-ES, and ESG-SO projects to explore HPS leadership opportunities within their local CoC's Coordinated Entry system, as systems with a comprehensive HPS strategy often have lower lengths of time (LOTs) homeless and higher rates of return to permanent housing from sheltered and unsheltered locations.

D. Continuation of HPS Services

ESG projects are required to balance two factors when offering HPS services:

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- **Participant choice:** participants that do not want to engage HPS services cannot and should not be forced to engage them
- **Service impact:** because HPS is cost efficient, effective, and frequently the only housing service that is rapidly available, providers should advocate for participants to engage and continue engaging HPS services

Projects should continue to provide or offer to provide HPS services to each participant until one of the following conditions is met:

- Both the participant and the project agree that HPS cannot provide a route back to housing for the participant
- The participant returns to safe, stable housing, either with or without an ongoing housing subsidy

III. Implementation

A. Overview

HPS is set of approaches and techniques designed to help people experiencing homelessness return to safe, stable permanent housing without an ongoing subsidy.

Many homeless services systems are organized around a fundamental misconception: that every person who requests homeless services has already exhausted every other housing options in their life.

HPS corrects this misconception by operating from the well-grounded belief that most people who apply for homeless services have at least one potential route back to housing in their lives. The goal of HPS is to help people identify and successfully access those routes. Often, these routes require only case management and mediation; occasionally, they also require limited financial assistance to remove specific barriers.

HPS is also used to help people at risk of homelessness retain or transition into safe, stable permanent housing.

B. Core Elements

HPS techniques can be categorized into four core elements:

- (1) Case management
- (2) Conflict resolution and mediation
- (3) Landlord negotiation
- (4) Financial assistance

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All participant-facing ESG projects can implement fully implement core elements (1) through (3). All participant-facing ESG projects can implement core element (4) to some extent; however, eligible financial assistance under the HPS model is limited by the project’s eligible activities. For more information about eligible costs, please refer to project-specific CA HCD ESG Policy.

C. Approaches

HPS has three approaches (sometimes called “models” or “phases”). These approaches are **prevention**, **diversion**, and **rapid exit**. Each approach shares the same techniques (see below); they are distinguished by their immediate goals, when they are delivered, and how long/frequently they are delivered. For the purposes of ESG, they are also distinguished by which ESG project types can fund them.

Approach	Goal	Delivery	Eligible Project Types
Prevention	Maintain participant in current housing OR move to other safe, stable permanent housing before losing housing	One or multiple sessions, clustered together, when a person is imminently at risk of homelessness	ESG-HP
Diversion	Immediately re-establish a person in safe, stable permanent housing	One session delivered when a person is due to enter emergency shelter or spend their first night in an unsheltered location OR on first system contact	ESG-HP (if the person is not yet experiencing literal homelessness), ESG-SO, ESG-ES
Rapid Exit	Return a person experiencing literal homelessness to safe, stable permanent housing	One or multiple sessions, either clustered or spread out over a longer period, when a person is experiencing literal homelessness and Diversion was unsuccessful	ESG-SO, ESG-ES, ESG-RRH (see below for more information)

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Note: ESG-RRH can deliver Rapid Exit services either as an alternative to providing housing subsidies or as part of a progressive engagement strategy that begins with HPS and delivers housing subsidies only when HPS has been unsuccessful. Whether Rapid Exit is delivered by ESG-RRH, by ESG-ES and ESG-SO, or by a combination is determined on a CoC-by-CoC basis. ESG subrecipients are encouraged to consult with their CoC's coordinated entry stakeholders to determine where HPS activities occur in their system.

Much of the language in subsections (1-3) of this section is drawn from two documents published by the United States Interagency Council on Homelessness (USICH): "Homelessness Prevention, Diversion, and Rapid Exit"¹ and "Adopting Housing Problem-Solving Approaches with Prevention, Diversion, and Rapid Exit Strategies."² CA HCD encourages providers to review these documents as part of their HPS implementation.

1. Prevention

Prevention represents a wide array of techniques to help people who are at imminent risk from experiencing homelessness. Prevention strategies are described in *Home, Together*³ (the federal strategic plan to end homelessness) that can be funded by ESG under the ESG-HP project type are:

Activities that reduce the risk of homelessness while households are engaged with or are transitioning from systems.

Homelessness can be prevented through cross-system collaboration, including systems such as healthcare and behavioral health, child welfare, and criminal justice. Such collaboration includes increased awareness of and attentiveness to housing stability as part of transition and discharge planning. Systems should work to connect people effectively to mainstream resources, including employment and healthcare, to prevent people from exiting other systems of care into homelessness.

¹ United States. United States Interagency Council on Homelessness. "Homelessness Prevention, Diversion, and Rapid Exit." *Tools for Action*. www.usich.gov/resources/uploads/asset_library/Prevention-Diversion-Rapid-Exit-July-2019.pdf. Accessed 21 September 2022.

² United States. United States Interagency Council on Homelessness. "Adopting Housing Problem-Solving Approaches with Prevention, Diversion, and Rapid Exit Strategies." *Tools for Action*. www.usich.gov/resources/uploads/asset_library/Housing-Problem-Solving-July-2019.pdf. Accessed 21 September 2022.

³ United States. United States Interagency Council on Homelessness. *Home, Together*. www.usich.gov/home-together/. Accessed 21 September 2022.

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These collaboration activities—when serving people who meet an eligible category of homelessness under ESG-HP—are an eligible cost. CA HCD strongly encourages ESG-HP projects to adopt policies and procedures that focus these collaboration activities on participants who will experience literal homelessness but ESG-HP intervention.

Activities that target assistance to prevent housing crises that do occur from escalating further and resulting in homelessness

In most communities this assistance is provided through mainstream systems, mainstream benefits providers, and the homeless services system, including ESG-HP. Prevention services in this category often include a combination of financial assistance, mediation with landlords, legal services, and other supports. When multiple providers and systems in the same community provide prevention assistance, it is critically important that they coordinate and use common assessment tools to triage and prioritize people for services.

Prevention services under this heading often include a combination of case management, landlord mediation, legal services, one-time financial assistance, and other supports.

These activities—when serving people who meet an eligible category of homelessness under ESG-HP—are an eligible cost. These activities are generally restricted to people who meet the Category 2 (imminent risk of homelessness) definition, which may include people who also qualify under the “at risk” definition and/or the Category 4 (fleeing or attempting to flee domestic violence) definition.

1. Diversion

Diversion occurs at the “front door” of a homeless services system. That “front door” could be an emergency shelter, a street outreach team, a drop-in center, a coordinated entry access point, or another services center. Critically, that “front door” occurs at either of the following times:

- Immediately before a person experiences literal homelessness (spends a night in a shelter, in a hotel/motel with a voucher, in a place not meant for human habitation, or in an unsheltered location)
- The first time a person experiencing literal homelessness engages the homeless services system

Diversion’s central feature is a focused conversation aimed at helping the participant identify an immediate housing arrangement that is a safe alternative to entering emergency shelter or sleeping in an unsheltered location. This housing arrangement

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may be temporary, allowing time to subsequently identify a permanent housing option. Data from early adopter communities also suggest that temporary arrangements of at least 3-7 days frequently become permanent arrangements. The backbone of Diversion is strengths-based, housing-focused case management.

Diversion services may be limited to case management, mediation, and conflict resolution, or may include one-time or short-term financial assistance. Financial assistance should be specifically designed to eliminate housing barriers that are directly preventing that participant from accessing an otherwise-viable route to housing.

Most diversion activities are eligible—when serving people who meet an eligible category of homelessness—under the ESG-ES and ESG-SO project types. They can also be eligible under ESG-HP when serving an eligible participant who will, without diversion activities, begin experiencing literal homelessness that night. (This is effectively a form of prevention.)

Case management and conflict resolution and mediation are eligible activities under ESG-ES, ESG-SO, and ESG-HP. Each project type has a different set of eligible financial assistance activities; for more information, please refer to project-specific CA HCD ESG Policy.

2. Rapid Exit

Rapid Exit is one or a series of conversations that begin as soon as possible after a household begins experiencing literal homelessness. Rapid Exit is similar in many ways to Diversion; the core difference is that Rapid Exit sessions are usually ‘deeper dives’ and can occur repeatedly over days, weeks, or even months until a person has returned to housing. For ESG-RRH projects, Rapid Exit sessions should continue for each participant receiving short- to medium-term rental assistance until they meet one of the criteria for discontinuing HPS services listed in this policy.

The backbone of Rapid Exit is strengths-based, housing-focused case management. Rapid Exit should be employed with all participants but is especially impactful for households that are unlikely to be prioritized quickly for a housing intervention. Even more than other HPS approaches, Rapid Exit typically uses a progressive engagement approach, starting with ‘lighter touch’ interventions such as case management and family mediation before moving on, as needed, to barrier-targeted financial assistance and potentially short-term rental assistance.

Most diversion activities are eligible—when serving people who meet an eligible category of homelessness—under the ESG-ES and ESG-SO project types. They are also eligible under ESG-RRH; in fact, an ESG-RRH project could be designed solely to

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provide Rapid Exit services, especially with a strong bridge to other permanent housing projects for participants who do not return to housing via Rapid Exit.

Case management and conflict resolution and mediation are eligible activities under ESG-ES, ESG-SO, and ESG-RRH. Each project type has a different set of eligible financial assistance activities; for more information, please refer to project-specific CA HCD ESG Policy.

D. Cost Eligibility

This section is drawn from “COVID-19 Homeless System Response: Housing Problem Solving.”⁴

The following is a crosswalk of common HPS expenses. This list is not intended to be all-inclusive; there are many costs and activities that could potentially be part of an HPS technique or strategy that are not listed here. Instead, this list is intended to create a foundation for HPS cost eligibility under CA HCD’s ESG Program.

Eligible Activity	Homelessness Prevention	Street Outreach	Emergency Shelter	Rapid Re-Housing
Case management	•	•	•	•
Conflict resolution and negotiation	•	•	•	•
Landlord mediation	•			
Transportation ⁵	•	•	•	•
Vocational certifications and licenses ⁶	•		•	•
Food			•	
Legal services	•		•	•
Arrears (rent and utility)	•			•

⁴ United States. United States Department of Housing and Urban Development. “Housing Problem Solving.” *COVID-19 Homeless System Response*.

<https://files.hudexchange.info/resources/documents/COVID-19-Homeless-System-Response-Housing-Problem-Solving.pdf>. Accessed 22 September 2022.

⁵ While transportation costs are not specified under the ESG Program Interim Rule for ESG-HP or ESG-RRH, ESG funds may be used for transportation costs under these components, including mileage/travel costs of paid and volunteer staff, if the travel costs are related to services or activities necessary to assist participants in locating, obtaining, and retaining suitable permanent housing as specified in 24 CFR 576.105(b). For example, bus passes, transit tickets, mileage reimbursement, and leasing a vehicle that case management staff use to travel to meetings with program participants would be eligible costs.

⁶ Vocational certifications and licenses are only eligible under CARES Act ESG (ESG-CV) or under annual ESG from FY 2020 and earlier when used to prevent, prepare, and respond to the COVID-19 pandemic.

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Eligible Activity	Homelessness Prevention	Street Outreach	Emergency Shelter	Rapid Re-Housing
Security deposits	•			•
Short-term rental assistance	•			•
Rental application fees	•			•
Rental application background/credit check costs	•		•	•
Moving expenses	•			•
Storage	•			•
First/last month's rent	•			•
Utilities	•			•
Obtaining vital documents	•	•	•	•

E. Training

Providing training on HPS techniques is outside the scope of this Policy. This section provides general information regarding:

- Areas of training that HPS providers should benefit from
- Strategies for funding HPS training
- Additional resources

1. Training Areas

While there is no set HPS curriculum, HPS providers should, at minimum, be trained on the following activities:

- Helping participants assess their strengths and support networks
- Identifying potential routes to housing that may not be obvious to the participant and that do not require an ongoing housing subsidy
- Negotiating and assisting the participant in negotiating with critical people in their lives related to housing (e.g., landlords, family/friends)
- Assembling a one-time or short-term financial assistance package using available resources, including but not limited to ESG, that eliminate financial barriers and return participants to housing

Specific activities can include but are not limited to:

- Strengths-based case management
- Conflict resolution

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- Housing search
- Landlord/tenant mediation
- Connections to mainstream benefits and resources
- Family mediation
- Tenant legal services
- Credit repair

Financial assistance can include but are not limited to:

- Rental application fees
- Security or utility deposits
- Utility or rental arrears
- Moving costs
- Bus, train, or airplane tickets to facilitate family reunification (*note: ESG cannot pay for transportation to a destination outside the ESG recipient's jurisdiction*)
- Food assistance
- Bus passes, vehicle repairs, fuel, and other expenses for other job-related transportation
- Costs associated with obtaining identification and vital documents
- Employment supplies such as uniforms, work boots, mobile phones
- Employment-related training certifications

HPS should always be delivered using a trauma-informed approach. CA HCD strongly encourages HPS providers to be trained on trauma-informed care and motivational interviewing.

2. Funding for HPS Training

ESG can fund training, including training on HPS activities, as an administrative cost under 24 CFR 576.108(a)(2).

CA HCD recognizes that, for many subrecipients, the ESG program does not provide sufficient administrative funds to cover all necessary or desirable administrative activities. CA HCD recommends that subrecipients interested in alternative funding streams for HPS training begin by determining whether ESG cash match, spent in accordance with 24 CFR 576.108(a)(2), is feasible and appropriate.

In addition, many communities equip providers to deliver HPS services via case conferencing and other peer learning opportunities. ESG subrecipients are encouraged to investigate whether a given peer learning opportunity is eligible under any of the

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following elements of the ESG Program interim rule (*note that this list is not necessarily all-inclusive*):

- **Street Outreach:** 24 CFR 576.101(a)(2), “Case Management”
- **Emergency Shelter:** 24 CFR 576.102(a)(1)(i), “Case Management,” and potentially other eligible cost areas under 576.102
- **Homelessness Prevention and Rapid Re-Housing:** 24 CFR 576.105(a)(2), “Housing Stability case Management”

3. Additional Resources

Subrecipients are encouraged to review the following HPS resources published by HUD and USICH:

- “Homelessness Prevention, Diversion, and Rapid Exit,” USICH:
https://www.usich.gov/resources/uploads/asset_library/Prevention-Diversion-Rapid-Exit-July-2019.pdf
- “Adopting Housing Problem-Solving Approaches with Prevention, Diversion, and Rapid Exit Strategies,” USICH:
https://www.usich.gov/resources/uploads/asset_library/Housing-Problem-Solving-July-2019.pdf
- “COVID-19 Homeless System Response: Housing Problem-Solving,” HUD:
<https://files.hudexchange.info/resources/documents/COVID-19-Homeless-System-Response-Housing-Problem-Solving.pdf>
- “Video: Housing Problem Solving: Unscripted,” HUD:
<https://www.youtube.com/watch?v=1SLiR1OYFOI>