

Homelessness Prevention Policy



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.

Homelessness Prevention (ESG-HP) is one of several components (i.e., project types) that can be funded by ESG. Per 24 CFR Part 576, also referred to as the “ESG Program Interim Rule”:

[ESG-HP] funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place described in paragraph (1) of the “homeless” definition [, which includes but is not limited to living on the streets, in a park, or in another place not meant for human habitation.]¹

For the purposes of this document, “annual ESG” refers to CA HCD’s annual allocation of ESG, “ESG-CV” refers to CA HCD’s one-time allocation of CARES Act ESG, and “ESG” refers to the program in general and to aspects of the program that apply to both annual ESG and ESG-CV. This ESG Homelessness Prevention Policy (the “Policy”) provides the structure under which organizations receiving certain ESG grants from CA HCD (“subrecipients”) can create and implement ESG-HP projects.

A. Applicability

This Policy applies to ESG grants funded using:

- Annual ESG
- ESG-CV

¹ 24 CFR 576.103, “Homelessness prevention component”

B. Hotels and Motels

Several places in this document discuss hotels and motels. This Policy recognizes that in many places in the United States, including California, the line between hotels/motels and apartment housing is becoming less clear.

For the purposes of this Policy, hotels/motels and apartments are generally distinguished using the following criteria:

- Hotels/motels:
 - Do not have leases that meet the standards of California rental law
 - Usually have terms of residence less than 30 days (even if the resident has lived there for longer than 30 days)
 - Often lack features typically found in long term residences (e.g. in-unit kitchen, on-site laundry)
- Apartments:
 - Have leases that meet the standards of California rental law
 - Have terms of residence that are at least 30 days
 - Have most or all features typically found in long term residences

For further guidance about whether a specific unit should be considered a hotel/motel or an apartment, projects should contact CA HCD.

C. Subrecipients, Direct Subrecipients, Sub-Subrecipients, and Projects

This Policy distinguishes between the following types of organizations that receive ESG funds from and operate ESG-funded projects through: CA HCD's ESG Program

- **Subrecipients** are any organization that receives ESG funds from CA HCD's ESG Program; it includes both direct subrecipients (see below) and organizations that receive ESG funds via a sub-contract from a direct subrecipient
- **Direct subrecipients** are any organization that receives ESG funds via a contract with CA HCD; typically, direct subrecipients serve as pass-through entities rather than operating projects
- **Sub-subrecipients** are organizations that receives ESG via a contract with a direct subrecipient

Emergency Solutions Grant Program (ESG)

- **Projects** are ESG-funded participant-serving activities centered around a common set of policies, procedures, processes, and staff; typically, projects are operated by sub-subrecipients

These distinctions are primarily important in Section II of this document, which places different responsibilities with direct subrecipients and projects while ultimately holding direct subrecipients responsible for compliance in their funding stream.

II. Subrecipient Requirements

A. Overview

ESG-HP can serve an essential role in providing human-centered services to engage people who are in danger of experiencing literal homelessness and connect them with appropriate resources to obtain permanent housing. The requirements in this Policy are intended to ensure that subrecipients create ESG-HP projects that:

- Comply with all applicable federal laws, statutes, and regulations
- Provide assistance that is tailored to each participant's specific needs and housing barriers
- Implement best practices for serving only those who will experience literal homelessness without ESG-HP assistance

Direct subrecipients are ultimately responsible for establishing and monitoring compliance with this Section. That responsibility applies both to projects operated by the direct subrecipient and to projects operated by their sub-subrecipients.

B. Applicability of Federal Requirements

Subrecipients are required to adhere to all applicable federal laws, statutes, and regulations, which include but are not limited to the ESG Program Interim Rule (24 CFR Part 57) and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). Elements of these requirements are incorporated into this Policy; however, subrecipients are strongly encouraged to independently review all applicable requirements independent of this document.

C. Written Standards and Policies & Procedures

1. Direct Subrecipients

Direct subrecipients are required to develop and implement written standards for ESG-HP projects that they and their sub-subrecipients operate.

At minimum, written standards must address the items in Section II.C.1 of this Policy (see below). Direct subrecipients have the discretion to determine, for each item, whether it's written standards will:

- Implement standards or requirements for that item that are more specific or restrictive than those imposed by this Policy and the ESG Program interim rule
- Refrain from implementing more specific/restrictive standards or requirements and prohibit sub-subrecipients from implementing more specific standards or requirements
- Refrain from implementing more specific/restrictive standards or requirements but allow sub-subrecipients to implement more specific standards or requirements

Direct subrecipients must take into consideration that their written standards are binding for all projects operated by their own organization and their organization's sub-subrecipients. Direct subrecipients, particularly direct subrecipients funding more than one ESG-HP project, should implement written standards cautiously to ensure they do not negatively impact projects' capacity to deliver high quality services that are tailored to a specific population, geography, or other interest.

Before a direct subrecipient finalizes any change to its ESG-HP written standards, including initial implementation of those standards, it is required to consult with each of its sub-subrecipient that has a pending or active contract to operate an ESG-HP project. Direct subrecipients must document that consultation and make that documentation available to CA HCD at CA HCD's request.

2. Projects

The primary organization operating an ESG-HP project—which may be a direct subrecipient or sub-subrecipient—must develop and implement policies and procedures that govern all aspects of the operations of the project.

At minimum, policies and procedures must address the items in Section II.C.3 of this Policy (see below); this requirement applies regardless of whether the direct

Emergency Solutions Grant Program (ESG)

subrecipient's written standards also address a given item. Policies and procedures must comply with all applicable standards and requirements, which at minimum include:

- The ESG Program interim rule
- This Policy
- The direct subrecipient's ESG-HP written standards

3. Required Elements

Each direct subrecipient's written standards and each project's policies and procedures must, at minimum, address each of the following items. As noted above, written standards may, on an item-by-item basis, limit themselves to allowing or refusing to allow projects to develop more specific standards and requirements than this Policy. Project policies and procedures must fully address each item.

The minimum items to address are:

- i. **Participant triage.** A triage process must exist that ensures the project serves only those who will experience literal homelessness without ESG-HP assistance.
- ii. **Coordinated Entry integration.** Project-level participant intake must comply with the Coordinated Entry process for the Continuum of Care (CoC) or CoCs in which the project operates.
- iii. **Participant eligibility.** Eligible participant populations must be defined. A process must exist to establish and document participant eligibility.
- iv. **Suite of services.** The following elements of service delivery must be defined:
 - i. The full suite of services that can be provided, which cannot exceed but can be more limited than those eligible activities enumerated in this Policy
 - A. Projects are strongly encouraged, within their full suite of services, to distinguish between which services they intend to provide directly versus those they intend to provide via contractor; which they intend to provide to most or all participants versus which they will provide infrequently as needed; and other information as needed to articulate the project's common pattern of services as distinct from its full potential scope
 - ii. The process for assessing each participant's individual strengths and housing barriers, then developing an individualized case management plan that incorporates those strengths and housing barriers to quickly return the participant to safe, stable permanent housing

Emergency Solutions Grant Program (ESG)

- iii. The process for periodically reassessing each participant's service plan and amending it to reflect both barriers that have been removed and new barriers that have been identified
- v. **Staffing pattern.** The following elements of project-level staffing patterns must be defined:
 - i. Estimated caseloads for staff providing case management, which must be sufficient to meet any commitments or projections regarding the number of participants to be served by the project during a given period
 - ii. A process for entering participant data into and maintaining participant data in the local Homeless Management Information System (HMIS) in an accurate and timely manner²
- vi. **Housing problem-solving.** A process must exist for providing the following housing problem-solving (HPS) approach. HPS, including standard interventions and recordkeeping requirements, is defined more fully in CA HCD's ESG Housing Problem-Solving Policy. ESG-HP projects are required to provide the following HPS services:
 - i. *Prevention:* projects must attempt to provide case management, landlord mediation, and/or other case management-based prevention services to all participants who request ESG-HP services as the project's first service delivery to each participant; projects are strongly encouraged to continue offering these services to each participant until both project and participant jointly determine that the participant cannot remain housed absent one-time payments or an ongoing subsidy
- vii. **Other requirements.** Written standards and project policies and procedures must meet any other requirements in documents other than this Policy. Other sources of requirements may include but are not limited to federal laws, statutes, and regulations, CA HCD policy regarding federal awards generally and the ESG Program specifically, and the local CoC.

² Subrecipients should contact their local CoC for information about the local HMIS, including user access and training, data standards and requirements, and technical support. For the purposes of this subsection, subrecipients may define "timely manner" at their discretion but are strongly encouraged to adopt policies that requires new data to be entered into HMIS as soon as possible but no more than five business days after it is collected, including entry and exit dates/assessments.

Emergency Solutions Grant Program (ESG)

- i. In the event of a conflict between requirements in this Policy and another document, or between this Policy and another applicable body of policy, subrecipients must consult CA HCD to resolve the conflict
- viii. **General operations.** In addition to the other requirements in this Policy, project policies and procedures must provide sufficient information about the operations of the project that a person not familiar with the project could reasonably reconstruct it from the project policies and procedures
- ix. **Approval.** Direct subrecipients are required to adhere to the following approvals for their written standards and for each of their funded projects' policies and procedures:
 - i. A document must be submitted for approval to CA HCD before it is implemented
 - ii. Documents are not required to be approved before they are implemented and before projects begin spending ESG-HP funds; however, CA HCD may choose not to issue reimbursements for ESG-HP activities if CA HCD has not yet approved the direct subrecipient's written standards and the project's policies and procedures
 - iii. CA HCD is the sole arbiter of whether a document meets the requirements in this Policy
 - iv. A document is not approved until the direct recipient receives written, signed approval from CA HCD
 - v. CA HCD may withdraw its approval from written standards or project policies and procedures via a written, signed statement at any time and without advance notice if CA HCD discovers either of the following:
 - A. The document's implementation differs materially from its written elements
 - B. Either the document or its implementation violate any of the applicable rules and regulations, including but not limited to the elements of this Policy

D. Coordinated Entry

ESG- Homelessness Prevention (ESG-HP) Projects are required to fully integrate the Coordinated Entry process for their local CoC or CoCs into its operations, including its participant intake process. Coordinated Entry processes will vary between CoCs, and many Coordinated Entry systems have few requirements for ESG-HP (insofar as ESG-

Emergency Solutions Grant Program (ESG)

HP exclusively serves people at some level of risk of homelessness). Projects are strongly encouraged to consult with their local CoC or CoCs early in the project design process to ensure they have fully integrated all applicable Coordinated Entry requirements.

E. Termination and Appeals

Projects are required to develop a termination and appeals policy. This policy must comply with all requirements in 24 CFR 576.402, “Terminating Assistance,” which includes but is not limited to a provision that participants’ assistance be terminated only under the following circumstances:

- In the most severe cases
- If the participant is no longer eligible to be served by ESG-HP, including because they no longer meet an applicable category of homelessness or the “at risk” definition

This policy must also comply with any additional applicable requirements, which can most commonly be found in the following places:

- The project’s application to CA HCD and CA HCD’s grant award or contract for the project
- ESG Written Standards developed by CA HCD or its local direct subrecipient
- CoC Written Standards developed by the local CoC insofar as they apply to ESG-HP projects

III. Participant Eligibility

C. Overview

Participant eligibility requirements in this Policy are derived from two places:

- The ESG Program Interim Rule
- Best practices for ensuring that CA HCD’s limited ESG-HP resources are spent on participants who meet both of the following criteria:
 - But for ESG-HP assistance, they will experience literal homelessness
 - With ESG-HP assistance, they will remain in safe housing

Any changes to eligibility requirements based on updated HUD guidance, HUD regulation, or other federal statute or regulation shall supersede this Policy.

D. Eligibility Requirements

Participants must meet the criteria in this section to be eligible for assistance under and project covered by this Policy. Participants must meet the criteria listed under at least one of subheadings (a), (b), or (c), below. (Participants are not required to meet the criteria of more than one subheading.)

- b. Imminent Risk of Homelessness (Category 2 of the HEARTH Definition of Homelessness)
 - i. The household will lose their primary nighttime residence within 14 days of the date of application for assistance, and
 - ii. No subsequent residence has been identified, and
 - iii. The household lacks the resources or support networks (e.g., family, friends, faith-based or other social networks) needed to obtain other permanent housing, and
 - iv. The household's annual income is below 30% of the median family income for the area (the area median income or "AMI")
- c. Fleeing Domestic Violence (Category 4 of the HEARTH Definition of Homelessness)
 - i. The household is fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions³ that relate to violence against a household member, including a child, that has either taken place within the household's primary nighttime residence or has made the household afraid to return to its primary nighttime residence, and
 - ii. The household has no other residence, and
 - iii. The household lacks the resources or support networks to obtain other permanent housing, and
 - iv. The household's annual income is below 30% AMI
- d. "At Risk" Definition of Homelessness (ESG Program Interim Rule)
 - i. The household's annual income is below 30% AMI, and
 - ii. The household does not have sufficient resources or support networks immediately available to prevent them from experiencing literal homelessness, and

³ This category also includes but is not limited to human trafficking.

Emergency Solutions Grant Program (ESG)

- iii. The household meets at least one of the following criteria:
- Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance
 - Is living in the home of another because of economic hardship
 - Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after their date of application for assistance
 - Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals
 - Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two people or lives in a larger housing unit in which there reside more than 1.5 people per room as defined by the US Census Bureau
 - Is exiting a publicly funded institution or system of care such as a health care facility, a behavioral health facility, a foster care or other youth facility, or a correction program or institution
 - Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness as identified in CA HCD's approved consolidated plan

Projects are additionally empowered to identify, as part of its eligibility assessment, additional factors that make it significantly more difficult for a person in the project's locality to remain in or re-establish permanent housing if they meet the eligibility criteria above. Projects can incorporate these additional factors into their participant eligibility criteria, triage mechanisms, or both.

E. Documentation Requirements

Projects are required to follow the documentation standards in 24 CFR 576.500, "Recordkeeping and Reporting Requirements."

IV. Activity Eligibility

A. Overview

Eligible activities for ESG-HP projects are defined by the ESG Program Interim Rule. Additional eligible activities specifically designed to prevent, prepare for, and respond to COVID-19 are defined in ESG-CV Notice CPD-21-08 and other Notices related to the COVID-19 pandemic as applicable.

B. Eligible Activities

ESG-HP funds may be used to provide housing relocation and stabilization services and short- and/or medium-term rental assistance necessary to prevent an individual or family from experiencing literal homelessness.

ESG-HP costs are eligible only to the extent that they are necessary to help a given participant regain stability in their current permanent housing or move into other permanent housing and achieve stability in that housing.

All activities not listed in this Policy either explicitly or by reference are ineligible.

1. Housing Relocation and Stabilization Services

a. Financial Assistance Costs

Each project may, at its discretion, set a maximum dollar amount that its participants may receive under each service in this section.

Each project may, at its discretion, set a maximum period for which a participant may receive each service in this section.

Financial assistance under this section cannot be provided to a participant who is receiving the same type of assistance through other public sources or to a participant who has been provided with replacement housing payments under the URA during the period of time covered by the URA payments.

ESG-HP may be used to pay housing owners, utility companies, and other third parties for the following costs:

- i. **Rental application fees.** ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.
- ii. **Security deposits.** ESG funds may pay for a security deposit that is equal to no more than 2 months' rent.

Emergency Solutions Grant Program (ESG)

- iii. **Last month's rent.** If necessary to obtain housing for a participant, the last month's rent may be paid from ESG funds to the owner of that housing at the time the owner is paid the security deposit and the first month's rent. This assistance must not exceed one month's rent and must be included in calculating the participant's total rental assistance, which cannot exceed 24 months during any 3-year period.
- iv. **Utility deposits.** ESG funds may pay for a standard utility deposit required by the utility company of all customers for the utilities listed under "Utility Payments," below.
- v. **Utility payments.** ESG funds may pay for up to 24 months of utility payments per participant, per service, including up to 6 months of utility payments in arrears, per service. A partial payment of a utility bill counts as one month. This assistance may only be provided if the participant or a member of the same household has an account in their name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No participant shall receive more than 24 months of utility assistance within any 3-year period.
- vi. **Moving costs.** ESG funds may pay for moving costs such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months provided that the fees are accrued after the date the participant begins receiving assistance under the "Services Costs" section, below, and before the participant moves into permanent housing. Payment of temporary storage fees is not eligible.
- vii. **Emergency transfer associated costs.** If a participant receiving short- or medium-term rental assistance under 24 CFR 576.106 meets the condition for an emergency transfer under 24 CFR 5.2005(e), ESG funds may be used to pay amounts owed for breaking a lease to affect an emergency transfer. These costs are not subject to the 24-month limit on rental assistance under 24 CFR 576.106.

b. Financial Assistance Costs

Except for "Housing Stability Case Management," below, the total period for which any participant may receive the services under this section must not exceed 24 months in any 3-year period. The limits on the assistance in this section apply to the total assistance an individual person receives either as a single-person household or as part of a multi-person household.

ESG-HP may be used to pay the costs of providing the following services:

Emergency Solutions Grant Program (ESG)

- i. **Housing search and placement.** Services or activities necessary to assist participants in locating, obtaining, and retaining suitable permanent housing, including the following:
 - 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 movement arrangements
 - Tenant counseling

- ii. **Housing stability case management.** ESG funds may be used to pay the cost of 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. This assistance cannot exceed 30 days during the period the participant is seeking permanent housing and cannot exceed 24 months during the period the participant is living in permanent housing. Component services and activities consist of:
 - Using the local CoC's coordinated entry system to evaluate households applying for or receiving ESG-HP assistance
 - Conducting the initial evaluation required under 24 CFR 576.401(a), including verifying and documenting eligibility, for households applying for ESG-HP assistance
 - Counseling, which is defined further in 24 CFR 576.501(e)
 - Developing, securing, and coordinating services and obtaining Federal, State, and local benefits
 - Monitoring and evaluating participant progress
 - Providing information and referrals to other providers
 - Developing an individualized housing and service plan, including planning a path to permanent housing stability
 - Conducting re-evaluations required under 24 CFR 576.401(b)

Emergency Solutions Grant Program (ESG)

- iii. **Mediation.** ESG funds may pay for mediation between the participant and the owner or people with whom the participant is living, provided that the mediation is necessary to prevent the participant from losing permanent housing in which the participant currently resides
- iv. **Legal services.** ESG funds may pay for legal services as set forth in 24 CFR 576.102(a)(1)(vi), except that the eligible subject matters also include landlord/tenant matters and that the services must be necessary to resolve a legal problem that prohibits the participant from obtaining permanent housing or will likely result in the participant losing the permanent housing in which the participant currently resides.
- v. **Credit repair.** ESG funds may pay for credit counseling and other services necessary to assist participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.

2. Short-Term and Medium-Term Rental Assistance

Projects may provide participants with up to 24 months of rental assistance during any 3-year period. This assistance may be short-term rental assistance, medium-term rental assistance, payment of rental arrears, or any combination thereof.

Short-term rental assistance is assistance for up to 3 months of rent.

Medium-term rental assistance is assistance for more than 3 months but not more than 24 months of rent.

Rental assistance may be tenant-based or project-based.

Payment of rental arrears consists of a one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears.

Limitations on assistance under this section apply to the total assistance a person receives either as an individual or as part of a family.

The following rules, requirements, and standards apply when rental assistance is provided:

- i. **Discretion to set caps and conditions.** Within the boundaries of CA HCD's or the project subrecipient's ESG Written Standards, the project may set a maximum amount or percentage of rental assistance that a participant may receive, a maximum number of months that a participant may receive rental

Emergency Solutions Grant Program (ESG)

- assistance, a maximum number of times that a participant may receive rental assistance, and whether and to what extent participants are required to share in the costs of rent.
- ii. **Use with other subsidies.** Except for a one-time payment of rental arrears on the tenant's portion of the rental payment, rental assistance cannot be provided to a participant who is receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance or operating assistance through other public sources. Rental assistance may not be provided to a participant who has been provided with replacement housing payments under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended ("the URA") during the period of time covered by the URA payments.
 - iii. **Rent restrictions.** Rental assistance cannot be provided unless the rent:
 - i. Does not exceed the Fair Market Rent (FMR) established by HUD as provided under 24 CFR Part 888; *note that this requirement does not apply when funds are used to prevent, prepare for, and respond to COVID-19 per Notice CPD-21-08, Section III(E)(4)(b)(i)*
 - ii. Complies with HUD's standards of Rent Reasonableness (RR) as established under 24 CFR 982.507
 - iv. **Calculating rent.** Rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease other than late fees and pet fees, and, if the tenant pays separately for any utilities, the monthly allowance for those utilities (excluding telephone and internet) as established by the public housing authority (PHA) for the area in which the housing is located.
 - v. **Rental assistance agreement.** The project may make rental assistance payments only to an owner with whom the project has entered into a rental assistance agreement that complies with the conditions laid out in 24 CFR 576.106(e).
 - vi. **Late payments.** The project must make timely payments to owners in accordance with its rental assistance agreements. Rental assistance agreements must contain the same payment due dates, grace periods, and late payment penalty requirements as a given participant's lease. If a project incurs a late payment penalty, the project subrecipient is solely responsible for paying for that penalty and must use non-ESG funds to do so.
 - vii. **Lease.** Participants receiving rental assistance must have a written, legally binding lease that complies with the conditions laid out in 24 CFR 576.106(g).
 - Participants receiving rental assistance solely in the form of arrears do not need to meet this requirement.

Emergency Solutions Grant Program (ESG)

- viii. **Tenant-based rental assistance.** Participants who receiving tenant-based rental assistance are entitled to select a housing unit in which they live and are entitled to move to another unit or building and continue receiving rental assistance as long as the participant continues to meet the project's program requirements. The project may require participants live within a particular area for the period in which rental assistance is provided.
- The rental assistance agreement with the owner must terminate and no further rental assistance payments under that agreement may be made if any of the following occur:
 - The participant moves out of the unit for which they have a lease
 - The lease terminates and is not renewed
 - The participant becomes ineligible to receive rental assistance through ESG
- ix. **Project-based rental assistance.** If the project identifies a permanent housing unit that meets ESG requirements and becomes available before a participant is identified to lease the unit, the project subrecipient may enter into a rental assistance agreement with the owner to reserve the unit and subsidize its rent in accordance with the following requirements:
- The rental assistance agreement may cover one or more permanent housing units in the same building; each unit covered by the rental assistance agreement ("assisted unit") can only be occupied by participants except as provided under part iv. of this section, below.
 - The project may pay up to 100% of the first month's rent provided that a participant signs a lease and moves into the unit before the end of the month for which the first month's rent is paid. The rent paid before a participant moves into the unit must not exceed the rent to be charged under the participant's lease and must be included when determining the participant's total rental assistance.
 - The project may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a participant. When a participant moves out of an assisted unit, the project may pay the next month's rent (i.e., the first month's rent for a new participant) as provided in part ii. of this section, above.
 - The participant's lease must not condition the terms of occupancy on the provision of rental assistance payments. If the participant is determined ineligible or reaches the maximum number of months over which rental assistance can be provided, the project must suspend or terminate the rental assistance payments for the unit. If the payments are suspended, the individual or family may remain in the assisted unit as permitted under

Emergency Solutions Grant Program (ESG)

the lease and the project may resume payments of the individual or family again becomes eligible and needs further rental assistance. If the payments are terminated, the rental assistance may be transferred to another available unit in the same building provided that the other unit meets all ESG requirements.

- The rental assistance agreement must have an initial term of one year. When a new participant moves into an assisted unit, the term of the rental assistance agreement may be extended to cover the initial term of the participant's lease. If the participant's lease is renewed, the rental assistance agreement may be renewed or extended, as needed, up to the maximum number of months for which the participant remains eligible. However, under no circumstances may the project commit ESG funds to be expended beyond the expenditure deadline of the current grant or commit funds from a future ESG grant before the grant is awarded.

C. Additional Eligible Activities Under Notice CPD-21-08

Activities eligible under ESG-CV Notice CPD-21-08, or any superseding notices, can be found on the [HUD Exchange website](#). Subrecipients should refer to this website for the latest information.

These activities are eligible for ESG-HP projects funded with annual ESG from Federal Fiscal Year 2020 or prior, when such funding is specifically used to prevent, prepare for, and respond to COVID-19. These activities are also eligible for ESG-HP projects funded with ESG-CV. CA HCD may, at its discretion, limit eligible activities via the subrecipient contract.

Note that eligibility of these activities will expire for annual ESG funding on September 30, 2022, and for ESG-CV funding on September 30, 2023, unless otherwise specified by HUD and/or CA HCD.

D. “Prevent, Prepare, and Respond” Tieback

Under this Policy, when ESG funds are used to prevent, prepare for, and respond to COVID-19 (PPR), there are certain requirements related to documenting those activities' relationships to PPR at the activity level (but not the participant level) and in the Integrated Disbursement and Information System (IDIS). More information about those requirements, including sample text for IDIS, for many common activities, can be found in HUD's [“Homeless System Response: ESG-CV ‘Prevent, Prepare, and Respond’ Tieback Flexibilities Quick Guide.”](#)

E. Duplication of Benefits

Projects covered under this Policy are required to ensure their activities do not result in a duplication of benefits at the activity level. For more information, refer to [CA HCD's Duplication of Benefits Policies and Procedures Policy](#).

F. Program Income

Program income is defined in 2 CFR 200.1.

Program income is treated as specified in 24 CFR 576.2 and 24 CFR 576.401(c)(1), except for program income generated by activities to prevent, prepare for, respond to, and mitigate the impacts created by COVID-19, which is treated as specified in ESG-CV Notice CPD-21-08.