

# Proposed Emergency Solutions Grant(ESG) State Regulations

Public Hearings

November 2015

Sacramento and Los Angeles





## 2015-16 Critical Dates (Anticipated)

- Nov 30: 45-day public comment period ends
- Mid-December: Modifications released for 15-day public comment period
- Mid-January: Final Regulations submitted to Office of Administrative Law (OAL) for review.



## 2016 Critical Dates (Anticipated)

- January 31: Solicitation of Interest Sent for AE and CoC Participation
- Feb/March: Annual Plan Stakeholder Feedback Sessions
- April 1-30: Annual Plan 30-day public comment period
- April 30: Regulations Adopted
- May 15: Annual Plan Submitted to HUD



## 2016 Critical Dates (Anticipated)

- May: ESG NOFA Release & NOFA Training
- July: Receive Balance of State (BoS)  
Noncompetitive RRH funding  
recommendations & provider applications  
for funds from the competitive regional pools
- August: Receive CoC Funding Pool  
recommendations
- Sept/Oct 2016: Issue award letters and  
contracts for both funding pools



# Goals of Proposed Changes

- Update State ESG program
  - Align with local systems
  - Increase consistency with federal ESG changes and HEARTH requirements
- Improve coordination with local community-wide planning efforts and investment
- Rely on local decision-making and oversight, where feasible



# Goals of Proposed Changes

- Facilitate investment in impactful activities that further key performance goals
  - Shortening time people experience homelessness
  - Reaching all who experience homelessness
  - Increasing positive housing outcomes
  - Other HEARTH performance goals



# Goals of Proposed Changes

- Modify intensive annual competition
- Shift State and local focus to outcomes, promoting best practices, and continuous improvement
- Reduce number of State contracts
- Improve geographic coverage of funded activities
- Develop provider/system capacity throughout the State



# Goals for Today

- Explain major provisions
- Answer questions
- Take public comments



## Section 8402: Allocation of Funds

- Establishes two main funding pools
  - Continuum of Care Allocation
  - Balance of State Allocation
- Amounts in each pool determined by formula
- Data updated once every two years



## Section 8402: Allocation of Funds

### Formula Factor #1

- HUD PIT count, including sheltered and unsheltered, prorated by the total population of the ESG Nonentitlement Areas

i.e. % of total population in the CoC's nonentitlement areas x CoC PIT



## Section 8402: Allocation of Funds

### Formula Factor #2

- Number of ELI renter households within the ESG nonentitlement areas of each CoC that are paying more than 50 percent of their income for rent
  - Number out of HUD CHAS; no adjustments



## Section 8402: Allocation of Funds

### Formula Factor #3 (weighted twice)

- Number of persons in Nonentitlement Areas below poverty line



# Formula Allocation Annual Plan Issues

- Department will share General administration funds with local governments as required under federal regulation and announce this split in the Annual Plan
- CoCs with very large allocations may have their allocations capped to ensure greater geographic diversity.



# January 31 Solicitation of Interest

- Notification of amounts available under the formula
- CoC Funding Pool
  - AE's to administer ESG funds
  - Where no intent to have an AE, CoC interest in selecting for RR



# January 31 Solicitation of Interest

- **BoS Funding Pool**
  - interest from CoCs in selecting for BoS regional competition
  - interest in selecting for RR (noncompetitive)



# Questions & Public Comments



## Section 8403: Continuum of Care Allocation

- Three options
  - 1) AE administers in partnership with CoC for their CoC Service Area
  - 2) AE administers in partnership with CoCs for their CoC Service Area and that of a geographically contiguous BoS CoC (100% RR)
  - 3) No AE, CoC selects for RR (HCD administers contract)



## Section 8403: Continuum of Care Allocation

- AE/CoC Provider Selection Process
  - Fair and open competition which avoids conflicts of interest
  - Follow federal procurement requirements
  - Evaluate provider capacity and experience, including the ability to deliver services in Nonentitlement areas;
  - Evaluate eligibility and quality of services, including adherence to Core Practices



## Section 8403: Continuum of Care Allocation

- AE/CoC Provider Selection Process
  - Utilize data and consider community input to identify unmet needs;
  - Prioritize activities that address the highest unmet need, considering other available funding and system-wide performance measures;
  - Consider project-level performance measures when evaluating proposals; and
  - Collaborate with the CoC



## Section 8403: Continuum of Care Allocation

- AE/CoC Provider Selection Process (cont.)

Through the use of Coordinated Entry and other means, all funded activities must be made available to Nonentitlement areas of the CoC Service Area



## Section 8403: Continuum of Care Allocation

- AE/CoC Provider Selection Process (cont.)
  - Facilitate outreach and access to Nonentitlement areas and
  - Evaluate participation from these areas at least annually.
  - The Department may condition future funding to ensure access to funded activities by Nonentitlement areas.
  - Funded activities may also serve households located in ESG Entitlement Areas



## Section 8403: Continuum of Care Allocation

### AE/CoC Provider Selection Process (cont.)

- Rapid Rehousing
  - not less than 40% of the funds awarded annually shall be used for RR
  - if partnering with neighboring BoS CoC, 100% must be used for RR



## Section 8403: Continuum of Care Allocation

- CoC RR Provider Selection Process (HCD administers contract)
  - Fair and Open. Avoids conflicts of interest
  - Considers criteria reasonably consistent with HCD's criteria for BoS regional pools (discussed later)
  - Complies with Eligible Activities and Core Practices requirements & federal ESG requirements



## Section 8403: Continuum of Care Allocation

- CoC RR Provider Selection Process (cont.)
  - Incorporates reasonable performance standards as set forth in the State's Action Plan based on HUD requirements and guidance
  - Considers any other practices promoted or required by HUD.



## Section 8403: Continuum of Care Allocation

- HCD will also ask for:
  - Certification of local approval (nonprofit applicants, HUD requirement)
  - Match documentation



## Section 8403: Continuum of Care Allocation

- Action Plan Decisions:
  - minimum and maximum percentages of RR noncompetitive funds
  - limits on the number of contracts, subcontracts, and activities per contract between the AE and its Subrecipients
- Funds not conditionally reserved or allocated will be reallocated under the formula



## Section 8403: Continuum of Care Allocation

- AE Qualifications:
  - Local government in ESG Entitlement Area
  - administered ESG funds during at least one of the past five years
  - Demonstrates the ability and willingness to perform AE functions
  - Has no unresolved ESG monitoring findings that pose a substantial risk to the Department



## Section 8403: Continuum of Care Allocation

- AE Qualifications: (cont.)
  - Recommended by Continuum of Care
  - CoC and AE shall collaborate to the maximum extent feasible in determining Eligible activities, selecting providers, and administering the ESG funds
  - Written Agreement between AE and CoC specifying roles and responsibilities to meet program requirements



## Section 8403: Continuum of Care Allocation

- AE Qualifications: (cont.)
  - Applications from a continuing AE shall include HMIS project-level and system-level performance data for the prior two years.
  - if performance remains in the lowest quartile compared to all others in CoC funding pool, HCD will work collaboratively with the AE to develop performance improvement plans which will be incorporated into written agreements



## Section 8403: Continuum of Care Allocation

- Denial or revocation of AE designation:
  - AE or its Subrecipients have serious violations of ESG requirements;
  - AE fails to utilize project-level or system-wide performance data in its project selection, renewal, or monitoring process; or
  - AE or its Service Area no longer meets eligibility requirements.
- HCD certification of AE good for two years



## Section 8403: Continuum of Care Allocation

### CoC Qualifications:

- It has received funding in at least one of the past two CoC competitions or has registered to apply for funding in the next competition;
- Written Standards for all activities proposed to be carried out with State ESG
- HMIS and Conflict of Interest policies meet HUD requirements



## Section 8403: Continuum of Care Allocation

- AE Standard Agreement with HCD:
  - Receive and administer up to two allocations of annual federal ESG funding per application cycle, conditioned on availability of federal funds;
  - Carry out identified Eligible activities through selected providers;
  - Provide for matching funds as required by 24 CF 576.201
  - Provide timely reports to HCD



## Section 8403: Continuum of Care Allocation

- AE Standard Agreement with HCD (cont.):
- AE shall:
  - Enter into written agreement with funded providers covering eligible use of funds, funds disbursement, reporting, performance evaluation, monitoring, and termination;
  - Monitor the performance of all contractors, including selected providers, and those they subcontract with to ensure compliance with federal and State ESG requirements;



# Questions & Public Comments



## Section 8404: Balance of State Allocation

- CoC Service Areas with no ESG entitlement jurisdictions
- Three funding options:
  - Partner with neighboring CoC with an AE (100% RR)
  - CoC selects for RR (noncompetitive)
  - CoC recommends for regional pool (competitive)



## Section 8404: Balance of State Allocation

- BoS CoC requirements
  - It has received funding in at least one of the past two CoC competitions or has registered to apply for funding in the next competition;
  - Written Standards for all activities proposed to be carried out with State ESG
  - HMIS and conflict of interest policies meet HUD requirements



## Section 8404: Balance of State Allocation

- CoC RR Provider Selection Process (Noncompetitive)
  - Fair and Open. Avoids conflicts of interest
  - Considers criteria reasonably consistent with HCD's criteria for BoS regional pools (discussed later)
  - Complies with Eligible Activities and Core Practices Requirements & federal ESG requirements



## Section 8404: Balance of State Allocation

- CoC RR Provider Selection Process (cont.)
  - Incorporates reasonable performance standards as set forth in the State's Action Plan based on HUD requirements and guidance
  - Considers any other practices promoted or required by HUD.



## Section 8404: Balance of State Allocation

- HCD will also ask for:
  - \_Certification of local approval (nonprofit applicants, HUD requirement)
  - Match documentation



## Section 8404: Balance of State Allocation

- CoC formula allocation funds not requested for the noncompetitive RR set-aside will go into three regional allocations
  - Northern
  - Bay Area
  - Central and Imperial Valley



# Section 8404: Balance of State Allocation

## Northern Region Counties

- Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Tuolumne, Yuba



# Section 8404: Balance of State Allocation

## Bay Area Region Counties

- El Dorado, Marin, Napa, Nevada, Placer, Santa Cruz, and Solano, Yolo



# Section 8404: Balance of State Allocation

## Central and Imperial Valley Region

- Alpine, Imperial, Inyo, Kings, Mariposa, Merced, Mono, Tulare

The configuration of Service Areas within each region may change subject to individual Continuum of Care or ESG Entitlement Area designations made by HUD. The counties belonging to each region will be announced in the NOFA.



## Section 8404: Balance of State Allocation

- CoC to recommend provider(s) to submit applications to HCD for funds within the regional pool
- Process for provider recommendations must be:
  - Fair and open, and avoids conflicts of interest in project selection, implementation, and the administration of funds
  - consider State application eligibility and rating criteria (discussed later)
  - complies with Eligible Activity and Core Practices requirements
- HCD will rate and rank applications in each regional pool



## Section 8404: Balance of State Allocation

- Action Plan Decisions:
  - minimum and maximum percentages of RR noncompetitive funds
  - limits on the number of applications recommended per CoC, contracts, subcontracts, and activities per contract



# Questions & Public Comments



## Section 8405: Notice of Funding Availability

- Issued (primarily) for soliciting applications under the three BoS regional allocations
- Includes the following information:
  - Allocation amounts under the formula
  - Identification of BoS CoCs within each region, and amounts available within each regional funding pool



## Section 8405: Notice of Funding Availability

- NOFA Content (cont.)
  - Application or other required documents for the regional pool applications
  - Role of the CoC in the application process
  - Application deadline, and Department review timeframes



# Section 8405: Notice of Funding Availability

## NOFA Content (cont.)

- As adopted in the Action Plan:
  - Eligible activities, and any prohibitions on uses of funds
  - Maximum number of applications from a CoC Service Area
  - Maximum number and type of Eligible activities, contracts, and subcontracts within an application



## Section 8406: NOFA Application Process

- Regional Pool Applications:
  - Applicant is eligible and recommended by their CoC
  - Activit(ies) proposed is eligible
  - Application received by deadline in NOFA
  - Application is complete



# Section 8406: NOFA Application Process

- Complete Application
  - Authorizing Resolution
  - Site control for shelter applications
  - Certification of Local approval (nonprofit applicants, HUD requirement)
  - Responses to application rating criteria
  - CoC Written Standards for the requested activity meeting Core Practices and other ESG requirements
  - Match documentation



## Section 8406: NOFA Application Process

- Incomplete applications may be scored as submitted
- If application scores high enough to be funded, missing information may be requested.
  - 15 days to correct deficiencies or funds will be re-awarded to next highest scoring applicant
  - Application revisions or clarification cannot affect competitive scoring



## Section 8407: Selection Criteria for NOFA Applicants

- Regional Pool Application Rating Factors
  - CoC recommends applicant(s);
  - Applicant submits application to Department
  - Department rates/ranks and manages these contracts



## Section 8407: Selection Criteria for NOFA Applicants

- Regional Pool Application Rating Factors
- “Up to” point values listed
  - Applicant Experience (20 points)
  - Need for Funds (10 points)
  - Program Design (20 points)
  - Impact and Effectiveness (20 points)
  - Cost Efficiency (20 points)
  - State Objectives (10 points)



## Section 8407: Selection Criteria for NOFA Applicants

- Applicant Experience (20 points)
  - Length of experience implementing the proposed activity or activity similar to the proposed activity
  - 20 pts max deduction for poor performance (last 3 yrs.)
    - State ESG contract disencumbrances or terminations
    - Unresolved monitoring findings of substantial risk to HCD
    - Timely APR submissions



## Section 8407: Selection Criteria for NOFA Applicants

- Need for Funds (10 points)
  - Does the ESG activity and subpopulation targeting, if any, meet a high need for the community as identified by the CoC.
  - The CoC must provide data and analysis to support the need.



## Section 8407: Selection Criteria for NOFA Applicants

- Program Design (20 points)
  - Quality of proposed program consistent with CoC Written Standards and HCD Core Practices
  - HCD may consider: Written Standards, provider rules, and reasonableness of program staffing patterns and activity budget relative to program design, target population, and local conditions.



## Section: 8407: Selection Criteria for NOFA Applicants

- Impact & Effectiveness (20 points)
  - project-level and system level HUD performance measures set forth in the Annual Plan
  - Utilizing HMIS data from the most recent ESG contract year for activities implemented within the last three years



## Section: 8407: Selection Criteria for NOFA Applicants

- Cost Efficiency (20 points)
  - Average cost per exit to permanent housing, based on the total ESG project budget and the number of exits to permanent housing
  - HMIS exit data from most recent ESG contract year



## Section: 8407: Selection Criteria for NOFA Applicants

- State Objectives (10 points)
  - application meets federal, State or HCD funding priorities
  - Priorities identified in the Annual Plan and NOFA



## Section: 8407: Selection Criteria for NOFA Applicants

- Applications rated and ranked within each region
- Activities will be rated separately in applications containing more than one activity, and scores averaged
- Tie-breaker is Cost Efficiency
- Funds available in one region may be made available to other regions or put in next NOFA
- Applications can be partially funded if activity still feasible with partial funding



# Questions & Public Comments



## Section 8408: Eligible Activities

- Same as HUD regulations, except:
  - HMIS limited to 10% of a Service Area's formula allocation;
  - Renovation, Conversion, Major Rehab no longer eligible
  - Action plan may limit eligible activities under a NOFA, with stakeholder input.



## 8409: Core Practices

- Coordinated Entry:
  - Use consistent with CoC protocols, unless exempted by federal rules
  - Comprehensive coordinated access, regardless of where the HH is located



# 8409: Core Practices

- Coordinated Entry (cont.)
  - Prioritized access for those with most urgent and severe needs
    - Unsheltered; living in places not meant for habitation
    - Experienced longest time homeless
    - multiple and severe service needs that inhibit ability to access housing
    - Homeless Prevention; greatest risk of long-time literal homelessness in shelter/street



# 8409: Core Practices

- Housing First:
  - Low barrier access, including for people with no income, & people with active substance abuse and mental health issues
  - Quickly identify and resolve barriers to housing
  - Resolve housing crisis first, before focusing on housing-related services



# 8409: Core Practices

- Housing First:
  - Participant-focused choice in services
  - Connecting participants to mainstream services that foster long-term housing stability



## 8409: Core Practices

- Progressive Engagement:
  - Offering minimally necessary assistance to quickly re-house/prevent homelessness
  - adding more-assistance over time if necessary
  - Based on individual needs assessment, with focus on participant's available support systems and community resources.



# Questions & Public Comments



## Misc. Administrative Issues

- Section 8412: Standard Agreement (New requirements)
  - AE Std. Agmt will follow receipt of AE funding recommendations and certification that the proposed activities meet State requirements related to AE provider selection process, Eligible Activities and Core Practices
  - HCD may require documentation to verify the accuracy of the information provided.



## Misc. Administrative Issues

- Section 8412: Standard Agreement  
(New requirements)
  - Info on activity services, and budget will be reflected for each selected provider
  - Changes to funded providers permitted if necessary to expend funds or comply with ESG requirements.
    - Changes must comply with provider selection requirements, Eligible Activities and Core Practices



## Misc. Administrative Issues

- Section 8414: Monitoring (New requirements)
  - AEs must do on-site monitoring of funded providers whenever necessary, but at least once a year
  - HCD will monitor AEs and BoS providers by risk assessment
  - HCD may monitor an AE's selected providers by risk assessment



## Misc. Administrative Issues

- Section 8414: Monitoring (New requirements)
  - HCD will monitor AE and project performance based on HUD performance outcome measures used in ESG or the CoC Program
  - If project or system-level performance consistently remains in lowest quartile, HCD will work with AE to develop performance improvement plans to be incorporated into written agreements



# Questions & Public Comments