

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE**

2020 W. El Camino Avenue, Suite 670, 95833
P.O. Box 952054
Sacramento, CA 95833
(916) 263-2771
www.hcd.ca.gov



July 28, 2023

MEMORANDUM FOR: All Potential Applicants

FROM: Sasha Hauswald, Deputy Director
Division of Federal Financial Assistance

**SUBJECT: Emergency Solutions Grants Program
Continuum of Care Allocation
Notice of Funding Availability**

The California Department of Housing and Community Development (HCD/Department) is pleased to announce the availability of approximately \$6 million in new federal funds for the Emergency Solutions Grants (ESG) program. Funding for this NOFA is made available pursuant to Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act.

The Department will be accepting 2023 ESG applications through the **eCivis Grants Management System** portal beginning **August 15, 2023**. Applications and all required documentation must be received by the Department **no later than Monday, October 16, 2023, 3:00 p.m. Pacific Daylight Time (PDT)**. **Any application received after Monday, October 16, 2023, 3:00 p.m. PDT will not be accepted.**

The application must include a completed authorizing resolution (AR) approved by the Applicant's governing board and on the required HCD template. The AR designates a person or persons responsible for, and authorized to execute, all documents related to the application for ESG funds and submittal of funds requests.

Please see the instructions for completing the AR template on the ESG website. Failure to use the AR form provided by HCD will result in automatic disqualification. If a governing body must prepare a separate resolution concurrently that conforms to its local standard, it may do so in addition to preparing the AR form provided by HCD. ***"In the event the applicant's AR is not submitted by the application due date, then the entire application will be deemed untimely and thus automatically rejected in its entirety."***

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Applicants are encouraged to set-up their profiles in the eCivis portal located at [eCivis Grants Management System Portal](https://www.hcd.ca.gov/grants-and-funding/programs-active/emergency-solutions-grants) as early as possible. Information about setting up a profile, submitting an application, and managing awards through the eCivis portal is available under the Training and Technical Assistance tab on the Department's ESG website:
<https://www.hcd.ca.gov/grants-and-funding/programs-active/emergency-solutions-grants>.

Applicants are encouraged to begin the application process early to ensure successful submission before the application deadline. If you have any trouble logging into the portal, or have questions on how to complete the online application, please contact the Department at: ESGNOFA@hcd.ca.gov

To receive ESG FAQs and other Program Information and updates, please subscribe to the Federal Programs listserv at <https://www.hcd.ca.gov/contact-us/email-signup>

For questions, or assistance, please email ESGNOFA@hcd.ca.gov

Attachment

Federal Emergency Solutions Grants Program
Continuum of Care Allocation
2023 Notice of Funding Availability



Gavin Newsom, Governor
State of California

Lourdes M. Castro Ramírez, Secretary
Business, Consumer Services and Housing Agency

Gustavo Velasquez, Director
California Department of Housing and Community Development

Division of Financial Assistance, Federal Programs Branch
Emergency Solutions Grants Program
2020 W. El Camino Avenue, Suite 200, Sacramento, CA 95833
ESG Program Email: ESGNOFA@hcd.ca.gov

July 28, 2023

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I. Overview

A. Notice of Funding Availability

The California Department of Housing and Community Development (HCD or Department) receives funding from the United States Department of Housing and Urban Development (HUD) for the Emergency Solutions Grants (ESG) program and allocates funds to eligible Continuum of Care service areas. Approximately \$6 million in new federal funds, as well as additional disencumbered funds that *may* become available later this year, will be allocated to eligible CoC service areas listed in [Appendix A](#).

The ESG program provides funding for the following objectives:

- Engaging individuals and families experiencing homelessness
- Improving the quality of Emergency Shelters (ES) for individuals and families experiencing homelessness by helping to operate these shelters and by providing essential services to shelter residents
- Rapidly re-housing individuals and families experiencing homelessness
- Preventing families/individuals from becoming homeless

In the Continuum of Care Allocation, administrative entities (Administrative Entities or “AE”)¹ are units of general-purpose local governments that are selected by their Continuum of Care.

To be selected as an AE, the unit of local government must:

1) Have administered ESG funds for a ESG Entitlement Area² during at least one of the past five years. Where a city is the only unit of general-purpose local government that has administered ESG funds for the Entitlement Area within the Continuum of Care Service Area, the Administrative Entity may be a county agency with experience administering another federal homelessness, housing, community development, or human services program in at least one of the past five years;

2) Have no unresolved ESG monitoring findings with HUD or the Department, which the Department determines does not pose a substantial risk to the Department, if the Administrative Entity were to be approved; and

3) Demonstrate the ability and willingness to perform the functions of an Administrative Entity pursuant to federal and state ESG requirements.
(25 CCR § 8403)

This Notice of Funding Availability (NOFA) is for the **Continuum of Care (CoC) Allocation**. It outlines application requirements and timelines for approved Administrative Entities in the CoC Allocation (see the Authorizing Legislation Section

¹ 25 CCR § 8401

² 25 CCR § 8401

of this NOFA for the applicable program regulations). These AEs are eligible contractors (Contractors), who in turn select homeless service providers to receive the funds.

AEs are responsible for administering ESG funds in collaboration with their local CoC for their respective CoC service area. This NOFA also provides documentation requirements for AEs approved to administer available ESG funding.

All references to the “state” are references to the State of California. All references to ESG funding reference federal ESG funds administered by HCD unless otherwise noted.

B. Tentative program timeline

ESG NOFA and application for the CoC allocation released:	August 15, 2023
Application deadline:	October 16, 2023
HCD announces AE awards:	January 2024

C. New Requirements & Additions in the 2023 NOFA

1. Application Threshold Requirements

An application must meet the following threshold requirements to be eligible for funding:

- A. Applicants (Applicant) **must** follow instructions in both this NOFA and the online application. Failure to follow instructions will result in disqualification.
- B. The ESG application and all required attachments must be submitted to HCD through the eCivis Portal located at <https://portal.ecivis.com/#/login>. Applications must include all required information to be submitted.
- C. The application must be complete and received by the deadline.
- D. The Applicant is eligible as described in **Section I (A)** of this NOFA.
- E. Proposed Activities are eligible pursuant to **Section IV (D)** of this NOFA.
- F. Pursuant to 25 CCR § 8401, Applicants must have adequate and documented site control for any application proposing an ES Activity.
- G. The application must include a completed **Authorizing Resolution (AR)** on the HCD template and approved by the Applicant’s governing board. The AR designates a person or persons responsible for, and authorized to execute, all documents related to the application of ESG funds, ESG

award, and submittal of funds requests. Please see the instructions for completing the required HCD AR template on the ESG website. Failure to use the required AR template provided by HCD will result in automatic disqualification. If a governing body must prepare a separate resolution concurrently that conforms to its local standard, it may do so in addition to preparing the AR form provided by HCD. *In the event the Applicant's AR is not submitted by the application due date, then the entire application will be deemed untimely and thus automatically rejected in its entirety.*

- H. All Applicants must demonstrate to the satisfaction of the Department that it is following the financial management requirements of [2 CFR Part 200](#). If applicable, the Applicant must provide the Department with its most recent single audit (as submitted to the State Controller's Office), as well as the most recent year's Form 990. If the Applicant has any open single audit findings and does not have a plan or an agreement to remediate those findings, the Applicant will be deemed ineligible for funding through the State ESG program until the findings are resolved or a remediation plan or agreement is established.
- I. Pursuant to 24 CFR Part 576.201, Applicants must have identified dollar-for-dollar match for the federal ESG funding with funds from other public or private sources.

An application may be deemed ineligible if the application does not meet the threshold requirements, if the application is incomplete, or if HCD cannot determine compliance with the threshold requirements.

2. Environmental Review

According to the requirements in the HUD Grant Agreement, Applicants for assistance that are units of general local government must agree to assume responsibility for environmental review, decision-making, and action under 24 CFR Part 58, "Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities" and shall comply with the environmental requirements of 24 CFR Part 58 including §58.4 "Assumption Authority." If awarded funding, the obligation of funds and incurring of costs will be conditioned upon Applicants' compliance with 24 CFR Part 58, and completion by HCD of all applicable review and approval requirements as specified in 24 CFR Part 58.18.

The Applicant, its service providers (Service Providers), and any subcontractors of the Applicant or its Service Provider, may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a project, or commit or expend ESG or local funds for eligible activities under this part, until the Applicant has performed an environmental review under 24 CFR Part 58 and the Applicant has received HCD approval if required by the level of environmental review.

In accordance with 24 CFR § 58.22, "Limitations on activities pending clearance", neither an Applicant nor any Service Provider in the development process, including public or private nonprofit or for-profit entities, or any of their Contractors, may commit HUD assistance under a program listed in 24 CFR § 58.1(b) on an activity or project until the environmental review process is complete and if required, HCD has approved the Applicant's HUD Form 7015.5

“Request for Release of Funds and Certification” (RROF) and issued HUD Form 7015.16, “Authority to Use Grant Funds”.

Neither the Applicant nor any Service Provider in the development process may commit non-HUD funds or undertake an activity or project that would have an adverse environmental impact or limit the choice of reasonable alternatives. Upon completion of environmental review, HCD shall notify Applicant. HUD funds shall not be utilized before this requirement is satisfied. Violation of 24 CFR Part 58 may result in disapproval, modification, or cancellation of the ESG Grant.

If awarded funding and if a project or activity is exempt under 24 CFR § 58.34, “Exempt activities” or is categorically excluded (except in extraordinary circumstances) under 24 CFR Part 58.35(b) “Categorical exclusions not subject to §58.5”, no RROF is required, and the Applicant may undertake the activity immediately after they have provided documentation to HCD of its determination that each activity or project is exempt or categorically excluded. The Applicant remains responsible for carrying out any applicable requirements under §58.6, “Other Requirements” and must provide documentation to HCD at the time of grant monitoring of its compliance with this section of 24 CFR Part 58.

If awarded funds, the Applicant is also subject to the provisions of the California Environmental Quality Act (CEQA). The Standard Agreement will require that the Contractor assumes responsibility to fully comply with CEQA’s requirements.

3. Match Exemption Application (Up to a maximum \$100,000 will be awarded)

a. General Requirement

HCD requires each ESG Subrecipient to provide match equal to 100% of the ESG funds that HCD awards. The only exception is outlined in Section III.C.2 of the HCD ESG Match Policy.

Applicants interested in applying for the match exemption must submit the request and required documentation at the time of their application via eCivis.

Please note: *The exemption request is only valid for the 2023 ESG applications/awards; no other funding year will apply under this application. Information noted below is not all inclusive. For specific HCD ESG policy information please read the full document listed on our webpage here: [“ESG Match Policy”](#)*

b. Match Exemption

Under each fiscal year’s (FY’s) annual ESG allocation, HCD is not required to match the first \$100,000 allocated. HCD is required to pass this benefit to the Subrecipient or Subrecipients who are least able to provide match.

HCD uses its annual Subrecipient ESG application process to determine which Subrecipient(s) will receive the match exemption via the following process:

- Each Subrecipient’s application will receive a ‘match exemption score’
- The ‘match exemption score’ (**up to a maximum of 10 points**) is calculated as follows:

o **2 points** are allocated to the following Subrecipients, which are considered rural and therefore disproportionately likely to be under-resourced:³

- Marin County CoC
 - Napa City & County CoC
 - Vallejo/Solano County CoC
 - Watsonville/Santa Cruz City & County
 - Davis/Woodland/Yolo County CoC
 - El Dorado County CoC
 - Imperial County CoC
 - Inyo, Mono, Alpine Counties CoC
 - Merced City & County CoC
 - Roseville/Rocklin/Placer County CoC
 - Santa Maria/Santa Barbara County CoC
 - Visalia, Kings, Tulare Counties CoC
 - Nevada County CoC
 - Amador, Calaveras, Tuolumne, and Mariposa Counties CoC
 - Chico/Paradise/Butte County CoC
 - Colusa, Glenn, Trinity Counties CoC
 - Humboldt County CoC
 - Lake County CoC
 - Mendocino County CoC
 - Redding/Shasta, Siskiyou, Lassen, Plumas, Del Norte, Modoc, Sierra Counties CoC
 - Tehama County CoC
 - Yuba City & County/Sutter County CoC
- o **3 points** are allocated to Subrecipients that meet either of the following criteria:
- During the annual monitoring process, HCD reported a concern or finding related to the Subrecipient's difficulty producing the necessary level of match; or
 - During the previous year, the Subrecipient provided 75% or less of its match requirements.
- o **Up to 5 points** are allocated to Subrecipients who indicate as part of their application that they would like to receive the match exemption; points will be awarded based on a short narrative in which Subrecipients will be asked to explain the circumstances that qualify them as unable to meet the match requirement, with more points being allocated to Subrecipients reporting greater relative need.

If one Subrecipient receives the highest 'match exemption score,' that Subrecipient will receive the full \$100,000 match exemption; if multiple Subrecipients receive the highest 'match exemption score,' the match exemption will be divided among no more than two of the highest-scoring Subrecipients at HCD's discretion;

³ HCD reserves the right to amend this list at its discretion.

HCD has final decision on which Subrecipient(s) benefit from the match exemption and its decision cannot be appealed.

4. Street Outreach Requirements (SO)

All Applicants that are awarded funding for the street outreach (Street Outreach or “SO”) activity are now required to develop, implement, and submit their written policies and procedures (P&Ps) to HCD at application. P&Ps must fully detail the Applicants ESG-SO operations. **At minimum, they must include the following content pieces:**

- a. Written Standards;
- b. Coverage Area;
- c. Coordinated Entry Integration;
- d. Participant Eligibility;
- e. Suite of Services;
- f. Staffing Patterns;
- g. Housing Problem-solving;
 - i. Diversion
 - ii. Rapid exit
- h. Other Requirements;
- i. General Operations.

A Street Outreach Manual has been developed and is available to all ESG CoCs and Stakeholders for guidance on operating their SO programs. Please see the ESG Webpage, Resources: <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/esg/ca-hcd-esg-street-outreach-policy.pdf>

5. Emergency Shelter Requirements (ES)

All Applicants that are awarded funding for the Emergency Shelter activity are now required to develop, implement, and submit their written policies and procedures (P&Ps) to HCD at application. P&Ps must fully detail the Applicants ESG-ES operations. **At minimum, they must include the following content pieces:**

- a. Written Standards;
- b. Coordinated Entry Integration;
- c. Participant Eligibility;
- d. Suite of Services;
- e. Staffing Patterns;
- f. Housing Problem-solving;
 - i. Diversion
 - ii. Rapid Exit
- g. General Operations;
- h. Other Requirements; and
- i. Approval.

An Emergency Shelter Manual has been developed and is available to all ESG CoCs and Stakeholders for guidance on operating their ES programs. Please see the ESG

Webpage, Resources: <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/CA-HCD-ESG-Emergency-Shelter-Policy.pdf>

6. Rapid Re-Housing Requirements (RRH)

All Applicants that are awarded funding for the Rapid Re-Housing activity are now required to develop, implement, and submit their written policies and procedures (P&Ps) to HCD at application. P&Ps must fully detail the Applicants ESG-RRH operations. **At minimum, they must include the following content pieces:**

- a. Coordinated Entry Integration;
- b. Participant Eligibility;
- c. Suite of Services;
- d. Staffing Patterns;
- e. Termination and Appeals;
- f. Other Requirements;
- g. General Operations; and
- h. Approval.

A Rapid Re-Housing Manual has been developed and is available to all ESG CoCs and Stakeholders for guidance on operating their RRH programs. Please see the ESG Webpage, Resources: <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/ESG-Rapid-Rehousing-Manual.pdf>.

7. Homelessness Prevention Requirements (HP) (Reminder)

All Applicants that are awarded funding for the Homelessness Prevention activity are now required to develop, implement, and submit their written policies and procedures (P&Ps) to HCD at application. P&Ps must fully detail the Applicants ESG-HP operations. **At minimum, they must include the following content pieces:**

- a. Participant Triage;
- b. Coordinated Entry Integration;
- c. Participant Eligibility;
- d. Suite of Services;
- e. Staffing Patterns;
- f. Termination and Appeals;
- g. Other Requirements;
- h. General Operation; and
- i. Approval.

A Homelessness Prevention Manual has been developed and is available to all ESG CoCs and Stakeholders for guidance on operating their HP programs. Please see the ESG Webpage, Resources: <https://www.hcd.ca.gov/sites/default/files/docs/grants-and-funding/esg/cahcd-esg-homelessness-prevention-policy.pdf>.

8. Single Audit Required with Submission of Applications

All Applicants must demonstrate to the satisfaction of the Department that they are following the financial management requirements of [2 CFR Part 200](#).

If applicable, the Applicant must provide the Department with its most recent single audit (as submitted to the State Controller's Office). If the Applicant has any open single audit findings and does not have a plan or an agreement to remediate those findings, the Applicant will be deemed ineligible for funding through the State ESG program until the findings are resolved or a remediation plan or agreement is established.

All single audit findings are included in this evaluation. This requirement is not limited to federal funds administered by the Department. If an Applicant is not subject to single audit requirements, the Applicant is not required to submit an audit. Applicants that fail to disclose findings on their most recent single audit will be disqualified without exception or appeal.

9. Expenditure Milestones (Reminder)

Applicants that are awarded funding under this 2023 CoC allocation will be required to meet the following expenditure milestones. This is stated in the 2023 ESG Standard Agreement, Exhibit E. **Provision Ex. A – E.3** (Expenditure Milestone Requirements - As referenced in Exhibit A, Section 4 (G)).

Percentage of ESG Award that must be expended	Milestone Deadline
20%	120 days after execution of contract
50%	180 days prior to expenditure deadline
80%	60 days prior to expenditure deadline

10. Grants Management System (GMS)

The implementation of the eCivis Grants Management System (GMS) is called "Grants Network". Grants Network will allow Applicants to apply for ESG funding online and will track the status of their application once submitted. This new system is easier to navigate and does not require Applicants to submit hard copies of the application to the Department. Grants Network will support programs and projects from application through to implementation and closeout and will connect with other digital accounting and reporting systems used by both the Department and HUD.

2023 ESG Applications must be accessed through the [eCivis portal - Programs Available for Solicitation page](#). Paper binder applications will no longer be accepted or required.

11. Advancing Racial Equity

Pursuant to direction from HUD, as provided at the links below, Contractors should prioritize the advancement of racial equity at all levels of the homeless response system. The Department asks Contractors to be leaders in their homeless response systems, facilitating partnerships among service organizations and promoting racial equity practices. Contractors must respond to disproportionality in access to services, service provision and outcomes. Contractors cannot simply rely on delivering a standardization of services to address equity. Contractors have the responsibility to examine their data to ensure all eligible persons receive equitable services, support, and are served with dignity, respect, and compassion regardless of circumstances, ability, or identity.

When applying for ESG funds, Applicants should consider:

- What are your community's racial demographics and the demographics of those within your homeless response system?
- In your community's captured data, what are the outcomes of the homeless response system based on race? What are your requirements for all Service Providers to analyze data to determine racial disparities and then put a plan in place to address them?
- How do underserved and marginalized communities learn about and enter ESG programming? What marketing and communication strategies are used to increase equitable access to ESG programming?
- How does your grant making process include prioritization for programs that are addressing the disproportionate impacts that homelessness has on communities of color, particularly Black, Latinx, Asian, Pacific Islander, and Native and Indigenous communities?
- How are the voices of Black, Latinx, Asian, Pacific Islander, Native and Indigenous communities, and those with lived experience of homelessness, being centered in a meaningful, sustained way in creating effective approaches to reducing and ending homelessness? How are they involved in the funding decision-making process?
- How are these funds accessible to smaller and non-traditional organizations that have historically been serving communities of color but may not have previously participated formally in the CoC or be a part of the homeless Service Provider community, and how would these funds address the organization capacity of organizations that are led by Black, Latinx, Asian, Pacific Islander, and Native and Indigenous people that support the goal of making homelessness rare, brief, and non-recurring?

- List your partner organizations that are addressing racial equity in the housing and homeless response system, and how do you partner with them?

The Department will require Applicants to submit related racial and ethnic data metrics of the homeless population and those served by the COC service area from their Homeless Management Information System (HMIS) on a quarterly reporting basis.

The Department recommends that Contractors refer to and utilize the Racial Equity Tools available on the HUD Exchange to inform efforts to advance racial equity within the homeless response system. The tools are available at the following link: <https://www.hudexchange.info/news/new-coc-racial-equity-analysis-tool/>

The Department also encourages Contractors to refer to the Increasing Equity in the Homeless Response System through Expanding Procurement Tool from the HUD Exchange to help guide practices in this area at the following link: <https://www.hudexchange.info/resource/6083/covid19-homeless-system-response-increasing-equity-in-the-homeless-response-system-through-expanding-procurement/>.

II. **Authorizing Legislation**

Funding under this NOFA is made available pursuant to Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act. This NOFA should be read in conjunction with the following regulations that establish state and federal ESG requirements. Relevant legal authority includes, but is not limited to, the following:

- [Code of Federal Regulations \(CFR\), Title 24, Part 576;](#)
- [25 CCR, Division 1, Chapter 7, Subchapter 20;](#)
- [24 CFR Part 91 relating to Annual Action Plan requirements;](#)
- [24 CFR Part 58, relating to environmental reviews; and](#)
- [HCD Policy and Research Plans and Report \(ca.gov\)](#)
- The **ESG Program Interim Rule** was first published in the Federal Register on December 5, 2011 and became effective on January 4, 2012. The public comment period for the ESG rule closed on February 3, 2012. A second public comment period in which HUD was seeking additional feedback and comment on certain, limited provisions of the ESG Program Interim Rule closed on August 3, 2015. An updated version of the ESG Program Interim Rule was published in the Federal Register on April 1, 2017.
- Chronically Homeless Definition Final Rule: The Interim Rule, published in the Federal Register on December 4, 2015, cited above, provides the chronically homeless definition that applies to the ESG program.
- [Office of Management and Budget \(OMB\) requirements for Universal Identifier and Central Contractor Registration, 2 CFR Part 25, Appendix A to Part 25.](#)

If state or federal statutes or regulations, or other laws, relating to the ESG program are modified by Congress, HUD, HCD or the State Legislature, the changes may become

effective immediately and impact the work that was awarded funding under this NOFA.

If there is a conflict between the state and federal regulations, the federal regulations shall prevail. In addition, HCD reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA. If such an action occurs, HCD will notify interested parties. Awards made under this NOFA are also contingent upon HCD receiving an award letter from HUD for 2023.

III. **Program Requirements**

The AE Provider selection process:

AEs are responsible for awarding ESG funds to eligible Service Providers for ESG-eligible activities in their approved CoC Service Area(s). Continuation grants are acceptable if they meet the requirements of 25 CCR § 8403.

As further specified pursuant to 25 CCR § 8403(g), AEs shall select qualified Service Providers through a process that is consistent with the following requirements:

- Is a fair and open competition that avoids conflicts of interest;
- Follows the procurement requirements of 24 CFR Part 84;
- Evaluates provider capacity and experience, including the ability to deliver services in non-entitlement areas;
- Evaluates eligibility and quality of services, including adherence to Core Practices pursuant to 25 CCR § 8409;
- Utilizes data and considers community input to identify unmet needs;
- Prioritizes activities that address the highest unmet need, considering other available funding and system wide performance measures;
- Considers project-level performance measures when evaluating proposals; and
- Collaborates with the local CoC.

Note: 25 CCR § 8408(e) prohibits subpopulation targeting with ESG funds in Homelessness Prevention (HP) and Rapid Re-Housing (RRH) programs except if documentation of both of the following is provided to HCD prior to the award of funds for these activities:

- Evidence of an unmet need for these activities for the subpopulation proposed for targeting; and
- Evidence of existing funding in the CoC Service Area for programs that address the needs of the excluded populations for these activities.

IV. **State Annual Action Plan Requirements Relative to ESG**

Pursuant to 24 CFR Part 91 and as required by HUD, the following requirements regarding the AE activities are in HCD's Annual Action Plan.

D. Amounts available for Administrative activities

Of the allocation available to each AE, approximately 2.6 percent of federal ESG funds⁴ may be used to pay for direct administrative costs. For the estimated administrative amounts, see [Appendix A](#).

E. Eligible costs

Contractors and their recommended Service Providers must follow all Office of Management and Budget (OMB) Cost Principles and Generally Accepted Accounting Principles (GAAP). OMB and budget requirements are listed in **2 CFR Part 200**. Costs charged to the ESG program must be *allowable*, *allocable*, and *reasonable*. Shifting costs between awards to overcome funding deficiencies is **not** allowed.

Allowable costs must conform to any limitations or exclusions set forth in the federal cost principles. Additionally, the ESG NOFA allowable costs must comply with the policies and procedures afforded all activities within the Contractor or Service Provider's organization and be treated consistently (whether as a direct or indirect cost). Finally, allowable costs must comply with the GAAP and the costs must be adequately documented.

Allocable costs are those treated consistently with other costs incurred for the same purpose in like circumstances. These costs must meet the requirements listed in 2 CFR Part 200.405.

Reasonable costs do not exceed in nature or amount of costs that would be incurred by a prudent person under the same or similar circumstances prevailing at the time a decision was made to incur the cost.

Eligible costs may be direct or indirect. They must be incurred for the same purpose in like circumstances and must be treated consistently as either direct or indirect costs.

Direct costs are those costs that can be identified specifically with a particular final cost objective (such as the ESG award) and can be directly assigned to an activity relatively easily with a high degree of accuracy.

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective or activity. Contractors that allow their Service Providers to seek reimbursement for indirect costs must comply with all OMB requirements, including 2 CFR Part 200.403 and Part 200 Appendix 4. Contractor records must include evidence of the modified total direct cost calculations, indirect cost limits, and supporting documentation for actual direct cost billing.

All eligible costs incurred after the date of the ESG award letter issued by HCD are reimbursable after full execution of the state Standard Agreement. Contractors shall

⁴ 25 CCR § 8402 (a)

not plan to expend any state ESG funds requiring reimbursement prior to the award letter. In addition, no funds shall be expended until any required environmental review process has been completed, if required under 24 CFR Part 50.

F. Minimum and maximum grant limits

Where there is an approved AE, the AE will be responsible for setting any minimum and maximum grant amounts since it will be evaluating provider applications and managing these contracts. HCD will monitor AEs to ensure that they effectively manage the number of awards they make.

G. Eligible activities (24 CFR Part 576) (25 CCR §§ 8403 (h) and 8408 (d))

1. ESG activities found at 24 CFR Part 576.
2. For the 2023 NOFA, all activities permitted under 24 CFR Part 576.102 shall be eligible except for: renovation, conversion, or major rehabilitation activities. Minor repairs to an ESG-funded ES that do not qualify as renovation, conversion, or major rehabilitation are an eligible use of state ESG funds. (25 CCR § 8408(d)).
3. The following additional limitations apply:
 - a) HMIS - A maximum of 10 percent of ESG funds may be used for actual costs for HMIS activities (24 CFR Part 576.107; 25 CCR § 8408(c)).
 - b) Minimum and maximum percentage of an allocation for Rapid Re-Housing (RRH) - AEs must award a **minimum of 40 percent of their available ESG funds to RRH**. There are no limitations on the maximum percentage of their RRH allocation.

AEs collaborating with a geographically contiguous CoC in the BoS allocation must award 100 percent of both CoC Service Area allocations to RRH.

In the absence of an approved AE, 40 percent of a CoC Service Area allocation may be accessed noncompetitively for RRH. The CoC may recommend up to two applications for RRH. HCD will administer these contracts. The remainder of the funds will be distributed through the formula to the BoS allocation⁵.

Note: Rental assistance payments provided as part of an RRH or HP activity under 24 CFR Part 576.106 typically cannot exceed HUD's Fair Market Rent (FMR) as provided under 24 CFR Part 888 and must comply with HUD's standard for rent reasonableness as established under 24 CFR Part 982.507. Request for exceptions to FMR can be made to HUD through HCD and must be approved in writing by HUD. Contact your HCD representative in the Federal Programs Branch for further

⁵ 25 CCR § 8403

assistance.

H. Match requirements (24 CFR Part 576.201; 25 CCR § 8410)

Funded Applicants must make matching contributions in an amount that equals the amount of federal ESG funds awarded. HCD will request documentation as part of its monitoring to determine the sources and amounts used to meet the federal ESG matching requirement.

I. Non-entitlement areas (25 CCR § 8403)

The AE must ensure that all funded activities are available to non-entitlement areas of the CoC Service Area using the Coordinated Entry System and other means. The AE shall facilitate outreach to populations in the non-entitlement areas and shall evaluate participation from these areas at least annually. Funded activities may also serve households located in ESG entitlement areas.

V. State Overlays

It is the duty and responsibility of each Applicant to review the provisions, requirements, and limitations of all funding sources applied for and obtained for a particular project, program, or activity to ensure that each requirement of those funding sources is compatible with all HCD program requirements and restrictions. Incompatibility of funding sources will result in the denial or cancellation of an award or may result in the placement of conditions or limitations on an award, all as determined by HCD in its sole and absolute discretion.

VI. Federal Requirements

A. General

The requirements in [24 CFR Part 5, subpart A](#) are applicable, including the nondiscrimination and equal opportunity requirements found at [24 CFR Part 5.105\(a\)](#). Section 3 of the HUD Act of 1968 and implementing regulations at [24 CFR Part 75](#) apply, except that homeless individuals have priority over other Section 3 residents in accordance with [24 CFR Part 576.405\(c\)](#).

B. Program Requirements: 24 CFR Part 576

§ 576.400	Area-wide systems coordination requirements.
§ 576.401	Evaluation of program participant eligibility and needs.
§ 576.402	Terminating assistance.
§ 576.403	Shelter and housing standards.
§ 576.404	Conflicts of interest.
§ 576.405	Homeless participation.
§ 576.406	Equal participation of faith-based organizations.
§ 576.407	Other Federal requirements.
§ 576.408	Displacement, relocation, and acquisition.
§ 576.409	Protection for victims of domestic violence, dating violence, sexual assault, or stalking.

[§576.500](#) Recordkeeping and reporting requirements.
[§576.501](#) Enforcement.

C. Other Federal Requirements

Contractors must be able to meet all federal requirements relative to the ESG program, specifically those concerning equal opportunity and fair housing, affirmative marketing, environmental review, displacement, relocation, acquisition, labor, lead-based paint, asbestos, conflict of interest, debarment, and suspension. Pertinent federal requirements are noted in federal ESG regulations and ESG Standard Agreements. All Applicants should be aware that, if funded, these requirements would apply.

VII. False, Fictitious or Fraudulent Claims:

Warning: Any person who knowingly makes a false claim or statement to HUD or the Department may be subject to civil or criminal penalties under 18 U.S.C. Sections: 287, 1001 as well as 31 U.S.C. § 3729.

A. Detecting, Preventing, and Reporting FRAUD

Fraud is a white-collar crime that has a devastating effect on the ESG program because the ESG program beneficiaries are victims of this crime when the ESG program is abused.

HCD wants to stop any criminal assault on the ESG program it administers, and in doing so all ESG funds go to people it was designed to help and improve their living conditions.

Combatting Fraud

The U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) is committed to protecting HUD's programs, operations, and beneficiaries from dishonest individuals and organizations.

HUD cannot combat fraud alone.

HUD relies on HCD and ESG NOFA Applicants to combat ESG program fraud. HUD also relies on Applicants for, and people receiving, HUD benefits, such as tenants receiving rental assistance, borrowers with HUD insured loans, or citizens having their communities restored using HUD grants.

The HUD OIG Hotline number is 1-800-347-3735. This is the primary means to submit allegations of fraud, waste, abuse, mismanagement, or whistleblower related matters for the ESG program to the Office of Inspector General.

HUD OIG accepts reports of fraud, waste, abuse, or mismanagement in the ESG program from HUD employees, anyone administering the ESG program, anyone working in the ESG program, Contractors, and the public.

You can report mismanagement or violations of law, rules, or regulations by HUD employees or program participants.

Fraud, waste and abuse in the ESG program and its operation may be reported in one of the following four (4) ways:

Email to: hotline@hudoig.gov

By Phone: Call toll free: 1-800-347-3735

By Fax: 202-708-4829

By Mail:

U.S. Department of Housing & Urban Development.

HUD OIG, Office of Investigation, Room 1200

Field Office

One Sansome Street

San Francisco, CA 94104

[\(213\) 534-2518](tel:(213)534-2518)

HUD OIG, Office of Investigation

Suite 4070

Regional Office

300 North Los Angeles Street

Los Angeles, CA 90012

[\(213\) 534-2518](tel:(213)534-2518)

VIII. ESG Administrative Entity (AE) application submission requirements

The online 2023 ESG application link is available on the ESG webpage at <https://www.hcd.ca.gov/grants-funding/active-funding/esg.shtml>. 2023 ESG Applications **must** be accessed through the [eCivis portal - Programs Available for Solicitation page](#). **Paper binder applications will no longer be required or accepted.**

Applications and required documentation must be received by HCD no later than **Monday, October 16, 2023, 3:00 p.m. Pacific Daylight Time**. Any application received after this time will not be accepted.

Submit applications and all required documentation through the [eCivis Grants Management System portal](#). Applications that do not meet the filing deadline will not be eligible for funding.

Applicants are encouraged to set up their profiles in the eCivis Grants Management System portal located at <https://portal.ecivis.com/#/login> as early as possible. Profile set-up instructions can be found in the **eCivis Grants Management System, External User Manual** on the ESG webpage at <https://www.hcd.ca.gov/grants-funding/active-funding/esg.shtml>.

If you have trouble logging into the portal or have questions on how to complete the online application, please contact HCD at ESGNOFA@hcd.ca.gov.

Questions regarding the ESG NOFA and application process can be directed to ESGNOFA@hcd.ca.gov.

Appendix A: 2023 Estimated Continuum of Care Allocation

2023 Estimated CoC Allocation							
CoC #	CoC Name	2023 ESG Formula Allocation	Minimum of 40% for RR	Balance for other activities (RR, ES, HP, SO)	10% Maximum for HMIS	Grant Admin	2023 ESG Total Allocation
604	Bakersfield/Kern Co CoC	\$ 283,263	\$ 113,305	\$ 169,958	\$ 28,555	\$ 7,793	\$ 291,056
512	Daly/San Mateo Co CoC	\$ 156,832	\$ 62,732	\$ 94,100	\$ 15,683	\$ 4,315	\$ 161,147
514	Fresno/Madera Co CoC	\$ 455,685	\$ 182,274	\$ 273,411	\$ 45,569	\$ 12,537	\$ 468,222
600	Los Angeles City & Co CoC	\$1,148,197	\$ 459,278	\$ 688,919	\$ 114,820	\$ 31,589	\$ 1,179,786
502	Oakland/Alameda Co CoC	\$ 300,568	\$ 120,228	\$ 180,340	\$ 30,057	\$ 8,269	\$ 308,837
611	Oxnard/San Buenaventura/Ventura Co CoC	\$ 154,789	\$ 61,916	\$ 92,873	\$ 15,479	\$ 4,258	\$ 159,047
505	Richmond/Contra Costa Co CoC	\$ 261,211	\$ 104,485	\$ 156,726	\$ 26,121	\$ 7,186	\$ 268,397
608	Riverside City & Co CoC	\$ 291,480	\$ 116,592	\$ 174,888	\$ 29,148	\$ 8,019	\$ 299,499
503	Sacramento City & Co CoC	\$ 205,217	\$ 82,086	\$ 123,131	\$ 20,522	\$ 5,646	\$ 210,863
506	Salinas/Monterey, San Benito Counties CoC	\$ 227,674	\$ 91,069	\$ 136,605	\$ 22,767	\$ 6,264	\$ 233,938
609	San Bernardino City & Co CoC	\$ 252,817	\$ 101,127	\$ 151,690	\$ 25,282	\$ 6,955	\$ 259,772
601	San Diego City and Co CoC	\$ 390,430	\$ 156,172	\$ 234,258	\$ 39,043	\$ 10,741	\$ 401,171
500	San Jose/Santa Clara City & Co CoC	\$ 500,308	\$ 200,123	\$ 300,185	\$ 50,031	\$ 13,764	\$ 514,072
614	San Luis Obispo Co CoC	\$ 105,059	\$ 42,024	\$ 63,035	\$ 10,506	\$ 2,890	\$ 107,949
602	Santa Ana/Anaheim/Orange Co CoC	\$ 594,058	\$ 237,623	\$ 356,435	\$ 59,406	\$ 16,343	\$ 610,401
504	Santa Rosa/Petaluma/Sonoma Co CoC	\$ 156,900	\$ 62,760	\$ 94,140	\$ 15,690	\$ 4,317	\$ 161,217
511	Stockton/San Joaquin Co CoC	\$ 186,746	\$ 74,699	\$ 112,047	\$ 18,675	\$ 5,138	\$ 191,884
510	Turlock/Modesto/Stanslaus Co CoC	\$ 419,849	\$ 167,940	\$ 251,909	\$ 41,985	\$ 11,551	\$ 431,400
TOTALS		\$6,091,083	\$2,436,433	\$ 3,654,650	\$ 609,337	\$ 167,575	\$ 6,258,658