



New Mexico Mortgage Finance Authority

Emergency Homeless Assistance Program (EHAP)

Program Manual

Latest Revision

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INTRODUCTION

The Emergency Solutions Grant (ESG) program is authorized by the Homeless Emergency and Rapid Transition to Housing Act of 2009 (HEARTH Act). The HEARTH Act amends and reauthorizes the McKinney-Vento Homeless Assistance Act of 1987. The primary changes include a greater emphasis on homelessness prevention, the addition of rapid re-housing, the regulatory requirements for Homeless Management Information System (HMIS) use, increased emphasis on performance, and a requirement for greater coordination and collaboration between the recipient and the Continuum of Care.

This program manual reflects both the Federal Regulations of the HEARTH Act that governs the ESG and the procedures used by the New Mexico Mortgage Finance Authority (MFA) in administration of the **Emergency Homeless Assistance Program (EHAP)** as directed by the U.S. Department of Housing and Urban Development (HUD). In addition, standards for financial management and internal controls reflect Federal regulations at 24 CFR Sections 84 and 85.

As changes may occur as statutory interpretation and clarifications become available from HUD, no part of this program manual shall override the rules set forth by Federal oversight of HUD. This manual supersedes any previous ESG program manuals and is updated yearly. The effective date of this Program Manual is August 1, 2016.

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1 PROGRAM PURPOSE

The New Mexico Mortgage Finance Authority (MFA) is the state's recipient of the Emergency Solutions Grants Program (ESG) authorized under the HEARTH Act of 2009 (the "Act"). MFA combines the ESG with New Mexico State (State) homeless assistance funding to establish the MFA Emergency Homeless Assistance Program (EHAP). The EHAP grant is available to units of local government or non-profit organizations. The EHAP is designed to help improve the quality of existing emergency shelters for the homeless by helping to meet the costs of operating emergency shelters and to provide certain essential services to individuals and families experiencing homelessness. These individuals will have access to safe and sanitary shelter and to supportive services and other kinds of assistance they need to improve their situations.

2 FUNDING DESCRIPTION & CONDITIONS

The ESG Program provides a formula-funded program that uses the Community Development Block Grant (CDBG) formula as the basis for allocating funds to eligible jurisdictions, including States, territories, and qualified metropolitan cities and urban counties. The ESG are formula funds for rapid re-housing, homeless prevention and emergency assistance. The MFA EHAP funds are made available to interested Offerors each year through an annual Request For Proposals (RFP) process, which is emailed to interested parties and published on the MFA website.

Offerors must meet minimum threshold requirements, including but not limited to financial stability, alignment of agency mission, successful contract progress/completion, and activity specific requirements. Qualified Offerors are identified and selected by MFA.

2.1 Eligible Offerors

Eligible applicants are: 1) Units of local government and 2) Non-profit organizations located in New Mexico. Assistance may be provided under this part to a religious organization if the religious organization agrees to provide all eligible activities under this program in a manner that is free from religious influences and in accordance with the following principles:

-It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;

-It will not discriminate against any person applying for shelter or any of the eligible activities under this part on the basis of religion and will not limit such housing or other eligible activities or give preference to persons on the basis of religion; and

-It will provide no religious instruction or counseling; conduct no religious worship or services; engage in no religious proselytizing; and exert no other religious influence in the provision of shelter and other eligible activities under this part.

Applicants that are primarily religious organizations are encouraged to refer to 24 CFR 576.23.

2.2 Performance Agreements

Qualified Offerors will be notified in writing of the amount of the grant award. Performance Agreements are issued following the announcement of awards as a result of the response to the RFP. Subgrantees must provide all contract information and required schedules to MFA prior to the execution of the Performance Agreement. It is the responsibility of the Subgrantee to print two originals and return to MFA. MFA will review the Performance Agreement and Policies in accordance with the Contract Review Checklist and will return one (1) complete original contract to the Subgrantee.

3 PROGRAM ACTIVITIES & REQUIREMENTS (24 CFR Part 576)

ESG is governed by 24 CFR Part 576. This part implements the Emergency Solutions Grants (ESG) program authorized by subtitle B of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11371–11378).

The ESG funds may be used for five (5) components:

- Street Outreach;
- Emergency Shelter;
- Homeless Prevention Assistance;
- Rapid Re-Housing Assistance; and
- HMIS.

The five program components and the eligible activities that may be funded under each activity are set forth in 24 CFR 576.101 through 24 CFR 576.107 and 24 CFR 576.21.

Note: The federal ESG activities of “Street Outreach” “Homeless Prevention” “Rapid Re-Housing” and the activity of “Renovation, rehabilitation, and conversion” of buildings for use as emergency shelters or transitional housing for the homeless” are not currently funded under the EHAP.

3.1 Emergency Shelter Component (24 CFR 576.102)

The EHAP is used to fund the activities under the component of Emergency Shelter for the homeless. Funds may be used for costs of providing essential services to homeless families and individuals in emergency shelters and operating emergency shelters.

3.1.1 Eligible Activities (Essential Services)

ESG funds may be used to provide essential services to individuals and families who are in an emergency shelter, as follows:

3.1.1.1 Case Management

The cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant is eligible. Component services and activities consist of:

- Using the centralized or coordinated assessment system as required under 24 CFR 576.400(d);
- Conducting the initial evaluation required under 24 CFR 576.401(a), including verifying and documenting eligibility;
- Counseling;
- Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
- Monitoring and evaluating program participant progress;
- Providing information and referrals to other providers;
- Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking; and
- Developing an individualized housing and service plan, including planning a path to permanent housing stability.

3.1.1.2 **Child Care**

The costs of child care for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities, are eligible. The children must be under the age of 13, unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.

3.1.1.3 **Education Services**

The costs of child care for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities, are eligible. The children must be under the age of 13, unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.

3.1.1.4 **Employment Assistance and Job Training**

The costs of employment assistance and job training programs are eligible, including classroom, online, and/or computer instruction; on-the-job instruction; and services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential. The cost of providing reasonable stipends to program participants in employment assistance and job training programs is an eligible cost. Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or certificates. Services that assist individuals in securing employment consist of employment screening, assessment, or testing; structured job skills and job-seeking skills; special training and tutoring, including literacy training and prevocational training; books and instructional material; counseling or job coaching; and referral to community resources.

3.1.1.5 **Outpatient Health Services**

Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals. Emergency Solutions Grant (ESG) funds may be used only for these services to the extent that other appropriate health services are unavailable within the community. Eligible treatment consists of assessing a program participant's health problems and developing a treatment plan; assisting program participants to understand their health needs; providing directly or assisting program participants to obtain appropriate medical treatment, preventive medical care, and health maintenance services, including emergency medical services; providing medication and follow-up services; and providing preventive and noncosmetic dental care.

3.1.1.6 Legal Services

Eligible costs are the hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association of the State in which the services are provided, and by person(s) under the supervision of the licensed attorney, regarding matters that interfere with the program participant's ability to obtain and retain housing.

3.1.1.7 Life Skills Training

The costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, substance use, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently in the community. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation, and parenting.

3.1.1.8 Mental Health Services

Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions.

3.1.1.9 Substance Abuse Treatment Services

Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. ESG funds may only be used for these services to the extent that other appropriate substance abuse treatment services are unavailable or inaccessible within the community. Eligible treatment consists of client intake and assessment, and outpatient treatment for up to 30 days. Group and individual counseling and drug testing are eligible costs. Inpatient detoxification and other inpatient drug or alcohol treatment are not eligible costs.

3.1.1.10 Transportation

Eligible costs consist of the transportation costs of a program participant's travel to and from medical care, employment, child care, or other eligible essential services facilities. These costs include the following:

- The cost of a program participant's travel on public transportation;
- If service workers use their own vehicles, mileage allowance for service workers to visit program participants;
- The cost of purchasing or leasing a vehicle for the recipient or subrecipient in which staff transports program participants and/or staff serving program participants, and the cost of gas, insurance, taxes, and maintenance for the vehicle; and
- The travel costs of recipient or subrecipient staff to accompany or assist program participants to use public transportation.

3.1.1.11 Services for Special Populations

ESG funds may be used to provide services for homeless youth, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs (a)(1)(i) through (a)(1)(x) of this section. The term victim services means services that assist program participants who are victims of domestic violence, dating violence, sexual assault, or stalking, including services offered by rape crisis centers and domestic violence shelters, and other organizations with a documented history of effective work concerning domestic violence, dating violence, sexual assault, or stalking.

3.1.2 Legislation and Regulation (Essential Services)

The Legislation describes several types of essential service activities:

3.1.2.1 Eligible Activities 42 U.S.C. 11374 (Essential Services)

In *General Assistance* provided under this subtitle, funds may be used for the following activities relating to emergency shelter for homeless individuals:

The provision of essential services, including services concerned with employment, health, drug abuse or education.

The law specifies a broad array of services available to serve homeless persons who are residing in emergency and transitional shelters. In addition, essential services for homeless persons may be funded in day shelters or soup kitchens that are designed to serve predominantly homeless persons. Finally, services provided by shelters or day shelters that address the needs of persons residing on the street may be funded by ESG.

3.1.2.2 Definitions 24 CFR 576.3 (Essential Services)

An essential service includes services concerned with employment, health, drug abuse, and education and may include (but is not limited to):

- Assistance in obtaining permanent housing;
- Medical and psychological counseling and supervision; employment counseling;
- Nutritional counseling;
- Substance abuse treatment and counseling;
- Assistance in obtaining other Federal, State and local assistance including mental health benefits; employment counseling; medical assistance; Veteran's benefits; and income support assistance such as supplemental Security Income benefits, aid to families with dependent children, general assistance, and food stamps;
- Other services such as child care, transportation, job placement and job training; and
- Staff salaries necessary to provide the above services.

3.1.3 Ineligible Activities (Essential Services)

Ineligible essential services costs include:

- Existing services and staff (services must be new or provided to more persons)
- Salary of case management supervisor when not working directly on participant issues
- Advocacy, planning, and organizational capacity building
- Staff recruitment/training
- Transportation costs not directly associated with service delivery

3.1.4 Operations Costs

Eligible costs are the costs of maintenance (including minor or routine repairs), rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter. Where no appropriate emergency shelter is available for a homeless family or individual, eligible costs may also include a hotel or motel voucher for that family or individuals.

3.1.5 Legislation and Regulations (Operations)

ESG funds can cover a broad array of emergency shelter and transitional housing operating costs.

3.1.5.1 Eligible Activities 42 U.S.C. 11374(a) (Operations)

Maintenance, operation, insurance, provision of utilities, and provision of furnishings related to emergency shelter.

3.1.5.2 Definitions 42 U.S.C. 11371

The term "operating costs" means expenses incurred by a recipient operating a facility assisted under this subtitle with respect to-

1. *The administration, maintenance, repair, and security of such housing; and*
2. *Utilities, fuels, furnishings, and equipment for such housing*

3.1.6 Ineligible Activities (Operations)

Ineligible operating or maintenance costs include:

- Recruitment or on-going training of staff
- Depreciation
- Costs associated with the organization rather than the supportive housing project (advertisements, pamphlets about organization, surveys, etc.)
- Staff training, entertainment, conferences, or retreats
- Public relations or fund raising
- Bad debts/late fees
- Mortgage payments

3.2 Data Collection Component (HMIS) (24 CFR 576.104)

Subgrantees receiving assistance must collect and report data on the use of the funds awarded and persons served with this assistance in the Homeless Management Information System (HMIS). The recipient or subrecipient may use ESG funds to pay the costs of contributing data to the HMIS designated by the Continuum of Care for the area, including the costs of:

3.2.1 HMIS Eligible Activities

- Purchasing or leasing computer hardware; (Purchasing software or software licenses);
- Purchasing or leasing equipment, including telephones, fax machines, and furniture;
- Obtaining technical support;
- Leasing office space;
- Paying charges for electricity, gas, water, phone service, and high-speed data transmission necessary to operate or contribute data to the HMIS;
- Paying salaries for operating HMIS, including:
 - o Completing data entry;
 - o Monitoring and reviewing data quality;
 - o Completing data analysis;
 - o Reporting to the HMIS Lead;
 - o Training staff on using the HMIS or comparable database; and
 - o Implementing and complying with HMIS requirements;
- Paying costs of staff to travel to and attend HUD-sponsored and HUD-approved training on HMIS and programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act; and
- Paying staff travel costs to conduct intake

3.2.2 Comparable Database

If the subrecipient is a victim services provider or a legal services provider, it may use ESG funds to establish and operate Osnum, a comparable database that collects client-level data over time (i.e., longitudinal data) and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into or provided to an HMIS.

3.3 Local Match Requirements (24 CFR 576.201)

All funds used to match ESG must be used in accordance with all of the ESG requirements in the Interim Rule. Matching funds must be contributed to the ESG program and expended for the recipient's or subrecipient's allowable ESG costs (24 CFR 576.201). Additionally, in order for any funding source to be used as match, all assisted program participants would need to meet all of the eligibility requirements for ESG, and all ESG requirements apply -- including the ESG documentation and recordkeeping requirements at 24 CFR 576.400 (including entering the participants in HMIS).

Recipients shall be required to provide matching funds in an amount at least equal to their approved ESG funding amounts for eligible program activities.

3.3.1 Eligible Match Sources

- Cash (Cash expended for allowable costs)
- Noncash contributions
 - o The value or fair rental value of any donated material or building;
 - o The value of any lease on a building;
 - o Any salary paid to staff to carry out the program of the recipient; and
 - o The value of the time and services contributed by volunteers to carry out the program of the recipient at a current rate of \$5 per hour

Note: Volunteers providing professional services such as medical or legal services are valued at the reasonable or customary rate in the community.

3.3.2 Conditions of Match

In general, federal (other than ESG), state, local, or private funds may be used to satisfy the match requirement that the recipient provide matching contributions to ESG, so long as the following conditions are met:

- The matching funds are contributed to the ESG program and expended for the recipient or subrecipient's allowable ESG costs;
- If the matching funds are from another federal program, there is no specific statutory prohibition on using those funds as match;
- The matching funds are used in accordance with all requirements that apply to ESG grant funds, except for the expenditure limits in 24 CFR 576.100. This includes requirements such as documentation requirements, eligibility requirements, and eligible costs;
- The matching funds are expended (that is, the allowable cost is incurred) after the date HUD signs the grant agreement for the ESG funds being matched;
- The matching funds are expended by the expenditure deadline that applies to the ESG funds being matched;

-The matching funds have not been and will not be used to match any other Federal program's funds nor any other ESG grant;

-The recipient does not use ESG funds to meet the other program's matching requirements; and

-The recipient keeps records of the source and use of the matching funds, including the particular fiscal year ESG grant for which the matching contribution is counted.

Note: Because the matching funds are being contributed to the ESG program and expended for the recipient or subrecipient's allowable ESG costs, the following are not allowed to be used as match:

-SNAP benefits (food stamps), because the funds are being used to cover the program participant's costs;

-Housing Choice Vouchers, because the funds are used to pay the PHA's obligations under its Housing Assistance Payment contract with the owner; and

-The tenant's portion of the rent, because this amount is the tenant's obligation.

Please also note the following:

HOME-TBRA funds generally cannot be used as match, because the requirements for rental assistance are significantly different between the two programs. There could be a rare instance where it is possible; if you believe this is the case, please contact HUD to see if it would be allowable.

SHP funds generally cannot be used as match, because very few activity costs are allowable under both SHP and ESG. However, in some cases, such as where SHP funds are used for HMIS or street outreach costs that are allowable under ESG, SHP funds can be counted as match in accordance with conditions above. Please note, however, that HMIS costs are only eligible to be used as match under ESG if they are eligible under section 576.107 and allocable to the ESG program, whether charged as direct costs or indirect costs. If the SHP HMIS funds are being used to pay for SHP projects' data entry, those data entry costs are not allocable to the ESG program and the funds used cannot be counted as match.

3.4 Beneficiaries & Client Eligibility Guidelines

Every client served by ESG funds must qualify for assistance according to HUD standards. Service providers are responsible for determining eligibility status, for homeless clients. This documentation may come from either the participant or a third party information source and is typically obtained at intake, entry, or referral by another ESG service provider. A copy of the documentation must be kept in the client file and made available to MFA or HUD for monitoring or risk analysis purposes. Guidance regarding client eligibility and documentation may be found in **Section 7 "Documentation of Homelessness."**

3.5 Persons Who Are Homeless (HEARTH "Homeless" Definition- Final Rule)

Families and individuals who are homeless are eligible to receive benefits from the ESG funds if they meet the definitions of "homeless", under categories 1, 3, and 4, from the HEARTH Act of 2009:

Category 1: Individuals and families who lack a fixed, regular, and adequate nighttime residence, which includes individuals who live in an emergency shelter or a place not meant for human habitation or leave an institution, where he or she temporarily stayed.

Category 2: Individuals and families who will imminently lose their primary nighttime residence.

Category 3: Unaccompanied youth and families with children who are defined as homeless under other federal statutes.

Category 4: Individuals and families who are fleeing, or are attempting to flee some sort of abuse, i.e. domestic, dating, sexual, etc.

https://www.onecpd.info/resources/documents/HEARTH_HomelessDefinition_FinalRule.pdf

3.6 Client Files

The recipient must maintain and follow written intake procedures to ensure compliance with the homeless definition in 24 CFR 576.2. Client files should not only document homelessness eligibility, but should also include a detailed record of the services provided to each client and the program funds that supported each service. ESG funding is directly related to project performance. Program outcomes can only be measured if full and precise information about activities and services provided are gathered and maintained for reporting.

Note: Any demographic and service information requested on the Annual Performance Report should be a regular part of recordkeeping procedures for project sponsors. Client files should reflect dates, types, program costs, etc., of all services in order to document both efficient grant management and the success of the shelter project.

3.7 Confidentiality 42 U.S.C. 11375(c) (5); 24 CFR 576.56 (b) (2)

42 U.S.C. 11375 (c) (5) requires service providers assisting clients in domestic violence situations to ensure that their records are kept confidential. MFA will not disclose non-public, personal information to any non-affiliated third party except as required by law, or with the client's written permission. Client information should not be accessible to any persons other than authorized Service Provider personnel, or authorized personnel from MFA and HUD for compliance monitoring and/or audit purposes.

Agencies are required to develop and implement procedures to guarantee the confidentiality of participant records.

3.8 Termination of Assistance 24 CFR 576.56 (a) (3)

Service providers may terminate ESG assistance to participants who violate program requirements. The agency must have a process in place that governs the termination and grievance procedures and must make this policy available to participants either by written handouts or posting of the policy used by the shelter.

4 PROGRAM IMPLEMENTATION

4.1 Performance Measures

Subgrantees must keep unduplicated counts of the number of homeless individuals and families assisted and report them to the State. Subgrantees must keep counts of bednights provided and percent of persons exiting to transitional or permanent housing. For Program Year 2016, agencies will continue to report through the HMIS and through the MFA online reporting system.

Subgrantees involved in the activities should develop standardized performance measures for significant outcomes, *(keeping in mind the goal of the ESG is to increase permanent housing, stability and self-sufficiency in the homeless population).*

4.2 Approved Budget

Federal programs are governed by regulations that delineate types of spending allowed under each grant. The eligible Activities for the ESG are listed above and at 24 CFR 576.101 through 576.107 and 24 CFR 576.21. During the contract process, a Budget Worksheet is required to show how the recipient plans to spend the requested funds. These budgets are reviewed and approved by MFA before the activity is set up for drawing down funds. The final approved budget is used by MFA throughout the grant period to monitor spending. The funded agency must adhere to the planned budget line items explicitly unless an amendment to the budget is approved by MFA.

If there are any budget adjustments to be made, the funded agency must submit a "Budget Adjustment Request" (BAR) with an explanation of the reason for the request through the MFA on-line invoicing system.

4.3 Spending Deadlines and Recapture

The spending period for the ESG is twelve (12) months. Subgrantees are expected to plan their budgets in a way that the project goals are met by the end of the spending period with little or no budget adjustments. In the event that MFA determines a subgrantee to be unable to spend all grant monies by the contractual deadline, funds may be recaptured and redistributed to a recipient that will be able to spend the funds in a timely manner on eligible activities. Any subgrantee having funds recaptured by MFA in a grant cycle will have the same amount subtracted from any ESG award made to the applicant in the following grant period. Subgrantees that are slow to expend the funds may have funds recaptured and allocated to another subgrantee.

4.4 Reimbursement of Costs

Funds are provided on a reimbursement basis. Requests for reimbursement are due each month by the **10th** of the month. They should be complete and correct and accompanied by the general ledger, back-up documentation of receipts/invoices, and the SF10 monthly reporting form. The ESG is built on a reimbursement basis and only costs that have already been paid will qualify. The General Ledger is required before reimbursement requests will be processed. According to ESG policy guidelines provided by HUD, it is the responsibility of MFA "to minimize the time between when a recipient incurs grant expenses and when it seeks reimbursement from the Federal government" **24 CFR 85.20(b)(7)**.

4.5 Reimbursement Procedure

-Subgrantees are responsible to use MFA's Online Invoicing System at <http://local.housingnm.org/LoginPortal/>

-Subgrantees must adhere to the line items approved by MFA on the budget submitted with the Performance Agreement for all reimbursement requests.

-Subgrantees are responsible to provide the required General Ledger and if applicable signed timesheets as documentation of the program costs. Failure to provide the required documentation will delay processing and prevent a timely reimbursement to the subgrantee.

-Agencies must report dollar for dollar match for ESG funds with monthly requests for reimbursement.

4.6 Documentation of Allowable Costs

Date of Service – Only expenses incurred on or after the effective date of the Performance Agreement are allowable.

Financial back-up documentation – MFA requires that all expenses that will be billed to MFA be tracked in a contract-specific general ledger account. This general ledger must correspond each month with the invoice submitted to MFA. For every transaction, sufficient back-up documentation must be kept on file to demonstrate the amount, the payee and the eligibility of the expense. Agency draw files should be set up so that MFA or HUD may easily verify these numbers at an onsite monitoring visit.

Documentation that is insufficient or difficult to decipher will delay or halt the reimbursement process, and may be grounds for the entire request to be denied, then returned to the subgrantee for clarification, and to be resubmitted properly at a later date.

4.7 Financial Standards

Internal controls reflect the overall financial management of an organization. Standards for financial management systems of nonprofit organizations may be found in 24 CFR 84. The following areas should be included:

- Budget Controls: When budget controls are adequate, the subgrantee will have a regular, on-going basis of comparison between actual expenditures and ESG-budgeted amounts for the activities. The ESG budget will cover intended activity expenses with very little necessity for adjustments during the grant period.

- Accounting Controls: Expenditures must be supported by invoices, contracts, purchase orders, etc., even when MFA does not require full details to accompany draw requests. If minimal documentation is allowed with a draw, subgrantees must have detailed records onsite to provide a complete audit trail at any time.

- Wages supported by more than one funding source must be documented by records that clearly show the time distribution and wage breakdowns between programs.

- Financial records relative to the ESG must be maintained for seven (7) years from the last transaction with MFA.

- Procurement Rules: 24 CFR Part 84 provides regulations that govern the procurement of supplies, equipment, construction and services to ensure that they are obtained economically and competitively. In summary, subgrantees may use their own procurement procedures as long as they conform to the regulations. Important elements for subgrantees to consider are: a system to handle contract disputes; a code of conduct preventing conflicts of interest; some form of cost analysis to ensure economic purchases; positive efforts to use small, minority-and woman-owned businesses to the maximum extent possible.

- Property Controls: The Federal regulations regarding property controls in 24 CFR 84.34(f) are for the purpose of tracking the assets purchased with grant funds to ensure that they are properly maintained, secure and being used for authorized purposes. MFA is required to do a periodic physical inventory on these items to verify their existence, current utilization and continued need. For this reason, agencies using ESG funds to purchase furnishings, vehicles or equipment for an activity should keep accurate records including the following: a complete description of the item purchased, a serial or other identification number, the source of funds and Grant Agreement number, the acquisition date and the cost.

4.8 Audit Requirements

The fiscal management system of a unit of local government which receives ESG funds must provide for audits in accordance with the requirements of 24 CFR Part 44. A private nonprofit organization which receives ESG funds must provide for audits in accordance with the requirements of the NM State Auditor's rules and regulations.

Beginning with FY14 RFPs and contracts MFA will be requiring the following language to be included in grantee performance agreements and RFPs:

1. Sub-recipients must conduct annual independent financial audits by a certified auditor that has been approved by the New Mexico State Auditor's Office and on the State Auditor's List.
 - a. Grantees that receive less than \$25,000 in federal or state funding from MFA, and may experience a financial hardship to procure a certified auditor that is on the State Auditor's list, are exempt from this requirement. They must however, provide an annual independent financial audit or audited financial statements from a certified auditor of their choice.
2. Sub-recipients must at a minimum procure for auditing firm/services every three years, through a RFP. Evidence of the procurement must be provided to MFA at the time of release of the RFP and when selections are completed.

5 OTHER FEDERAL REQUIREMENTS

The recipient must have policies and procedures to ensure the requirements of this part are met. The policies and procedures must be established in writing and implemented by the recipient and its subrecipients to ensure that ESG funds are used in accordance with the requirements. In addition, sufficient records must be established and maintained to enable the recipient and HUD to determine whether ESG requirements are being met.

5.1 Non-Discrimination Policy

Units of general local government and nonprofit organizations shall make it known that facilities and services supported by this grant are available to any person (who otherwise meets the eligible criteria for the program) without discrimination on the basis of race, color, religion, sex, marital status, national origin, familial status, disability, age or creed.

5.2 Drug- and Alcohol-Free Facilities Policy

The 1988 Amendment Act requires grantees, recipients and project sponsors under each of the homeless housing programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act, to administer in good faith, a policy designed to ensure that the homeless facility is free from the illegal use, possession or distribution of drugs or alcohol by its beneficiaries.

5.3 Homeless Representation and Participation on the Board 24 CFR 576.56(b)

According to Title 42 of the U.S. Code Section 11375 (d) each recipient is required to provide for the participation of not less than one (1) homeless individual or formerly-homeless individual on the Board of Directors or other equivalent policy-making entity. Staff members may not be substituted for Board members to meet this requirement. According to Title 42 of the U.S. Code Section 11375 (c)(7), subgrantees must also involve homeless or formerly-homeless individuals and families in providing work or services pertaining to facilities or activities funded with ESG funds, to the maximum extent practicable.

5.4 Conflict of Interest 24 CFR 576.57(d)

Regulations at 24 CFR 576.57(d) prohibit any persons in a decision-making position for an organization to benefit from or obtain personal interest in ESG-funded activities. This exclusion must continue for one year following this person's association or employment with the agency. A Code of Conduct may ensure

compliance with this regulation that an organization has in place to prohibit such persons from being involved in decision making, or to otherwise avoid potential conflicts of this type.

5.5 Lead-Based Paint 24 CFR Part 35

The ESG deals primarily with the operation of short-term emergency shelters that can be defined as “zero-bedroom dwellings” according to the Lead-Based Paint (LBP) Hazard Regulations at 24 CFR Part 35, which is hereby included for reference. Therefore, ESG is governed by Subpart K of this regulation. Most emergency shelters are exempt from the regulations, such as studio apartments, dormitories, SRO units, barracks and group homes. Any emergency shelters built prior to 1978 need only comply with the following simplified lead requirements:

- Provide the Lead Hazard Information Pamphlet available through HUD;
- Do a visual assessment of painted surfaces to identify deterioration;
- Complete paint stabilization by repainting deteriorating surfaces; and
- Incorporate ongoing LBP maintenance

Housing that is not exempted by the definitions above, or housing where children under the age of (six) 6 reside frequently, is subject to all LBP regulations.

5.5.1 Exempt From LBP Regulations

- Housing built after January 1, 1978
- Housing exclusively for the elderly or disabled, unless small children reside there
- Zero-bedroom dwellings: SRO units, dormitories, barracks
- Inspector-certified properties that have been found to be free of LBP Properties where LBP removal has been completed
- Unoccupied housing that will be vacant until demolition
- Non-residential property
- Projects where rehabilitation will not disturb painted surfaces
- Emergency repairs to safeguard against imminent danger to human life, health or safety, or to protect from further structural damage
- Emergency shelters where clients will not stay longer than 100 days

5.6 Faith-Based Organizations

Religious or faith-based organizations are eligible, on the same basis as any other organization, to participate in the ESG. Grant funds may not be used for inherently-religious activities, such as worship or proselytizing; clients or prospective participants may not be discriminated against on the basis of religion or religious beliefs; and services may not be limited on the basis of religious participation. Religious activities must be offered separately, in time or location, from grant-funded activities, but program participants may voluntarily take part in religious activities offered by the organization. More information may be obtained through HUD’s Final Rule on Participation in HUD Programs by Faith-Based Organizations, published in the Federal Register, Part IV on September 30, 2003.

5.7 Participation 24 CFR Part 576.56(i)

Subgrantee must involve homeless individuals and families in providing work or services pertaining to the facilities or activities assisted with ESG funds in accordance with 42 U.S.C. 11375(c)(7).

6 COMPLIANCE MONITORING and REPORTING

MFA as the State grantee of ESG funds and the administrator of the State Homeless Funds is responsible for ensuring compliance with all regulations.

6.1 Homeless Management Information System (HMIS)

HUD requires recipients of Federal funds to collect unduplicated client data each year by HMIS. This is a computerized data collection tool specifically designed to capture client level system-wide information over time on the characteristics and service needs of men, women and children experiencing homelessness. The system is used not only for an accurate count of the homeless in New Mexico, but also to assist them in getting the appropriate services faster, decrease duplicative intakes and assessments and streamline the referral process.

6.2 Coordinated/Centralized Intake Process

Centralized or coordinated assessment. Once a coordinated or centralized intake process has been implemented, all organizations receiving ESG funding from MFA will be required to participate as required under 24 CFR 576.400(d).

Coordination with other targeted homeless services. The recipient and its subrecipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with other programs targeted to homeless people in the area covered by the Continuum of Care or area over which the services are coordinated to provide a strategic, community-wide system to prevent and end homelessness for that area.

System and program coordination with mainstream resources. The recipient and its subrecipients must coordinate and integrate, to the maximum extent practicable, ESG-funded activities with mainstream housing, health, social services, employment, education, and youth programs for which families and individuals at risk of homelessness and homeless individuals and families may be eligible.

6.3 Reporting Requirements

Subgrantees will be required to report fiscal, program and client data to MFA within specific time frames. At a minimum, applicants are required to ensure that:

- The recipient must have policies and procedures to ensure the requirements in 24 CFR Part 576 are met.

- Accounting systems shall meet and comply with generally-accepted accounting principles.

- Expenditures shall be supported by source documentation (i.e. time sheets which indicate specific ESG time spent, itemized receipts, copies of cancelled checks, etc.), which identify the source and use of ESG contract funds submitted for reimbursement;

- The recipient must keep records of the source and use of contributions made to satisfy the matching requirement in 24 CFR Part 576 as noted on the reimbursement request;

- Program participant files, including:

- o Dates/Length of Stay

- o Supportive Services 24 CFR 576.56(i)

- o Confidentiality form

- o Identification

- o Homeless Documentation. The recipient must maintain and follow written intake procedures to ensure compliance with the homeless definition in 24 CFR 576.2

-The recipient must keep records of the participation in HMIS or a comparable database by all projects of the recipient and its subrecipients.

- o HMIS/Database ID
- o HMIS Consent present and signed
- o HMIS records

-Subgrantees shall comply with MFA requirements to collect demographic information of all homeless and at risk persons who seek assistance

6.4 Monitoring

MFA, as administrator of Federal HUD funds, is required to monitor subgrantees for compliance with Federal laws governing grant programs. Using techniques, guidelines and Federal Regulations at 24 CFR Part 576 from HUD's Monitoring Guidance for the Emergency Solutions Grants Program, MFA has developed a process, which is attached as **Section 8** in this manual.

6.5 Sanctions for Non-compliance

MFA is responsible for implementing sanctions upon any subgrantee found to be out of compliance with program requirements. Sanctions may include, but are not limited to:

- A warning letter regarding further sanctions for continued non-compliance;
- Conditioning a future grant;
- Directives to stop incurring certain costs;
- Retraction of remaining grant funds;
- Requirement to repay certain grant amounts spent ineligibly;
- Reducing the level of funds a subgrantee may otherwise be entitled to; and
- Electing not to provide future funds until appropriate actions are taken to ensure compliance.

These sanctions are taken from HUD's Operating Instructions and Policy Guide for the Emergency Solutions Grants Program.

7 DOCUMENTATION of HOMELESSNESS

An important aspect of ESG management is the documentation of participants' homelessness situation. ESG subgrantees are required to maintain adequate documentation of homelessness status to determine the eligibility of persons served by the ESG. The documentation is typically obtained from the participant or a third party at the time of referral, entry, intake or orientation to the ESG-funded activity and a copy of the documentation should be maintained in the client file.

7.1 Definition of Homelessness

The United States Department of Housing and Urban Development (HUD) defines homelessness as:

1. Individuals and families who lack a fixed, regular, and adequate nighttime residence and includes individuals who live in an emergency shelter or a place not meant for human habitation or leaving an institution where he or she temporarily stayed;
2. Individuals and families who will imminently lose their primary nighttime residence;
3. Unaccompanied youth and families with children who are defined as homeless under other federal statutes; and
4. Individuals and families who are attempting to flee some sort of abuse, i.e. domestic, dating, sexual, etc.

7.2 Record Keeping Documentation

7.2.1 Category 1 “Literally Homeless”

- Written observation by the outreach worker; **or**
- Written referral by another housing or service provider; **or**
- Certification by the individual or head of household seeking assistance stating that (s)he was living on the streets or in a shelter:

For individuals exiting an institution – one of the forms of evidence above **and**:

- o Discharge paperwork **or** written/oral referral, **or**
- o Written record of intake worker’s due diligence to obtain above evidence, **and** certification by individual that they exited institution

7.2.2 Category 2 “Imminent Risk of Homelessness”

- Court order resulting from an eviction action notifying the individual or family that they must leave; **or**
- For individual and families leaving a hotel or motel: evident that they lack the financial resources to stay; **or**
- A documented and verified oral statement; **and**
- Certification that no subsequent residence has been identified; **and**
- Self-certification or other written documentation that the individual lacks the financial resources and support necessary to obtain permanent housing

7.2.3 Category 3 “Homeless Under Other Federal Statutes”

- Certification by the nonprofit or State or local government that the individual or head of household seeking assistance met the criteria of homelessness under another federal statute; **and**
- Certification of no PH in last 60 days; **and**
- Certification by the individual or head of household, and any available supporting documentation, that (s)he has moved two or more times in the past 60 days; **and**
- Documentation of special needs **or** 2 or more barriers

7.2.4 “Fleeing/Attempting to Flee DV”

For victim service providers:

- An oral statement by the individual or head of household seeking assistance which states: they are fleeing; they have no subsequent residence; and they lack resources. Statement must be documented by a self-certification or a certification by intake worker.

For non-victim service providers:

- An oral statement by the individual or head of household seeking assistance which states: they are fleeing. This statement is documented by self-certification or by the caseworker. Where the safety of the individual or family is not jeopardized, the oral statement must be verified; **and**

- Certification by the individual or head of household that no subsequent residence has been identified; **and**

- Self-certification or a certification or other written documentation that the individual or family lacks the financial resources and support networks to obtain permanent housing.

8 MONITORING GUIDELINES

8.1 Introduction

The HEARTH Act of 2009 established funding through HUD to support specialized housing services for the homeless. The intent of this program is to provide safe, decent and sanitary housing for homeless individuals, as well as connect those individuals with the supportive services they need to improve their situation and maintain permanent housing. MFA administers these funds for the State of New Mexico through the ESG. MFA delegates the implementation to subgrantees; however, as the HUD grantee for this program, MFA is responsible for ensuring the performance and compliance of all subgrantees.

8.2 Purpose of this Manual

This manual provides guidance to subgrantees that receive ESG funds. This guidance is to ensure that grants are being administered in compliance with applicable statutory and regulatory requirements. To ensure that ESG grants are managed well, MFA staff is expected to have regular contact with subgrantees by phone or letter. The purpose of this contact is to provide technical assistance to grantees and to advise them of program deadlines and reporting requirements. In addition, MFA will use this contact and its access to IDIS to track and remind subgrantees of the status of obligations and drawdowns well before the applicable deadlines.

If subgrantees have any questions about the EHAP or this manual, please contact:

Jackie Garrity, EHAP Program Manager
Community Development Department
344 4th Street SW, Albuquerque, NM 87102
505-767-2260
jgarrity@housingnm.org

8.3 Governing Regulations

The ESG is authorized by the HEARTH Act of 2009. This program is governed by regulations at 24 CFR Parts 91 and 576. The applicable statutory changes in the National Affordable Housing Act (Pub. L. 101625, as amended November 28, 1990) govern the program as well. The regulations for the ESG affirm that the State grantee, MFA, is responsible for ensuring that their respective subgrantees carry out ESG-supported efforts in compliance with all applicable requirements. Grantees are responsible, whether they are providing services directly or through other subgrantees, for making sure that compliance with program requirements occurs at all applicable levels. Grantees must have a process to ensure the compliance of their subgrantees and enforce it via sanctions, if necessary. MFA is required to take appropriate action, including sanctions, against subgrantees that are not in compliance with the program requirements 24 CFR 576 Subpart E.

8.4 Monitoring Objectives

MFA's monitoring efforts are guided by objectives that address both the agency's responsibilities and goals under the ESG. The objectives are as follows:

Track Program/Project Performance – Resources within the State for housing for homeless persons are limited. MFA will track subgrantee performance to ensure that both the level of service provided and the individuals served correspond to the activities outlined in the ESG;

Ensure Timely Expenditure of ESG funds – Funds must be spent within specific time periods or the State will lose these valuable housing resources. To ensure that funds are used in a timely manner, the Agreements executed by subgrantees establish specific periods of performance. MFA will monitor subgrantee progress in spending their ESG funds to ensure that these funds will not be lost;

Document Compliance – MFA is responsible for ensuring that ESG funds are used for eligible activities. If HUD determines that these funds were used for ineligible activities, MFA will be required to repay these funds out of its own resources. MFA will monitor the administration of ESG-funded programs and projects to assure that subgrantees are complying with Federal requirements and properly documenting their activities;

Prevent Fraud and Abuse– Fraud and misuse of Federal funds is a crime and MFA will monitor subgrantee systems for administering ESG funds to ensure that adequate protections against fraud and misuse of funds are in place; and

Identify Technical Assistance Needs– Subgrantees encountering program or financial performance problems may need technical assistance to address weaknesses in program designs or to build their capacity to administer ESG funds. As part of MFA’s partnership with subgrantees, it will work with them to identify technical assistance needs and obtain the help they need to improve their performance.

8.5 Monitoring Methods

All EHAP subgrantees are monitored annually by MFA. This monitor may be a full onsite review, facility and files inspection or a desk review. MFA performs a facilities inspection at least every other year. The type of monitoring is determined by the annual risk assessment. MFA staff will monitor subgrantee activities using the following methods:

8.5.1 Desk Review Monitoring

Desk reviews are performed at the MFA offices and involve examining information and materials provided by subgrantees to track their performance and identify potential problem areas. In performing desk reviews, staff will examine invoices and subgrantee progress reports to assess subgrantee performance and look for indicators of performance or compliance problems. This review may include review of policies and procedures to ensure the requirements in 24 CFR Part 576 are met.

8.5.2 Full, Facility and File Review Monitoring

The full review consists of an onsite review; this involves traveling to the location of the program or project to gather in-depth information about subgrantee activities. During an onsite review, the MFA staff identifies aspects of the program/project where the subgrantee is performing well and any areas of weak performance; assesses subgrantee’s compliance with program requirements; and determines whether subgrantee’s records are adequate to document compliance. When performing an onsite review, staff will complete the appropriate monitoring checklists and prepare a written report summarizing the results of the review. During an onsite review, the MFA staff will gather information through a combination of interviews with program/project staff and reviews of program/project files. MFA staff will also review policies and procedures, personnel files, fiscal operations, financial audit, participant files and if applicable, perform a facilities inspection.

8.5.3 Performing Reviews

Subgrantees will be contacted at least thirty (30) days prior to the planned date of a monitoring visit to schedule the monitoring review. The MFA staff will send a written confirmation letter to the subgrantee that confirms the following items:

- The date and time of the visit;
- The name of the MFA staff person(s) performing the visit;
- The elements of the program/project to be monitored; and,
- The files and records that will be reviewed

8.5.4 Conducting Reviews

When conducting a review, MFA staff should complete the following steps:

- Conduct an entrance interview with the executive director, director of programs, or other subgrantee official to explain the purpose and schedule for the review;
- Interview members of the subgrantee's staff to gather information about subgrantee's activities and performance;
- Review additional materials provided by the subgrantee that provide more detailed information about the program/project;
- Examine a sample of expenditures for required documentation and to verify the accuracy of information provided on invoices;
- Perform a fiscal review to assure compliance with all applicable OMB circulars; Review policies and procedures to ensure compliance with 24 CFR Part 576
- Review a sample of client files for required documentation that program participants meet eligibility requirements and that they are provided access to supportive services; and
- Hold an exit interview with appropriate subgrantee staff to discuss the preliminary conclusion of the review and identify any follow-up actions the subgrantee will need to take.

Upon completing the onsite visit, MFA staff must properly document the results of the review. All applicable checklists must be filled out and properly annotated. All documentation required to support conclusions from the review must be attached to the checklists and placed in MFA's program file for the subgrantee.

8.5.5 Monitoring Letter

After completing the visit, MFA staff must prepare a monitoring letter describing the results of the review. The monitoring letter is to include the following items if applicable:

- Subgrantee Grant Agreement number;
- The name(s) of the MFA staff who performed the review;
- The elements of the program/project examined during the monitoring review;
- If any, findings or concerns for each element of the program/project that were monitored, to include:
 - o Corrective actions, or recommendations that the subgrantee is to take to correct areas of noncompliance or potential non-compliance;
 - o Observations along with suggested actions the subgrantee could take to improve program/project performance;
 - o A description of areas of strong performance and significant improvement or progress toward achieving contractual obligations; and
 - o A time limit as to when the subgrantee is to respond to any MFA staff concerns or findings noted in the monitoring letter.

8.5.6 Follow-up Action

If the subgrantee fails to meet a target date for corrective action, MFA staff should first contact the subgrantee by phone or email.

-If the subgrantee has not responded within 15 days after the date the subgrantee was required to take corrective action, MFA staff must send a letter requesting the subgrantee advise MFA of the steps that have been taken to implement required corrective actions.

-Once a subgrantee's response has been received, MFA staff must review the response and determine if the subgrantee has successfully addressed the required corrective actions. If the MFA staff determines that the subgrantee's response is not satisfactory, a follow-up letter, email or phone call should be made to the subgrantee, which specifies the additional actions that are required and the date for completing these actions. Significant non-compliance or lack of response from the subgrantee may result in suspension of funding until such time as the problems are rectified.

8.5.7 Areas of Monitoring

The major areas of compliance are listed below. The various means of monitoring described above should yield information about whether subgrantees meet the program requirements.

8.5.7.1 Eligible Activities Requirements

Subgrantees are to use the ESG funds as originally planned and for eligible activities as described in 24 CFR 576.21. Any changes from planned expenditures should be documented in the subgrantee's program files. If a subgrantee proposed to spend funds for an eligible activity and, subsequently, expends funds for another eligible activity, appropriate MFA staff is to be notified in writing about changes in planned expenditures. Written permission is to be obtained from MFA. One step in reviewing the uses of ESG funds for eligible activities is to determine whether costs have been properly classified. While ESG regulations do not list all eligible activities, items, or costs, there is a statutory requirement that activities benefit the appropriate population and that they will be provided at a reasonable cost. If there are questions about the classification of items or activities, subgrantees should contact MFA for clarification.

8.5.7.2 Habitability Standards

All housing provided through HUD funds must meet certain Habitability Standards to ensure that facilities provide appropriate privacy, safety, sanitary and other health-related conditions for homeless persons. The facility must meet the basic HQS at 24 CFR 576.300(b).

8.5.7.3 General Program Requirements

-Participant eligibility – Subgrantees must document that participants meet all required eligibility requirements, including the HUD definition of homelessness.

-Assistance in obtaining supportive services – The ESG requires that recipients be given assistance in obtaining appropriate supportive services to promote self-sufficiency and to assist them in obtaining permanent housing 24 CFR 576.56 (a).

8.5.7.4 Financial Regulations and OMB Circulars

The Federal regulations require grantees to meet certain requirements concerning financial management. The regulations direct State and local government grantees to 24 CFR Parts 44 and 85, as well as OMB Circular A-87 and A-102. They direct nonprofit grantees to 24 CFR Part 84, which replaces OMB Circular A-110, and to OMB Circular A-122. Regulation 24 CFR Part 45 implements OMB Circular A-133, which covered the audit requirement of A-110.

OMB Circular A-133, which provided guidance on audits for nonprofit organizations, is in effect. HUD issued an Interim Rule implementing its provisions in the Federal Register on July 27, 1992, and it became effective August 26, 1992. The provisions of A-133 supersede only paragraph 2h of Attachment F of OMB Circular A-110.

8.5.7.5 Program Disbursements

-Draw downs in Advance of Need – 24 CFR 82.21 (b)(5) states that a grantee must make drawdowns as close in time as possible to its disbursements.

-Subgrantee's records will be reviewed to ensure that program funds are drawn down and disbursed as needed. The common standard for programs managed by the Office of Community Planning and Development of HUD is that funds drawn down by units of local government should be disbursed within three (3) days.

-The ESG requires that nonprofit subgrantees' financial management systems must conform to the requirements of 24 CFR Part 84. Nonprofit subgrantees should review these standards with their CPAs to ensure that the financial administration of the program funds meets all OMB standards.

8.5.7.6 Procurement

Purchases of services from contractors or vendors by nonprofit subgrantees with ESG funds are subject to 24 CFR Part 84. This includes standards that prohibit conflicts of interest, procedures for open competition with consistent technical solicitations, affirmative efforts to hire minority- and women- and veteran-owned businesses, maintenance of selection documentation, and a contract administration system that provides sufficient monitoring. Purchases of services from contractors or vendors by public agencies with ESG funds are subject to 24 CFR Part 85.

8.5.7.7 Conflict of Interest

A conflict of interest may exist when a person affiliated with a subgrantee's organization has a direct or indirect financial interest in the selection of contractors, vendors and beneficiaries assisted with program funds. Subgrantees must follow the conflict of interest provisions contained in either 24 CFR Part 85 (for public agencies) or 24 CFR Part 84 (for nonprofit agencies). Parts 84 and 85 provided general guidelines with respect to the procurement of services and materials with Federal funds. In general, subgrantees must have a code of conduct that prohibits any employee, officer or agent of the subgrantee from participating in the decision-making process if that person or his/her immediate family, partner or any organization employing any of the above has direct financial interest or benefit in the entity selected. These persons also may not accept any form of gratuity, favors or anything of monetary value from any entities selected. Subgrantees should develop standards for avoiding such conflicts, be they real, apparent or potential.

8.5.7.8 Audits

Nonprofit subgrantees are subject to the audit requirements of 24 CFR Part 45. State and local government subgrantees are subject to 24 CFR Part 44. State and local governments will include ESG activities in their single audit and proceed as usual.

8.5.7.9 Other Federal Requirements

8.5.7.9.1 Lead-Based Paint

Subgrantees must ensure that facilities meet the requirements at 24 CFR Part 35.

8.5.7.9.2 Flood Insurance

Subgrantees must ensure that facilities meet the requirements at 24 CFR 576.79.

8.5.7.9.3 Relocation

Subgrantees must ensure that projects meet the requirements at 24 CFR 92.353.

8.5.7.9.4 Minimizing Displacement

Subgrantees must ensure that projects meet the requirements at 24 CFR 576.59 (a).

8.5.7.9.5 Conflicts of Interest

Subgrantees must ensure that projects meet the requirements at 24 CFR 576.57(d) as stated now in 24 CFR 84.42 rather than in OMB Circular A-110.

8.5.7.9.6 Drug-Free Workplace

Subgrantees must ensure that projects meet the requirements at 24 CFR 576.79(h).

8.5.7.9.7 Primarily Religious Organizations

Subgrantees' projects must meet the requirements at 24 CFR 576.23.

8.5.7.9.8 Confidentiality

The requirement of the National Affordable Housing Act (Pub. L. 101-625) contained in Section 832 (e)(2)(C) that grantees and subgrantees develop and implement procedures to ensure the confidentiality of records pertaining to any individual provided family violence prevention or treatment services under any project assisted and that the address or location of any family violence project assisted will, except with written authorization of the person or persons responsible for the operation of such shelter, not be made public.

9 DEFINITIONS

Applicant – any unit of general local government or public or private nonprofit organization submitting the necessary paperwork to be considered for funding as an ESG service provider.

Annual Performance Report – (APR) a yearly progress and outcome report required by MFA for every project during each year that a grant agreement is active.

Audit Trail – a complete record of expenditures including: request for purchase and by whom, how approved, source of funds used for expense, date of acquisition and cost.

Authorized Signature – the signature of an executive officer, agency director, or other responsible employee designated by a recipient agency as an “Authorized Person” on the Authorized Signature Card for Requests for Payment and Witness Certification.

Continuum of Care - the group composed of representatives of relevant organizations, which generally includes nonprofit homeless providers; victim service providers; faith -based organizations; governments; businesses; advocates; public housing agencies; school districts ; social service providers; mental health agencies; hospitals; universities; affordable housing developers; law enforcement; organizations that serve homeless and formerly homeless veterans, and homeless and formerly homeless persons that are organized to plan for and provide, as necessary, a system of outreach, engagement, and assessment; emergency shelter; rapid re - housing; transitional housing; permanent housing; and prevention strategies to address the various needs of homeless persons and persons at risk of homelessness for a specific geographic area.

Homeless Management Information System (HMIS) – the State of New Mexico has instituted the use of HMIS in response to requirements of the United States Congress under the HUD Appropriations Act HR-2620. HUD has required implementation and operation of management information systems for purposes of collecting unduplicated counts of homeless people and analyzing patterns of use of assistance funded by the Federal government.

Conversion – a change in the use of a building to an emergency shelter for the homeless, where the cost of conversion and any rehabilitation costs exceed 75% of the value of the building after conversion. Any building converted to an emergency shelter that is assisted with ESG funds must meet local government safety and sanitary standards, and must be maintained as a shelter for the homeless for not less than a ten-year period.

EHAP – the Emergency Homeless Assistance Program administered by the New Mexico Mortgage Finance Authority.

Emergency Shelter – the primary purpose of which is to provide a temporary shelter for the homeless in general or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements.

ESG – the Emergency Solutions Grant Program as defined and controlled under HUD Regulations found at Title 24, Code of Federal Regulations (CFR), Part 576.

Essential Services – address the immediate needs of the homeless through day shelters or soup kitchens, or provide assistance from the shelter setting, which enables homeless persons to become more independent and to secure permanent housing. These services should focus on bringing clients to the next step of the continuum. After meeting immediate personal needs, shelter services should provide assistance that will strengthen a client’s ability to move into transitional, supportive or permanent housing.

Grantee – the direct recipient of grant funds. In the ESG, MFA is the grantee responsible to HUD for proper execution of the grant program through sub-contracted providers of homeless services in Kent and Sussex Counties, Delaware.

Homeless – as the term is defined in 24 CFR Parts 91, 582, and 583, hereby included by reference. The definition, in summary: *individuals and families who lack a fixed, regular, and adequate nighttime residence and includes individuals who live in an emergency shelter or a place not meant for human habitation or leaving an institution where he or she temporarily stayed, or individuals and families who will imminently lose their primary nighttime residence, or unaccompanied youth and families with children who are defined as homeless under other federal statutes, or individuals and families who are attempting to flee some sort of abuse, i.e. domestic, dating, sexual, etc.*

Homeless Prevention – activities designed to prevent the incidence of homelessness. Primarily, rental assistance when eviction is imminent, utility assistance when services are being terminated, first month’s rent, security or utility deposits for obtaining permanent housing, and some hotel/motel vouchers in the event that shelters are full.

HUD – the United States Department of Housing and Urban Development.

In-Kind – donated volunteer services or goods including staff time, shelter rent, shelter facilities or supplies of the same kind eligible under program guidelines.

Internal Controls – a combination of policies, procedures, personnel, defined responsibilities and records that allow an organization to maintain adequate oversight and control of its finances.

Major Rehabilitation – rehabilitation that involves costs in excess of 75% of the value of the building before rehabilitation. Buildings assisted at this level must be maintained as a shelter for the homeless for not less than a ten-year period.

Management by Expenditure – a term used by MFA to ensure that cash management regulations regarding timely disbursement of funds are followed. In addition to HUD’s “payment by reimbursement” rules for ESG, MFA promotes financial accountability by asking for consistent draw requests from subgrantees’ program expenses to be reimbursed.

MFA – New Mexico Mortgage Finance Authority, administrator of Federal funds to the State of New Mexico.

Osnum – A comparable database used by domestic violence service providers that collects client-level data over time and generates unduplicated aggregate reports based on the data.

Private Nonprofit Organization – a secular or religious organization described in Section 501(c) of the Internal Revenue Code of 1954, which is (a) exempt from taxation under Subtitle A, Title 26 of the Code, (b) has an accounting system and voluntary board, and (c) practices nondiscrimination in the provision of assistance.

Program Income - shall have the meaning provided in 24 CFR 85.25. Program income includes any amount of a security or utility deposit returned to the recipient or subrecipient.

Program Participant - an individual or family who is assisted under the ESG program.

Project Sponsor – any agency sponsoring an ESG-funded project and holding a formal grant agreement with MFA for a designated contract period.

Rapid Re-Housing - activities designed to end the incidence of homelessness quickly. Primarily, the funds can be used for rental assistance, first month's rent, security or utility deposits for obtaining permanent housing, as well as relocation and stabilization services, which could include housing case managers who develop landlord relationships, assist with housing search and monitor progress on housing plans for mid-term assistance.

Rehabilitation – labor, materials, tools and other costs of improving buildings, other than minor or routine repairs. Buildings assisted at this level (other than major rehabilitation) must be maintained as a shelter for the homeless for not less than a three-year period.

Renovation – rehabilitation that involves cost of 75% or less of the value of the building before rehabilitation. Buildings assisted at this level must be maintained as a shelter for the homeless for not less than a three-year period.

Service Provider – any entity that is successfully involved in providing needed services to Delaware's homeless. For the purpose of ESG, any entity that has successfully applied for grant funds and has been awarded a portion of the statewide ESG with which to support planned services to Delaware's homeless. Services are approved for ESG funding by MFA to be provided through emergency shelters, transitional housing projects, day-shelters, soup kitchens, community action agencies or other community organizations serving people who are homeless or at risk of becoming homeless.

State - means each of the several States and the Commonwealth of Puerto Rico.

Transitional Housing – for the purpose of ESG assistance, housing that extends past the “3 days to 3 months” reasonable period for temporary housing (emergency shelter). HUD defines transitional housing as having the “purpose” of moving homeless individuals and families to permanent housing within 24 months. (42 U.S.C. 11384(b))

Units of General Local Government – a general-purpose political subdivision of the State of Delaware as determined by Delaware Code.

Value of the Building – the monetary value assigned to a building by an independent real estate appraiser, or as otherwise reasonably established by MFA.

Victim service provider - a private nonprofit organization whose primary mission is to provide services to victims of domestic violence, dating violence, sexual assault, or stalking. This term includes rape crisis centers, battered women's shelters, domestic violence transitional housing programs, and other programs.