STATE OF CALIFORNIA - BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY GAVIN NEWSOM, *Governor*

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
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www.hcd.ca.gov

May 3, 2019

MEMORANDUM FOR: All Potential Applicants

FROM: Mark Stivers, Acting Deputy Director
Division of Financial Assistance

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

The California Department of Housing and Community Development (HCD) 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, 42 U.S.C. 11371 et seq.

A complete original application and one USB flash drive of the hardcopy application with signatures must be received by HCD no later than **5:00 p.m. Pacific Standard Time on Thursday, May 30, 2019,** delivered by a mail carrier service that provides date stamp verification of delivery, such as the U.S. Postal Service, UPS, FedEx, or other carrier services. Personal deliveries will not be accepted. No facsimiles, late applications, incomplete applications, application revisions, electronically submitted, or walk-in application packages will be accepted. Applications must be mailed to the following address:

Department of Housing and Community Development
Division of Financial Assistance, NOFA Unit
Emergency Solutions Grants Program
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833

Any applications received after 5:00 p.m. Pacific Standard Time on Thursday, May 30, 2019, will not be accepted, except for those jurisdictions listed below. Applicants may submit their approved Board Resolutions beyond the application due date. Approved Board Resolutions will be accepted until 5:00 p.m. Pacific Standard Time on Wednesday, July 31, 2019. The Department will NOT accept Resolutions after this time.

Applicants impacted by a FEMA declared major disaster in 2018 must submit an application to HCD no later than **5:00 p.m. Pacific Standard Time on Wednesday, July 31, 2019.** The disaster-impacted jurisdictions include: Butte County, Los Angeles County, Ventura County, Shasta County, San Diego County, and Santa Barbara County. The Department will NOT accept applications from disaster-impacted jurisdictions after this time.

The ESG application form, along with federal and state regulations, are posted on the ESG website. To receive ESG NOFA FAQs, notice of the NOFA workshop, and other program information and updates, please subscribe to the ESG listserv. For questions, or assistance, please email ESG@hcd.ca.gov.

Attachment

Federal Emergency Solutions Grants Program

Continuum of Care Allocation

2019 Notice of Funding Availability

State of California
Gavin Newsom, Governor

Alexis Podesta, Secretary
Business, Consumer Services and Housing Agency

Ben Metcalf, Director
Department of Housing and Community Development

Department of Housing and Community Development
Division of Financial Assistance, NOFA Unit
Emergency Solutions Grants Program
2020 W. El Camino Avenue, Suite 500, Sacramento, CA 95833
ESG Program Email: ESG@hcd.ca.gov

March 29, 2019

Amended May 3, 2019

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I. Overview

A. Notice of Funding Availability

The Department of Housing and Community Development (HCD) 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 (CoC) 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.

The funds are distributed in two separate funding pools: the CoC allocation and the Balance of State (BoS) allocation.

This Notice of Funding Availability (NOFA) outlines application requirements and timelines for approved units of general-purpose local government[1], known as Administrative Entities (AEs), in the CoC allocation (see the Authorizing Legislation Section for the applicable program regulations). 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

March 29, 2019	ESG NOFA and application for the CoC allocation released
May 30, 2019	Application deadline for Applicants not impacted by a 2018 FEMA declared major disaster
July 31, 2019	Application deadline for Applicants impacted by a 2018 FEMA declared major disaster
July 31, 2019	Board Resolutions deadline
September 2019	HCD announces AE awards

Award timeline is dependent on HUD’s award letter to HCD.

[1] Unit of general-purpose local government means any city, county, or other general-purpose political subdivision of a state.

II. Authorizing Legislation

Funding under this NOFA is made available pursuant to Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act, 42 U.S.C. 11371 et seq. 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:

- 24 CFR Part 576, (federal ESG regulations).
- California Code of Regulations, Title 25, Subchapter 20, Sections 8400-8417 (state ESG regulations).
- 24 CFR Part 91 relating to Annual Plan requirements.
- 24 CFR Part 58, relating to environmental reviews.
- Office of Management and Budget (OMB) requirements for Universal Identifier and Central Contractor Registration, 2 CFR Part 25, Appendix A to Part 25; Award Term, and Homeless Definition Final Rule: The Interim Rule, cited above, published in the Federal Register on December 5, 2011, provides the homeless definition that applies to the ESG program.

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 2019.

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.

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

- There is an unmet need for these activities for the subpopulation proposed for targeting; and
- There is 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

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

A. Amounts Available for Administrative Activities

Of the allocation available to each AE, approximately 2.6 percent of federal ESG funds[2] may be used to pay for direct administrative costs. For the estimated administrative amounts see Appendix A.

B. Eligible Costs

Grantees and their recommended subgrantees must follow all 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 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, and the ESG NOFA allowable costs must comply with the policies and procedures afforded all activities within the grantee or subgrantee 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 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.

[2] 25 CCR 8402 (a)

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. Grantees that allow their sub grantees to seek reimbursement for indirect costs must comply with all OMB requirements, including 2 CFR Part 200.403 and Part 200 Appendix 4. Grantee 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 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.

C. 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.

D. Eligible Activities (25 CCR 8403 (h) 8408 (b))

1. For the 2019 NOFA, all activities permitted under the federal ESG regulations shall be eligible except for renovation, conversion, or major rehabilitation activities under 24 CFR Part 576.102. 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.

2. 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 - AEs must award a minimum of 40 percent of their available ESG funds to RR. There are no limitations on the maximum percentage of their RR allocation. AEs collaborating with a geographically contiguous CoC in the Balance of State allocation must award 100 percent of both CoC Service Area allocations to RR. In the absence of an approved AE, 40 percent of a CoC Service Area allocation may be accessed noncompetitively for RR. The CoC may recommend up to two applications for RR. HCD will administer these contracts. The remainder of the funds will be distributed through the formula to the Balance of State allocation (25 CCR 8403).

Note: Rental assistance payments provided as part of an RR 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. Contact your HCD representative in the Grants Management Unit for further assistance.

E. 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.

F. Non-Entitlement Areas (25 CCR 8403 (i))

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. ESG Administrative Entity Application Submission Requirements

A. Application Process

Submit applications on the Excel forms provided by HCD. Do not modify the application forms. Applications that do not meet the filing deadline will not be eligible for funding. The ESG AE application forms are available to download at the ESG website.

B. Application Packaging and Submittal

Submit one hardcopy application with original signatures and one USB flash drive that includes a copy of the application with signatures to HCD on or before the application deadline. Applications will be accepted beginning the first business day following release of this NOFA and must be received by HCD no later than **5:00 p.m. Pacific Standard Time on Thursday, May 30, 2019, except for those jurisdictions listed below**. HCD will only accept applications through a postal carrier that provides date stamp verification confirming delivery to HCD's office such as the U.S. Postal Service, UPS, FedEx, or other carrier services. Please contact HCD if delivery is not completed by fault of the private carrier/U.S. Mail. Personal deliveries are not accepted. Applications must be mailed to the following address:

Department of Housing and Community Development
Division of Financial Assistance, NOFA Unit
Emergency Solutions Grants Program
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833

Applicants may submit their approved Board Resolutions beyond the application due date. Approved Board Resolutions will be accepted until 5:00 p.m. Pacific Standard Time on Wednesday, July 31, 2019. The Department will NOT accept Resolutions after this time.

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

VI. Appendix A: Continuum of Care Allocation

2019 Estimated CoC Allocation*						
	CoC #	CoC Name	Grant Admin	Minimum of 40% for RR	Balance for other activities (RR, ES, HP, SO)	2019 ESG Formula Allocation
1	604	Bakersfield/Kern Co CoC	$7,679	$106,233	$159,349	**$273,261**
2	512	Daly/San Mateo Co CoC	$5,184	$71,716	$107,573	**$184,473**
3	514	Fresno/Madera Co CoC	$8,052	$111,391	$167,087	**$286,530**
4	600	Los Angeles City & Co CoC	$31,497	$435,746	$653,620	**$1,120,863**
5	502	Oakland/Alameda Co CoC	$9,621	$133,101	$199,652	**$342,374**
6	611	Oxnard/San Buenaventura/ Ventura Co CoC	$4,244	$58,721	$88,081	**$151,046**
7	505	Richmond/Contra Costa Co CoC	$7,803	$107,956	$161,933	**$277,692**
8	608	Riverside City & Co CoC	$8,525	$117,939	$176,909	**$303,373**
9	503	Sacramento City & Co CoC	$5,997	$82,968	$124,451	**$213,416**
10	506	Salinas/Monterey, San Benito Counties CoC	$7,885	$109,085	$163,628	**$280,598**
11	609	San Bernardino City & Co CoC	$8,505	$117,665	$176,498	**$302,668**
12	601	San Diego City and Co CoC	$12,753	$176,428	$264,641	**$453,822**
13	500	San Jose/Santa Clara City & Co CoC	$10,865	$150,319	$225,478	**$386,662**
14	614	San Luis Obispo Co CoC	$2,967	$41,048	$61,573	**$105,588**
15	602	Santa Ana/Anaheim/ Orange Co CoC	$17,006	$235,273	$352,909	**$605,188**
16	603	Santa Maria/Santa Barbara Co CoC	$9,241	$127,840	$191,759	**$328,840**
17	504	Santa Rosa/Petaluma/ Sonoma Co CoC	$6,162	$85,248	$127,873	**$219,283**
18	511	Stockton/San Joaquin Co CoC	$5,064	$70,059	$105,089	**$180,212**
19	510	Turlock/Modesto/Stanislaus Co CoC	$7,604	$105,199	$157,798	**$270,601**
					TOTAL	**$6,286,490**

*Estimates are based on HCD's 2018 ESG allocation, adjustments to the 2017 Los Angeles County Point-in-Time Count, and the separation of Placer and Nevada Counties into separate CoC Service Areas beginning in 2019. Amounts are subject to award of 2019 ESG funds by HUD to the state and will be finalized prior to issuance of standard agreements to state grantees.