

# Emergency Homeless Assistance Program

(EHAP)

New Mexico Mortgage Finance Authority



**MFA**

| *Housing New Mexico*

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## PROGRAM OVERVIEW

The Emergency Solutions Grant (ESG) Program is funded by the Department of Housing and Urban Development “HUD”. Program regulations are established in the HUD ESG Interim Rule 24 CFR 576. MFA is awarded ESG funds annually from HUD as part of the Annual Action Plan Process. These funds are designed to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide the services necessary to help those persons quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

This program manual reflects both the Federal Regulations of the HEARTH Act that governs the ESG, and the procedures used by 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 and 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 annually.

## PROGRAM PURPOSE

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 funding to establish MFA’s Emergency Homeless Assistance Program (EHAP). The EHAP grant is available to units of local government and non-profit organizations. The EHAP grant is designed to help improve the quality of existing emergency shelters for the homeless by helping to meet the costs of operation and to provide certain essential services to individuals and families experiencing homelessness. These individuals will have access to safe and sanitary shelter, supportive services, and any additional assistance they need to improve their situations.

## FUNDING DESCRIPTION & CONDITIONS

ESG funds provide 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. These are formula funds for rapid re-housing, homeless prevention, and emergency shelter. MFA EHAP funds are made available to interested Offerors through a Request for Proposal (RFP) process, which is emailed to interested parties and published on MFA’s website. Offerors must meet minimum threshold requirements, including but not limited to financial stability, alignment of agency mission and successful contract progress/completion. Qualified Offerors are identified and selected by MFA.

## MFA & SUB-RECIPIENT RESPONSIBILITIES

MFA's role is to oversee compliance with the ESG regulations and develop MFA ESG Written Standards that align with HUD's mission for assisting emergency homeless shelters. Any technical questions should be directed to the MFA EHAP program manager. Applicable information can also be found on the HUD Exchange website.

Sub-recipients are responsible for reviewing and understanding the following:

- ESG regulations for Emergency Shelters (24 CFR 576)
- 2 CFR 200
- MFA ESG Written Standards developed by MFA & NMCEH
- EHAP Performance Agreement (annual contract)

## 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.

## PERFORMANCE AGREEMENT

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. All contract information and required schedules must be provided to MFA prior to the execution of the Performance Agreement. It is the responsibility of the Subrecipient 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 Subrecipient.

## 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).

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 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 Program.

### EMERGENCY SHELTER COMPONENT (24 CFR 576.102)

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

#### **Essential Services**

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

#### ***Case Management***

The salary of an employee’s time spent 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 Coordinated Entry System (CES) 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

### ***Childcare***

The costs of childcare 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 childcare center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.

### ***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.

### ***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 non-cosmetic dental care.

#### ***a. 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.



**b. 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. Components of 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.

**c. Mental Health Services**

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

**d. 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.

**e. Transportation**

Eligible costs consist of the transportation costs of a program participant's travel to and from medical care, employment, childcare, 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;
- Specific expenses for the vehicle used by the subrecipient in which staff transports program participants and/or staff serving program participants, including the cost of gas, insurance, taxes, and maintenance for the vehicle

**f. 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" refers to 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.

### **Legislation and Regulation (Essential Services)**

The law specifies a broad array of services available to homeless persons who are residing in emergency 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. Services provided by shelters or day shelters that address the needs of persons residing on the street may also be funded by ESG.

#### **a. Definitions 24 CFR 576.3 (Essential Services)**

An essential service may include, but is not limited to, the following:

- 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; veterans benefits; income support assistance such as supplemental security income (SSI) benefits, aid to families with dependent children, general assistance, and food stamps;
- Other services such as childcare, transportation, job placement and job training; and
- Staff salaries necessary to provide the above services

### **Ineligible Activities (Essential Services)**

Ineligible essential services costs include:

- 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

### **Shelter Operations**

Eligible costs include 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.

### **Legislation and Regulation (Shelter Operations)**

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

### **Ineligible Activities (Shelter Operations)**

Ineligible operating or maintenance costs include:

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

### **DATA COLLECTION COMPONENT (HMIS OR OSNIUM)**

Subgrantees receiving ESG funds must collect and report data on the use of the funds awarded, and persons served with this assistance in either the Homeless Management Information System (HMIS) or Osniium database. The 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:

#### **Eligible HMIS Activities**

- Purchasing or leasing computer hardware; (including software or software licenses);
- Purchasing or leasing equipment including phones, fax machines, and furniture;
- Obtaining technical support;
- Leasing office space;
- Utility costs including electricity, gas, water, phone, and high-speed data transmission necessary to operate or contribute data to the HMIS.
- 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;
- Travel costs to attend HUD-sponsored and HUD-approved training

### **MATCH REQUIREMENTS (24 CFR 576.201)**

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

### **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.

### **Conditions of Match**

In general, federal (other than ESG), state, local, or private funds may be used to satisfy the match requirement that the subrecipient provide matching contributions to ESG, as 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

## **PROGRAM IMPLEMENTATION**

### **Performance Measures**

Subrecipients must keep a record of the number of unduplicated individuals assisted and report them to MFA each month. Additionally, subrecipients must keep a record of bed nights provided and the number of persons exiting to permanent housing.

### 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**. The EHAP Performance Agreement includes a detailed budget that outlines the subrecipient's plan for spending the awarded funds. The budget is reviewed and approved by MFA before the activity is set up for drawing down funds. The subrecipient 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 subrecipient must submit a "Budget Adjustment Request" (BAR) through the on-line invoicing system.

### Spending Deadlines and Recapture

The contract term for the EHAP award is July 1 through June 30. Subrecipients 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 subrecipient 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 subrecipient having funds recaptured by MFA in a grant cycle may have the same amount subtracted from any ESG award made to the applicant in the following grant period.

## ELIGIBILITY

Every client assisted with ESG funds must be proven eligible according to HUD standards. Subrecipients 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 in order to meet the federal requirements of "*Order of Priority for Obtaining Evidence of Homelessness*" defined in **24 CFR 576.500**. 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.

- **Definition of Homelessness**

Families and individuals who are homeless are eligible to receive assistance from ESG funds if they meet the definition of homelessness defined under **24 CFR 576.2** as follows:

Category 1: An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: an individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

Category 2: An individuals or family who will imminently lose their primary nighttime residence;

Category 3: Unaccompanied youth under 25 years of age, or families with children and youth defined as homeless under other federal statutes;

Category 4: An individual or family who are fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence; 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](https://www.onecpd.info/resources/documents/HEARTH_HomelessDefinition_FinalRule.pdf)

## PARTICIPANT FILE DOCUMENTATION

All program participants must meet HUD's definition of homelessness.

This includes literally homeless individuals/families fleeing or attempting to flee domestic violence, dating violence, sexual assault, staking or other dangerous or life-threatening conditions related to violence.

Participant files must contain the proper documentation in order to justify eligibility. MFA recommends creating a participant file checklist. Sub-recipients must be able to show that all documentation has been obtained in accordance with 24 CFR 576.

Program participant files include the following, at a minimum:

Identification (license, ss card, birth certificate or signature)

- \* HUD *Disclosure of Information* form regarding lead-based paint hazards
- \* Entrance/Exit date (to include exit destination when possible)
- \* Verification of eligibility (client must meet HUD *Definition of Homelessness* as defined in 24 CFR 576.2)
- \* Proof that the *Order of Priority for Obtaining Evidence of Homelessness* was followed during the intake process – 24 CFR 576.500(4)(iii)
- \* Supportive Services - 24 CFR 576.56(i)
- \* Confidentiality form
- \* Grievance Policy
- \* HMIS ID
- \* HMIS Consent present and signed (N/A for domestic violence shelters)

## ORDER OF PRIORITY FOR OBTAINING EVIDENCE OF HOMELESSNESS

Every client assisted with ESG funds must be proven eligible according to HUD standards. Subrecipients 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 in order to meet the federal requirements of "*Order of Priority*

*for Obtaining Evidence of Homelessness”* defined in **24 CFR 576.500**. 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.

## REPORTING AND COMPLIANCE

MFA, as the state recipient of ESG funds and the administrator of the state homeless funds, is responsible for ensuring compliance with all regulations.

### **Homeless Management Information System (HMIS) and Osnum**

HUD requires recipients of federal funds to collect unduplicated client data each year by HMIS (or Osnum for shelters assisting individuals fleeing domestic violence). 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.

Programs that are specifically forbidden by other statutes or regulations (e.g., domestic violence service providers) must use the approved comparable database to meet the reporting requirements – Osnum.

All sub-recipients must collect and maintain common data fields as determined by current HUD data standards. This requirement helps to ensure coordination between service providers through the Coordinated Entry System “NMCES”, while avoiding duplication of services and client data.

Sub-recipients must enter and maintain all data required to complete all reporting requirements established by HUD, MFA, and the NM CoCs. All NM-HMIS participating agencies must also adhere to the policies and procedures outlined in the NM-HMIS Standard Operating Procedures, including timely, accurate, and complete data quality management.

Participant file documentation must include the NM-HMIS Client Consent Form and intake forms for all household members including minors. Minors may be listed on the same consent form as the head of household.

For more information, refer to the MFA ESG Written Standards.

### **Coordinated Entry System (CES)**

All shelters receiving ESG funding from MFA are required to participate as defined in **24 CFR 576.400(d)**. The process for participating as an emergency shelter varies depending on the population served by the shelter (i.e., youth, adult/family homeless, domestic violence). It is the responsibility of the shelter to participate in the CES training offered by the New Mexico Coalition to End Homelessness (NMCEH).

### Coordination with Other Targeted Homeless Services

The subrecipient 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 subrecipient 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.

## REPORTING REQUIREMENTS

During the course of the contract term, subrecipients will be required to report fiscal, program and client data to MFA within specific time frames. At a minimum, they are required to ensure that:

- All applicable policies and procedures related to 24 CFR Part 576 are met
- Fiscal policies and procedures comply with generally accepted accounting principles
- Expenditures are supported by documentation that identifies the source and use of ESG funds submitted for reimbursement.
- Accurate records are kept 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 include the following, at a minimum:
  - \* Identification (license, ss card, birth certificate or signature)
  - \* HUD *Disclosure of Information* form regarding lead-based paint hazards
  - \* Entrance/Exit date (to include exit destination when possible)
  - \* Identification
  - \* Verification of eligibility (client must meet HUD *Definition of Homelessness* as defined in 24 CFR 576.2)
  - \* Proof that the *Order of Priority for Obtaining Evidence of Homelessness* was followed during the intake process – 24 CFR 576.500(4)(iii)
  - \* Supportive Services - 24 CFR 576.56(i)
  - \* Confidentiality form
  - \* Grievance Policy
  - \* HMIS ID
  - \* HMIS Consent present and signed (N/A for domestic violence shelters)



## MONITORING OBJECTIVES

MFA's monitoring efforts are guided by objectives that address both the subrecipient'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 subrecipient 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 EHAP Performance Agreement establishes specific periods of performance. MFA will monitor subrecipient 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 subrecipients are complying with federal requirements and properly documenting their expenditures.

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

*Identify Technical Assistance Needs*– Subrecipients 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. MFA will work with subrecipients to identify technical assistance needs and obtain the support needed to improve performance.

## MONITORING

Each year MFA completes a Risk Assessment that determines what type of monitoring will be performed during the program year. Sub-recipients may be monitored annually depending on the Risk Assessments.

1. Full Monitoring – High Risk
  - a) less than 3 years of experience with the EHAP program
  - b) recent staff turnover
  - c) no on-site visit in the past 3 program years

- d) unresolved monitoring findings
  - e) financial audit findings
  - f) any combination of the above
2. Partial Monitoring – Medium Risk
- a) experiencing staff turnover
  - b) unresolved monitoring findings
  - c) financial audit findings
3. No Monitoring – Low Risk
- a) no unresolved monitoring findings
  - b) monitored within the past 2 program years
  - c) experienced staff

Other factors may be taken into consideration by the program manager when determining the type of monitoring.

Notifications are sent 30 days prior to the monitoring and results are sent within 30 days of the visit. Responses to monitoring results must be in the form of a formal letter addressing all findings and concerns including requested documents in the same correspondence.

Monitoring is conducted in accordance with 24 CFR 576 and 2 CFR 200 regulations.

#### **Monitoring Results Letter**

After completing the review, MFA will prepare a monitoring letter describing the results of the review and provide the letter to the subrecipient within 30 days. The monitoring letter is to include the following items:

- Elements of the program/project examined during the monitoring review;
- Any findings, concerns, or comments for each element of the program/project that were monitored, to include:
  - Corrective actions/recommendations for areas of noncompliance or potential non-compliance;
  - Observations along with suggested actions to improve program/project performance;
  - Description of areas of strong performance and significant improvement or progress toward achieving contractual obligations; and
  - Deadline to provide a response to MFA

#### **HABITABILITY STANDARDS INSPECTION 24 CFR 576.403(B)**

HUD requires certain Habitability Standards for all ESG-funded programs to ensure privacy, safety, sanitary and other health-related conditions are met for homeless persons. A shelter inspection must be

completed each year using the **Minimum Habitability Standards for Emergency Shelters** form. This may be performed by a shelter employee and documentation provided to MFA.

#### LEAD-BASED PAINT – 24 CFR 576.403(A)

Subrecipients must ensure that their shelter meets the requirements at **24 CFR Part 35**. According to **24 CFR 576.403(A)** of the ESG Interim Rule, lead-based paint remediation and disclosure requirements apply to all shelters assisted under the ESG program **only** if the shelter was constructed prior to 1978 **AND** a child under the age of six (6) or a pregnant woman is or will be living in the shelter.

For shelters that fall under this category, a lead-based paint visual assessment must be conducted by a HUD-Certified Visual Assessor. It is important to note that a HUD-Certified Visual Assessor is not equivalent to a Certified Clearance Examiner. Anyone may become a HUD-Certified Visual Assessor by successfully completing the Lead Based Paint Visual Assessment Training Course, a 20-minute online training that teaches individuals how to identify deteriorated paint and how deteriorated paint must be treated. If potentially dangerous situations are found through the visual inspections, according to 24 CFR 35.1015, 24 CFR 35.125(b)(1) and (c) and 35.1330(a) and (b), recipients/subrecipients must stabilize deteriorated paint surfaces in the dwelling unit, common areas servicing the dwelling unit, and the exterior surfaces of the building in which the dwelling unit is located. Refer to 24 CFR 982.401 Housing Quality Standards for additional guidance. The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-4856), and implementing regulations at part 35, subparts A, B, M, and R of this title apply to units assisted under this part.

Staff conducting the assessment must successfully complete the “HUD Certified Visual Assessment Exam”. The exam can be found at:

<http://www.hud.gov/offices/lead/training/visualassessment/h00101.htm>

#### Determining the Age of the Shelter

Every ESG-funded shelter must provide documentation showing the age of the shelter building. This information may be accessed through formal public records, such as tax assessment records. These records are typically maintained by the state or county. In most areas, these records are available online by searching one of the following phrases:

- “property tax records”
- “property tax database”
- “real property sales”

Refer to the “References” section of the program manual for detailed instruction on the requirements for identifying and removing Lead-Based Paint and for detailed instructions in the document “Understanding the Lead-Based Paint Requirements: Guidance for ESG Grantees”.

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## LEAD-BASED PAINT DISCLOSURE REQUIREMENTS

Lead-based paint disclosure requirements apply to **ALL** ESG-funded emergency shelters, regardless of the year the shelter was built. At a minimum, every client admitted to the shelter must be provided with the following:

1. HUD's *Disclosure of Information* form, signed and dated by client and shelter representative (adapted to emergency shelters)
2. Copy of the pamphlet "*Protect Your Family from Lead in the Home*" (pamphlet may be posted in the shelter rather than being kept in each client's file)  
[www.hud.gov/sites/documents/PROTECT\\_FAMILY\\_LEAD\\_2012.PDF](http://www.hud.gov/sites/documents/PROTECT_FAMILY_LEAD_2012.PDF)

Note: It is the responsibility of the subrecipient to ensure that all federal lead-based paint requirements are met and to follow the steps regarding this rule located in **Schedule G, HUD Requirements Regarding Lead-Based Paint**, in the EHAP Performance Agreement.

Information and forms can be found at:

[https://www.hud.gov/program\\_offices/healthy\\_homes/enforcement/disclosure](https://www.hud.gov/program_offices/healthy_homes/enforcement/disclosure)

## GRIEVANCE

All ESG sub-recipients must create a formal standardized grievance process, which they must incorporate into their internal policies and procedures and at a minimum include:

- An established escalation process if no resolution is found through initial efforts; and
- A designated grievance liaison within the agency; and
- A standard grievance form that can be filled out and returned to a grievance liaison; and
- Participants are informed of their right to file a grievance at initial intake; and
- The signed grievance form will be kept in the participant's permanent file; and
- Participants are provided with notice of their right to contact the agency's director, MFA and/or HUD to include contact information; and
- Notice that services will not be denied based on complaints or grievances.

## MFA ESG WRITTEN STANDARDS

MFA is required to develop written standards for the ESG program. Standards have been developed by MFA in conjunction with New Mexico Coalition to End Homelessness. The ESG Written Standards should be used in conjunction with the MFA EHAP Program Manual in order to completely understand the program requirements.

This document is intended to define the program goals and requirements for sub-recipients of this grant.

## REIMBURSEMENTS/INVOICING

All ESG funds are distributed by MFA on a reimbursement basis. In accordance with the annual Performance Agreement/Contract, reimbursements are due on the 10<sup>th</sup> of each month.

Reimbursements are submitted via the On-Line Invoicing System at:

<https://local.housingnm.org/OnlineInvoice/Login.aspx>

Instructions for submitting reimbursements are located on the home page of the invoicing system.

Each program year, sub-recipients designate permissions on the Schedule H “Designation of Online Request for Reimbursement Authorization” of the Performance Agreement/Contract. Any time there are changes to the permissions, sub-recipients must notify MFA and complete a new form.

Each staff member with permissions must create an account. Password reset assistance must be requested through the On-Line Invoicing System.

Timely and accurate invoice submissions are considered when annual awards are determined.

Compensation billed to ESG must be for the above activities and must follow the sub-recipient’s compensation policies consistent with cost principles established by the Office of Management & budget for federal grant awards.

- a. Salaries
- b. Benefits – health, life
- c. Taxes
- d. Paid time off
- e. Costs to attend trainings required by HUD-sponsored and HUD-approved training including the cost of travel

For salaries and costs of staff that are not fully dedicated to a particular component, costs should be billed in proportion to the actual hours worked on each ESG component. A staff position that is not fully dedicated to ESG cannot be paid solely through ESG funds.

Time must be tracked by component and be available for review upon request and at monitoring. Sub-recipients must keep accurate records regarding what types of activities were performed.

Any permission level has the ability to upload monitoring documents or access program forms.

## DOCUMENTATION REQUIREMENTS

When submitting a request for reimbursement the following items must be submitted with the invoice:

- a) A grant-based accounting general ledger that matches what is being billed to the program. Ledger must show detail type of expense and category.
- b) SF10 reports and CAPER report (for DV shelters only). – unduplicated numbers must match the number in the County Report. Do not input numbers for ESG-CV invoices.
- c) Invoices or bills for expenses such as utilities, utility deposits, etc.
- d) Time sheets/Personnel Activity Report (PAR) showing that time allocated to ESG and was documented and billed correctly

All above documents should be uploaded separately. Such as pdf copy of GL, SF10/Caper, Copies of Checks/invoices, and Timesheets/PAR.

Allocations to the specific categories can be adjusted over the course of the program year by submitting a Budget Adjustment Request through the Invoicing System

Requests for reimbursement are approved in order of submission. Invoices submitted and approved by Tuesday are paid out on Friday of the same week.

## 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 subrecipient 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, subrecipients 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 a minimum of seven (7) years from the last transaction with MFA. (2 CFR 200.303)

-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, subrecipients 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 or equipment should keep accurate records including the following: a complete description of the item purchased, a serial number or other identification number, the source of funds and Grant Agreement number, the acquisition date, and the cost.

## AUDIT REQUIREMENTS

The fiscal management system of a unit of local government which receives ESG funds must provide an annual audit in accordance with the requirements of **24 CFR Part 44**.

The EHAP Performance Agreement includes the following language regarding this requirement:

1. Subrecipient may have to provide an annual independent financial audit performed by a certified auditor that has been approved by the New Mexico State Auditor's Office and is on the State Auditor's List.
  - a. Subrecipients 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 may be 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. Subrecipient must at a minimum procure for auditing firm/services every six (6) years. Evidence of the procurement must be provided to MFA at the time of monitoring or when requested.

## OTHER FEDERAL REQUIREMENTS

The subrecipient 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 subrecipient to ensure that ESG funds are used in accordance with the requirements. In addition, sufficient records must be

established and maintained to enable the subrecipient and HUD to determine whether ESG requirements are being met.

### **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.

### **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.

## **RFP'S & RENEWALS**

RFPs are released at least every five years (subject to change). This is a competitive process. Applicants must meet the minimum thresholds set in the RFP in order to be considered for funding.

The categories and scoring are subject to change with any new RFP.

### **RENEWALS**

Each year in between the RFP, documentation is collected to confirm that sub-recipients continue to meet the eligibility criteria set forth in the RFP. This is referred to as a renewal. While not competitive like an RFP, requested documentation must be provided in order to for sub-recipients to be awarded funding for an additional year.

MFA may request additional documentation and/or change the renewal documentation requirements annually.

## **INFORMATION**

Detailed information regarding the HUD ESG regulations for this program can be located at <https://www.hudexchange.info/>. The EHAP manual and the MFA ESG Written Standards should be used in conjunction with each other as a reference guide for administering this program. Sub-recipients are responsible for understanding ESG regulations and MFA Written Standards for administering the program.



As with any program, there are many scenarios for which a determination must be made based on individual circumstances. Please refer all questions to the EHAP Program Manager at:

MFA  
Janice Shije  
505.767.2203  
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