



2026 EMERGENCY SOLUTIONS GRANTS PROGRAM

Program Description

Tennessee Housing Development Agency

The Emergency Shelter Grants Program was established by the Homeless Housing Act of 1986 in response to the growing issue of homelessness in the United States. In 1987, the program was incorporated into Title IV of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. Sec. 11371-11378), now known as the McKinney-Vento Homeless Assistance Act. The Homeless Emergency Assistance and Rapid Transitions Housing (HEARTH) Act amended the McKinney-Vento Act and officially replaced the Emergency Shelter Grants program with the Emergency Solutions Grants (ESG) program in 2009. The U.S. Department of Housing and Urban Development (HUD) awards ESG funds to the State of Tennessee. The Governor of Tennessee has designated the Tennessee Housing Development Agency (THDA) to administer ESG funds on behalf of the State.

The purpose of this Program Description is to explain the requirements and the application process for the ESG Program. Agencies applying for 2026 ESG funding must include in their application documentation that is supported by data showing: 1) need for the program; 2) evidence of homelessness or at-risk of homelessness population within the community; 3) a plan that summarizes how funds will be used to address the unmet needs of their community; and 4) evidence that the applicant has collaborated with the local Continuum of Care (CoC) and that activities selected will help the CoC to meet its goals to address and end homelessness. Preference is given to applicants whose programs will help to meet

priorities identified by HUD, the State of Tennessee, and the local Continuum of Care.

ESG funds are awarded competitively to local units of governments and to 501(c)(3) or 501(c)(4) non-profit organizations that serve areas outside of the ESG entitlement communities that receive their own ESG funding directly from HUD. The Tennessee entitlement communities that receive their own allocation of ESG funds are currently Memphis and Nashville-Davidson County. However, should HUD add or remove entitlement communities, THDA will add or remove community eligibility based on HUD's determination.

Applicants must complete an eligibility screening prior to accessing the competitive application. The eligibility screening must be received by THDA between April 1, 2026, and April 22, 2026, at 4:00 PM Central. Applicants who fail to submit an eligibility screening and receive approval will not be eligible to apply for ESG funding. If an applicant is approved to apply for ESG funding, they will receive an email inviting them to apply after they have been approved through the eligibility screening. Applications under the ESG Competitive Allocation will be submitted through THDA's in accordance with the application instructions and must be received by THDA on or before 4:00 PM Central on Tuesday, June 30, 2026. Contingent upon notification of a 2026 ESG allocation from HUD, THDA anticipates notifying successful applicants by August 21, 2026 for the period of October 1, 2026 through September 30, 2027. An applicant must apply for at least \$35,000 and may apply for a maximum of \$125,000 in ESG funding.

THE ESG PROGRAM

The ESG Program in Tennessee is governed by Title 24 Code of Federal Regulations, Parts 91 and 576 (ESG Regulations) and this Program Description. ESG Regulations are incorporated by reference in this Program Description. In cases of conflicting requirements, the more stringent requirement will apply.

The objectives of the ESG program are:

1. Reduce the length of time program participants experience homelessness;
2. Exit program participants to permanent housing;
3. Limit returns to homelessness one year after exiting the program; and,
4. Based on the activity, all ESG resources must be used to benefit individuals who are defined by HUD as “homeless” or “at-risk of homelessness” in the ESG Regulations.

HUD defines “homeless” as:

- (1) Category 1: An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - (i) 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;
 - (ii) An individual or family living in a supervised publicly or privately operated shelter designed to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or

- (iii) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
- (2) Category 2: An individual or family who will imminently lose their primary nighttime residence, provided that:
- (i) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;
 - (ii) No subsequent residence has been identified; and
 - (iii) The individual or family lacks the resources or support networks, e.g., family friends, faith-based or other social networks, needed to obtain other permanent housing;
- (3) Category 3: Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
- (i) Are defined as homeless under section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), section 637 of the Head Start Act (42 U.S.C. 9832), section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), SECTION 17(b) or section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434A);
 - (ii) Have not had a lease, ownership interest, or occupancy agreement in permanent housing the 60 days immediately preceding the date of application for assistance;

- (iii) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
 - (iv) Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or
- (4) Category 4: Any individual or family who:
- (i) Is experiencing trauma or a lack of safety related to, or fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous, traumatic, or life-threatening conditions related 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;
 - (ii) Has no other residence; and
 - (iii) Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.

HUD defines "at risk of homelessness" as follows:

- (1) An individual or family who:

- i. Has an annual income below 30 percent of median family income for the area, as determined by HUD;
- ii. Does not have sufficient resources or support networks, *e.g.*, family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “homeless” definition in this section; and
- iii. Meets one of the following conditions:
 - a. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - b. Is living in the home of another because of economic hardship;
 - c. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
 - d. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
 - e. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
 - f. Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
 - g. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the

recipient's approved consolidated plan;

- (2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act ([42 U.S.C. 5732a\(3\)](#)), section 637(11) of the Head Start Act ([42 U.S.C. 9832\(11\)](#)), section 41403(6) of the Violence Against Women Act of 1994 ([42 U.S.C. 14043e-2\(6\)](#)), section 330(h)(5)(A) of the Public Health Service Act ([42 U.S.C. 254b\(h\)\(5\)\(A\)](#)), section 3(m) of the Food and Nutrition Act of 2008 ([7 U.S.C. 2012\(m\)](#)), or section 17(b)(15) of the Child Nutrition Act of 1966 ([42 U.S.C. 1786\(b\)\(15\)](#)); or
- (3) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act ([42 U.S.C. 11434a\(2\)](#)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

A. CONSISTENCY WITH THE CONSOLIDATED PLAN

All applicants serving a county located within a local HUD Consolidated Plan jurisdiction must obtain a “certificate of consistency” with the local HUD Consolidated Plan. Current local HUD Consolidated Plan jurisdictions include: City of Bristol, City of Chattanooga, City of Clarksville, City of Cleveland, City of Franklin, City of Gallatin, City of Jackson, City of Johnson City, City of Kingsport, City of Knoxville, City of Morristown, City of Murfreesboro, City of Oak Ridge, City of Smyrna, City of Spring Hill, Knox County, and Shelby County.

Organizations serving communities located outside of those jurisdictions noted above are covered by the State’s Consolidated Plan. THDA will provide a certification of consistency with the State’s Consolidated Plan during the application review process.

B. ALLOCATION OF FUNDS

ESG funds committed to the State of Tennessee, through THDA, will be allocated as provided in the State of Tennessee’s Consolidated Plan, as amended. THDA anticipates an ESG allocation in 2026 of approximately \$3 million. THDA will make available under this program description any FY2026 ESG funds allocated to the State of Tennessee as well as any funds determined by THDA to be available from prior year funding allocations. THDA will spend up to 7.5% of its 2026 ESG allocation for administrative and planning expenses. THDA will share the amount available for administration with successful local government applicants. Non-profit agencies are not eligible to receive funds for administration.

The remaining ESG funds will be allocated as follows:

- Competitive Allocation.
 - Funds remaining after the 7.5% administrative reduction will be divided between each ESG Non-entitlement Continuum of Cares (CoC’s) across the state. The allocation will be on a pro-rata share determination based on housing needs data.
 - Eligible CoCs include the following:
 - TN-500 – Chattanooga/Southeast Tennessee CoC. (City of Chattanooga will be excluded if direct HUD ESG funding is received)
 - TN-501- Memphis/Shelby County CoC (City of Memphis will be excluded if direct HUD ESG funding is received)
 - TN-502 – Knoxville/Knox County CoC (City of Knoxville will be excluded if direct HUD ESG funding is received)
 - TN-503 – Central Tennessee CoC

- TN-506 – Upper Cumberland CoC
 - TN-507 – Jackson/West Tennessee CoC
 - TN-509 – Appalachian Regional CoC
 - TN-510 – Murfreesboro/Rutherford County CoC
 - TN-512 – TN Valley CoC
- After the funding is divided based on the pro-rata share determination, THDA will award the funding to the applicants receiving the highest scores in each of the CoCs. THDA will score applications based on criteria outlined in the application and evaluation procedure below.
 - If a CoC does not have enough applicants to award the full allocated amount, THDA will allow agencies within that CoC to increase their awards to a maximum of \$150,000 per agency. If the maximum per agency is met by all eligible applicants in the CoC and funds still remain, the remaining unallocated funds will be prorated across the other CoC's. As applicable, additional funding will be awarded to the applicant with the highest application score first, then be offered to subsequent applicants until the CoC allocation is completely awarded. Agencies must provide documentation to confirm they will be able to provide a dollar for dollar match for any additional funding awarded.

Expenditures limits of combined Street Outreach and Emergency Shelter services cannot exceed 60% of THDA's entire ESG allocation. THDA reserves the right to adjust applicants' budgets, if needed, to remain within this Federal requirement.

C. ELIGIBLE APPLICANTS

THDA will accept applications for the ESG Program from non-profit organizations and local units of governments. Non-profit applicants must submit supporting documentation as outlined in the Application and Evaluation Procedure below.

Local government recipients may distribute all or a part of their ESG funds to eligible, private 501(c)(3) or 501(c)(4) non-profit organizations for allowable ESG activities. If funding is sub-awarded by a local government, the sub-grantee's total allocation from the local government and THDA cannot exceed \$125,000.

Additionally, a local government applying for funding that will be sub-awarded to non-profit organizations are responsible for ensuring that all nonprofit subrecipients meet the eligibility requirements stated below.

To be eligible for ESG funding, the non-profit organization must:

1. Must meet one of the two following criteria:
 - a. All private, non-profit organizations must be organized and existing in the State of Tennessee (as evidenced by a Certificate of Existence from the Tennessee Secretary of State, dated **no more than thirty (30) days** prior to the eligibility screening start date). This must be submitted to THDA as part of the eligibility screening process.

Or

 - b. Be organized and existing under the laws of another state and be qualified to do business in Tennessee (as evidenced by a Certificate of Existence from the other state's Secretary of state dated **no more than thirty (30) days** prior to the eligibility screening start date and by a Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State, dated **no more than thirty (30) days** prior to the eligibility screening start date. This

must be submitted to THDA as part of the eligibility screening process.

2. Must demonstrate at least two (2) years of experience providing affordable housing or affordable housing related services satisfactory to THDA, in its sole discretion.
3. Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.
4. Be established for charitable purposes and whose activities include, but are not limited to, the promotion of social welfare and the prevention or elimination of homelessness, as evidenced in its charter, articles of incorporation, resolutions or by-laws, and experience in the provision of shelter and services to people experiencing homelessness.
5. Have standards of financial accountability that conform to 24 CFR 84.21, Standards of Financial Management Systems.
6. Have an IRS designation under Section 501(c)(3) or Section 501(c)(4) of the federal tax code. A 501(c)(3) non-profit applicant may not submit an application until they have received their designation from the IRS. A 501(c)(4) non-profit applicant must provide documentation satisfactory to THDA, in its sole discretion, that the non-profit has filed the necessary materials with the IRS and received a response from the IRS demonstrating 501(c)(4) status.
7. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.
8. Have approved established ESG Written Standards in accordance with Continuum of Care Coordinated Entry process.
9. Be active member of the CoC and compliant with HMIS reporting.
10. In accordance with 24 C.F.R. Section 576.202(a)(2), non-profit organizations are

eligible to receive funding for emergency shelter activities only if such funding for emergency shelter activities is approved by the local government jurisdiction where the emergency shelter activities are physically located. Each application from a nonprofit must contain **Certification of Local Government Approval** specific to the emergency shelter housing and service locations that it controls within each jurisdiction. This Attachment must be submitted to THDA at the time of application. If the organization intends to provide emergency shelter assistance in multiple jurisdictions, a certification of approval must be submitted by each unit of local government in which the emergency shelter activities are to be located.

D. ELIGIBLE ACTIVITIES

1. **Street Outreach:** Essential services to eligible participants provided on the street or in parks, abandoned buildings, bus stations, campgrounds, and in other such settings where people experiencing unsheltered homelessness are staying. Staff salaries related to carrying out street outreach are also eligible.

Eligible Program Participants: Unsheltered individuals and families who qualify under Category 1(i) of HUD’s Definition of “Homeless”.

Allowable Activities:

- a. **Engagement.** The costs of activities to locate, identify, and build relationships with unsheltered people experiencing homelessness and engage them for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs. These activities consist of making an initial assessment of needs and eligibility; providing crisis counseling; addressing urgent physical needs, such as providing meals, blankets, clothes or toiletries; and actively connecting and providing information and referrals to programs targeted to people experiencing homelessness and mainstream social services and housing programs,

including emergency shelter, transitional housing, community-based services, permanent supportive housing and rapid re-housing programs. Eligible costs include the cell phone costs of outreach workers during the performance of these activities.

- b. Case Management. The cost of assessing housing and service needs, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant. Eligible services and activities are as follows: using the centralized or coordinated assessment system as required under § 576.400(d); conducting the initial evaluation required under § 576.401(a), including verifying and documenting eligibility; counseling; developing, securing and coordinating services; obtaining Federal, State, and local benefits; monitoring and evaluating program participants progress; providing information and referrals to other providers; and developing an individualized housing and service plan, including planning a path to permanent housing stability.

- c. Emergency Health Services.
 - (i) Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered people experiencing homelessness are living.

 - (ii) ESG funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area.

 - (iii) 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 emergency medical treatment; and providing medication and follow-up services.

d. Emergency Mental Health Services.

- (i) Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions operating in community-based settings, including streets, parks, and other places where unsheltered people are living.
- (ii) ESG funds may be used only for these services to the extent that other appropriate mental health services are inaccessible or unavailable within the area.
- (iii) Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolutions of the problem or improved individual or family functioning or circumstances.
- (iv) Eligible treatment consists of crisis interventions, the prescription of psychotropic medications, explanation about the use and management of medications, and combinations of therapeutic approaches to address multiple problems.

e. Transportation. The transportation costs of travel by outreach workers, social workers, medical professionals, or other service providers are eligible, provided that this travel takes place during the provision of services eligible under this section. The costs of transporting those experiencing unsheltered homelessness to emergency shelters or other service facilities are also eligible. These costs include the following:

- (i) The cost of a program participant's travel on public transportation;

- (ii) If service workers use their own vehicles, mileage allowance for service workers to visit program participants;
 - (iii) The cost of leasing a vehicle for the Grantee 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
 - (iv) The travel costs of Grantee staff to accompany or assist program participants to use public transportation.
- f. Services to Special Populations. ESG funds may be used to provide services for youth experiencing homelessness, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs (a) through (e) 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, and sexual assault, or stalking.

2. **Emergency Shelter:** Funds may be used to cover the costs of providing essential services to families and individuals experiencing homelessness in emergency shelters and operational expenses of emergency shelters.

Eligible Participants: Individuals and families who qualify under Categories 1, 2, 3 and 4 of HUD’s Definition of “Homeless”.

Allowable Activities:

- a. Essential Services. This includes services concerned with employment, health, drug abuse, education and staff salaries necessary to provide these

services and may include, but are not limited to:

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

- (ii) 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. Children with disabilities 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.

- (iii) Education Services. When necessary for the program participant to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language, and General Educational Development (GED). Component service or activities are screening, assessment and testing; individual or group instruction; tutoring; provision of books, supplies and instructional material; counseling; and referral to community resources.
- (iv) Employment Assistance and Job Training. The costs of employment assistance and job training programs are eligible, including classroom, online, and/or computer 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.
- (v) Outpatient Health Services. Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals. 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 providing medication and follow-up services; and providing preventive and non-cosmetic dental care.

(vi) Legal Services.

- (A) 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) ESG funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community.
- (C) Eligible subject matters are child support, guardianship, paternity, emancipation, and legal separation, orders of protection and other civil remedies for victims of domestic violence, dating violence, sexual assault, and stalking, appeal of veterans and public benefit claim denials, and the resolution of outstanding criminal warrants.
- (D) Component services or activities may include client intake, preparation of cases for trial, provision of legal advice, representation at hearings, and counseling.

- (E) Fees based on the actual service performed (i.e., fee for service) are also eligible, but only if the cost would be less than the cost of hourly fees. Filing fees and other necessary court costs are also eligible. If the Grantee is a legal services provider and performs the services itself, the eligible costs are the Grantee's employees' salaries and other costs necessary to perform the services.
 - (F) Legal services for immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are ineligible costs.
- (vii) 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.
- (viii) Mental Health Services.
- (A) Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions.
 - (B) ESG funds may only be used for these services to the extent that other appropriate mental health services are unavailable or inaccessible within the community.
 - (C) Mental health services are the application of therapeutic

processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or symptom management.

- (D) Eligible treatment consists of crisis interventions; individual, family, or group therapy sessions; the prescription of psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.
- (ix) Substance Abuse Treatment Services.
- (A) 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.
 - (B) 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.
 - (C) 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.
- (x) 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:

- (A) The cost of a program participant's travel on public transportation;
 - (B) If service workers use their own vehicles, mileage allowance for service workers to visit program participants;
 - (C) The cost of leasing a vehicle for the Grantee 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
 - (D) The travel costs of Grantee staff to accompany or assist program participants to use public transportation.
- (xi) Services for Special Populations. ESG funds may be used to provide services for youth experiencing homelessness, victim services, and services for people living with HIV/AIDS, so long as the costs of providing these services are eligible under paragraphs (a)(i) through (a)(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.
- b. Operations. 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 family or individual experiencing homelessness, eligible costs may also include a

hotel or motel voucher for that family or individual.

Prohibition against involuntary family separation. The age of a child under age 18 must not be used as a basis for denying any family's admission to an emergency shelter that uses ESG funding or services and provides shelter to families.

3. **Homelessness Prevention Activities:** Activities related to preventing persons from experiencing homelessness and to assist participants in regaining stability in their current or other permanent housing.

Eligible Participants: Individuals and families with household incomes below 30% of Area Median Income who also qualify under Categories 2, 3 and 4 of HUD's Definition of "Homeless" or any category of HUD's Definition of "At Risk of Homelessness".

4. **Rapid Re-housing Activities:** Activities related to helping individuals or families experiencing homelessness move as quickly as possible into permanent housing and achieve stability in that housing.

Eligible Participants: Individuals and families who meet HUD's definition of "Homeless" under Categories 1 and 4.

Allowable Activities for Both Prevention and Rapid Re-housing:

- a. Financial Assistance – ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs:
 - (i) Rental application fees. ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.
 - (ii) Security deposits. ESG funds may pay for a security deposit that is equal to no more than 2 months' rent.
 - (iii) Last month's rent. If necessary to obtain housing for a program participant, the last month's rent may be paid from ESG funds to

the owner of that housing at the time the owner is paid the security deposit and the first month's rent. This assistance must not exceed one month's rent and must be included in calculating the program participant's total rental assistance, which cannot exceed 24 months during any 3- year period.

- (iv) Utility deposits. ESG funds may pay for a standard utility deposit required by the utility company for all customers for the utilities listed in paragraph (5) of this section.
- (v) Utility payments. ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears, per service. The partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No program participant shall receive more than 24 months of utility assistance within any 3-year period.
- (vi) Moving costs. ESG funds may pay for moving costs, such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance under paragraph (b) of this section and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.

b. Service Costs - ESG funds may be used to pay the costs of providing the following

services:

- (i) Housing search and placement. Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, include the following:
 - (A) Assessment of housing barriers, needs and preferences;
 - (B) Development of an action plan for locating housing;
 - (C) Housing search;
 - (D) Outreach to and negotiation with owners;
 - (E) Assistance with submitting rental applications and understanding leases;
 - (F) Assessment of housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness;
 - (G) Assistance with obtaining utilities and making moving arrangements; and
 - (H) Tenant counseling.

- (ii) Housing stability case management. ESG funds may be used to pay cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtain housing. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing. Component services and activities consist of:
 - (A) Using the centralized or coordinated assessment system as

required under

§576.400(d) to evaluate individuals and families applying for or receiving homeless prevention or rapid re-housing assistance;

- (B) Conducting the initial evaluation required under §576.401(a), including verifying and documenting eligibility, for individuals and families applying for homelessness prevention or rapid re-housing assistance.
 - (C) Counseling
 - (D) Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
 - (E) Monitoring and evaluating program participant progress;
 - (F) Providing information and referrals to other providers;
 - (G) Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
 - (H) Conducting re-evaluations required under §576.401(b).
- iii. Mediation. ESG funds may pay for mediation between the program participant and the owner of person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides.
- iv. Legal Services. ESG funds may pay for legal services, as set forth in §576.102(a)(1)(vi), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem that prohibits the program

participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides.

- v. Credit Repair. ESG funds may pay for credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.

The Grantee may set a maximum dollar amount that a program participant may receive for each type of financial assistance. The Grantee may also set a maximum period for which a program participant may receive any of the types of assistance or services.

Financial assistance cannot be provided to a program participant who is receiving the same type of assistance through other public sources.

c. Short- and Medium-Term Rental Assistance

- (i) Short-term Rental Assistance. One to three months of rental assistance.
- (ii) Medium-term Rental Assistance. More than three months of rental assistance.
- (iii) Rental Arrears. A one-time payment for up to six (6) months of rent in arrears, including any court costs and late fees on those arrears, as long as payment of those arrears and/or fees will enable an eligible program participant to remain housed or become re-housed.

d. Short- and Medium-Term Rental Assistance Requirements and Restrictions

- (i) Compliance with FMR (Fair Market Rents), Rent Reasonableness and Lead-Based Paint. For purposes of calculating rent, the rent must equal the sum of the total rent, any fees required for rental

(excluding late fees and pet deposits), and, if the tenant pays separately for utilities (excluding telephone) the monthly allowance for utilities as established by the public housing authority for the area in which the housing is located.

- (ii) Compliance with minimum habitability standards or NSPIRE standards as applicable.
- (iii) Tenant based rental assistance means that participants select a housing unit in which to live and receive rental assistance. The participant may move to another unit or building and continue to receive rental assistance as long as the program participant continues to meet the program requirements. The Grantee may require that all program participants live within a particular area for the period in which the rental assistance is provided.
- (iv) The Grantee must enter into a Rental Assistance Agreement (RAA) with the owner. The RAA must set forth the terms under which rental assistance will be provided, and must provide that, during the term of the agreement, the owner must give the Grantee a copy of any notice to the program participant to vacate the housing unit or any complaint used under State or local law to commence an eviction action against the program participant. The agreement must terminate and no further rental assistance payments under that agreement may be made if: the program participant moves out of the housing unit for which the program participant has a lease, or the lease terminates and is not renewed, or the program participant becomes ineligible to receive ESG rental assistance.
- (v) A standard and legal lease must be in place. Each lease executed on or after December 16, 2016 must include a lease provision or

incorporate a lease addendum that includes all requirements that apply to tenants, the owner or lease under 24 CFR part 5, subpart L (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), as supplemented by 24 CFR 576.409, including the prohibited bases for eviction and restrictions on construing lease terms under 24 CFR 5.2005(b) and (c). If the housing is not assisted under another “covered housing program,” as defined in 24 CFR 5.2003, the lease provision or lease addendum may be written to expire at the end of the rental assistance period.

- (vi) No rental assistance can be provided to a household receiving assistance from another public source for the same time period (with the exception of rental arrears).
- (vii) Participants must meet with a case manager at least monthly for the duration of the assistance (participants who are victims of domestic violence are exempt if meeting would increase the risk of danger to client).
- (viii) The Grantee must develop an individualized plan to help the program participant remain in permanent housing after the ESG assistance ends.
- (ix) The Grantee must make timely payments to each owner in accordance with the Rental Assistance Agreement (RAA). The Grantee is solely responsible for paying late payment penalties that it incurs with non-ESG funds.
- (x) The Grantee must comply with VAWA Protections for victims of domestic violence, dating violence, sexual assault, or stalking as outlined in 24 CFR 576.409

5. **Homeless Management Information System (HMIS) Data Collection:** Eligible costs include hardware; software; equipment costs; staffing for operating HMIS data collection, monitoring and analysis; reporting to the HMIS Lead Agency; training on HMIS use; and obtaining technical support. Domestic violence agencies may use HMIS funds to pay for costs in obtaining and operating a data collection program comparable to HMIS, including user fees, software, equipment, training, and maintenance. If the recipient is the HMIS lead agency, as designated by the Continuum of Care in the most recent fiscal year Continuum of Care Homeless Assistance Grants Competition, it may also use ESG funds to pay the costs as outlined in THDA's ESG Program Guide.

E. INELIGIBLE ACTIVITIES

1. Under Street Outreach Services, ESG funds may not be used for the following:
 - a. Emergency medical and/or mental health services accessible or available within the area under an existing program;
 - b. Employee compensation and other overhead costs not directly related to carrying out Street Outreach; and

If the grantee is a local government, ESG funds cannot be used to replace funds the local government provided for Street Outreach during the immediately preceding 12-month period, unless HUD determines that the unit of general purpose local government is in a severe financial deficit.
2. Under Emergency Shelter Services, ESG may not be used for the following:
 - a. Acquisition of real property;
 - b. New construction or rehabilitation of an emergency shelter for people experiencing homelessness;

- c. Property clearance or demolition;
 - d. Staff training or fund raising activities;
 - e. Employee compensation and other overhead costs not directly related to carrying out Emergency Shelter;
 - f. Advocacy, planning, and organizational capacity building;
 - g. Staff recruitment and/or training;
 - h. Transportation costs not directly associated with service delivery;
 - i. Recruitment or on-going training of staff;
 - j. Depreciation;
 - k. Costs associated with the organization rather than the supportive housing project (advertisements, pamphlets about the agency, surveys, etc.)
 - l. Staff training, entertainment, retreats or non- HUD sponsored conferences.;
 - m. Public relations;
 - n. Bad debts or bank fees; and
 - o. Mortgage payments.
 - p. If the grantee is a local government, ESG funds cannot be used to replace funds the local government provided for Emergency Shelter during the immediately preceding 12-month period, unless HUD determines that the unit of general purpose local government is in a severe financial deficit.
3. Under Prevention and Rapid Re-housing Activities, ESG funds may not be used for the following:
- a. Mortgage loan payments;
 - b. Pet deposits;
 - c. Late fees incurred if grantee does not pay agreed rental subsidy by agreed date;

- d. Payment of temporary storage fees in arrears;
 - e. Employee compensation and other overhead costs not directly related to carrying out Homelessness Prevention and Rapid Re-housing;
 - f. Payment of any past debt, to include rental or utility arrears that have been turned over to a collection agency; and
 - g. Financial assistance to program participants who are receiving the same type of assistance through other public sources or to a program participant who has been provided with replacement housing payments under URA during the same time period.
4. Under HMIS Data Collection:
- a. Grantees that are not compliant with HUD's standards on participation, data collection, and reporting under a local HMIS will not be eligible for advancement or reimbursement for HMIS activities.
 - b. Employee compensation and other overhead costs not directly related to carrying out HMIS activities.

F. PARTICIPANT FILE RECORDS

Records must be kept for each program participant that document:

1. Evidence of participant eligibility including "homeless" status or "at risk of homelessness" status and income, as applicable. Evidence of re-evaluations must also be documented, as applicable. Both must comply with the provision on determining eligibility and amount and type of assistance at 24 CFR 576.401(a) and (b);
2. Record of all services and assistance provided to each program participant, including, as applicable, services costs, financial assistance costs, and rental

- assistance made on behalf of the program participant using ESG funds;
3. Record of the mainstream and other assistance resources that the participant was connected to as outlined in 24 CFR 576.401(d) to support housing stability. Record compliance of the housing stability case management services outlined in 24 CFR 576.401(e);
 4. Compliance with the applicable requirements for providing services and assistance to that program participant under the program components and eligible activities provisions at 24 CFR 576.101 through 24 CFR 576.106;
 5. Where applicable, compliance with the termination of assistance requirement in 24 CFR 576.402;
 6. This is not an exhaustive list of participant file requirements. Additional documentation must be kept in participant files based on the activity and services provided to the individual. More detailed participant file requirements for each program component are outlined in the THDA ESG Program Guide.

G. RECORDKEEPING REQUIREMENTS

Grantees must meet all recordkeeping and reporting requirements as outlined in 24 CFR 576.500. These requirements include:

- “Homeless” status or “At risk of homelessness” status
- Determinations of ineligibility
- Annual income when applicable
- Program participant records
- Centralized or coordinated assessment systems and procedures
- Rental Assistance Agreements and payments made on behalf of the participant

- Utility allowance
- Shelter and housing standards
- Emergency shelter facilities
- Services and assistance provided
- Coordination with Continuum(s) of Care and other programs
- HMIS
- Match
- Conflicts of interest
- Participation of people experiencing homelessness in program development
- Faith-based activities
- Other Federal Requirements
- Relocation
- Financial Records
- Subrecipients and contractors
- Other records specified by HUD
- Confidentiality
- Period of record retention
- Access to Records
- Reports

H. MATCHING FUNDS

The ESG program requires a dollar-for-dollar match for the ESG funds. Each application must contain Certification of Matching Funds. All Grantees must supplement their ESG funds with equal amounts of funds or in-kind support from non-ESG sources. Certain other federal grants contain language that may prohibit their being used as a match. Matching funds or in-kind support must be provided after the date of the grant award to the Grantee and within the period of the ESG contract with THDA. The Grantee may not include funds used to match any previous ESG grant.

I. OTHER FEDERAL REQUIREMENTS

1. NON-DISCRIMINATION AND EQUAL OPPORTUNITY. Grantees must make facilities and services available to all on a nondiscriminatory basis, and publicize the facilities and services. The procedures a Grantee uses to convey the availability of such facilities and services should be designed to reach persons with disabilities or persons of any particular race, color, religion, sex, age, familial status, or national origin within their service area who may qualify for them. If not, the Grantee must establish additional procedures that will ensure that these persons are made aware of the facilities and services. Grantees must adopt procedures to disseminate information to anyone who is interested regarding the existence and location of services or facilities that are accessible to individuals with disabilities.

Grantees must also comply with the requirements of 24 CFR Parts 5, 200, 203, et al Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity. Grantees should include in their ESG standards a written policy for Fair Housing to all persons and/or families regardless of sexual orientation, gender identity or family identification.

2. LEAD BASED PAINT. Housing assisted with ESG funds is subject to the Lead-Based Paint Poisoning Prevention Act and the Act's implementing regulations at 24 CFR

Part 35, Subparts C through M for any building constructed prior to 1978. Grantees using ESG funds only for essential services and operating expenses must comply with Subpart K to eliminate as far as practical lead- based paint hazards in a residential property that receives federal assistance for acquisition, leasing, support services or operation activities.

3. PROPERTY MANAGEMENT STANDARDS. Grantees are required to follow uniform standards for using and disposing of capital improvements and equipment. Equipment is defined as having a useful life of one year and a per unit value of \$10,000 or more.
4. RELOCATION AND DISPLACEMENT. Grantees are required to take reasonable steps to minimize the displacement of persons, families, individuals, businesses, non-profit organizations or farms as a result of administering projects funded through ESG. Any persons displaced by the acquisition of property must be provided with relocation assistance (24 CFR 576.59).
5. ENVIRONMENTAL REVIEW. In implementing the ESG program, the environmental effects of each activity must be assessed in accordance with the provisions of the National Environment Policy Act of 1969 (NEPA) and the related authorities listed in HUD's regulations at 24 CFR Part 58. THDA as the Responsible Entity and the units of local government funded by THDA will be responsible for carrying out environmental reviews.

THDA will review the release of funds for local governments and must request the release of funds from HUD for any projects of non-profit organizations. The non-profit organizations will be responsible for gathering the information required for the environmental reviews. ESG funds cannot be committed until the environmental review process has been completed. Commitments for expenditures made prior to the approval of the environmental review cannot be reimbursed or advanced with ESG funds.

6. CONFLICT OF INTEREST. Each ESG Grantee must adopt a conflict of interest policy which prohibits any employee, persons with decision making positions or having information about decisions made by an organization, from obtaining a personal or financial interest or benefit from the organization's activity, including through contracts, subcontracts, or agreements. (24 CFR 576.57).
7. ASBESTOS. Prior to renovation, Tennessee State law requires an asbestos inspection of any structure that is not a residential building having four or fewer dwelling units. The costs of asbestos removal may be included in the grant request.
8. CONTRACTUAL AGREEMENT. All Grantees must enter into a contractual agreement with THDA. This Working Agreement includes all requirements contained in the ESG Interim Rule (24 CFR Part 576 and 91) in addition to all other applicable rules and regulations. The Working Agreement will include, but is not limited to the following:
 - a. BUILDING STANDARDS. Grantees must ensure that any building for which ESG funds are used meets the local government standards for safety and sanitation.
 - b. CERTIFICATION OF ASSISTANCE. Grantees must certify that on-going assistance will be provided to people experiencing homelessness to obtain appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision and other services essential for achieving independent living and other federal, state local and private assistance available for such persons.
 - c. CONFIDENTIALITY. Grantees must develop procedures to ensure the confidentiality of victims of domestic violence.
 - d. DRUG AND ALCOHOL-FREE FACILITIES. Grantees must administer a policy designed to ensure that each assisted homeless facility is free from the illegal use, possession or distribution of drugs or alcohol by its beneficiaries.

- e. CLIENT PARTICIPATION. The grantee must provide for the participation of not less than one individual experiencing homelessness or formerly experienced homelessness on the board of directors or other equivalent policy-making entity of the grantee to the extent that the entity considers and makes policies and decisions regarding any facilities, services, or other assistance that receive funding under ESG.

If the Grantee is unable to meet above requirement, it must instead develop and implement a plan to consult with those with lived-experience of homelessness when considering and making policies and decisions regarding any facilities, services, or other assistance that receive funding under ESG. The plan must be included in the annual action plan required under 24 CFR 91.220.

To the maximum extent practicable, the grantee must involve individuals and families lived experience of homelessness in constructing, renovating, maintaining, and operating facilities assisted under ESG, in providing services assisted under ESG, and in providing services for occupants of facilities assisted under ESG. This involvement may include employment or volunteer services.

- f. PROCUREMENT PROCEDURES. Each ESG Grantee must have an appropriate procurement procedure in place. At a minimum, three telephone bids must be obtained for any equipment or furniture purchases to be charged totally or in part to ESG. The grantee must retain copies of all procurement contracts and documentation of compliance with the procurement requirements in 2 CFR part 200, subpart D.

- g. FAIR HOUSING. All ESG Grantees must perform and document action in the area of enforcement and/or promotion to affirmatively further fair housing. During the grant year Grantees must carry out a minimum of one activity to promote fair housing. Non-discrimination and equal opportunity are applicable to ESG programs (24 CFR 5.105(a) as amended).

- h. TERMINATING ASSISTANCE. All ESG Grantees must have a formal process for terminating assistance to an individual or family. At a minimum, there must be an appeals procedure with one level of administrative review for clients who are evicted or refused service from the facility for any reason. Termination does not bar the recipient or subrecipient from providing further assistance at a later date to the same family or individual. Please see THDA's ESG Program Guide for specific termination requirements.
- i. REPORTING REQUIREMENTS. All ESG Grantees are required to upload the ESG Consolidated Annual Performance and Evaluation Report (CAPER) via Comma Separated Valued (CSV) into the Sage HMIS Reporting Repository following the end of the program year. Domestic violence agencies must also upload CAPER information from their comparable data system as required by HUD.

Additional reports may be required by THDA at its sole and absolute discretion.
- j. HMIS PARTICIPATION. All ESG Grantees must certify that they will fully utilize the Homelessness Management Information System (HMIS) for the Continuum of Cares in which the assistance is delivered, or if a victim services provider, the ESG Grantee will operate a comparable database that collects client-level data over time (i.e. longitudinal data) and generates unduplicated aggregate reports based on the data. Grantees that are not victim services providers must work with their local CoC to coordinate HMIS access and technical assistance. All ESG Grantees assume full responsibility for all reporting to THDA.
- k. COORDINATED ENTRY. All Grantees must participate in the Coordinated Entry process of the Continuum of Care in which services are delivered. Grantees serving multiple Continuums of Care must participate in each Coordinated Entry process established by each CoC.
- l. SERVING FAMILIES WITH CHILDREN. Organizations that use ESG funds for

emergency shelter to families with children under the age of 18 shall not deny admission to any family based on the age of any child under age 18. Providing these families with stays in a hotel/motel or other off-site facility does not suffice. If the Grantee's facility serves families, provisions must be made for the facility to accommodate all families.

- m. Violence Against Women Act (VAWA). All ESG Grantees are required to apply the requirements of the Violence Against Women Act (VAWA) and the Violence Against Women Act Reauthorization Act of 2022 (VAWA 2022) to all survivors of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, or sexual orientation, consistently across all HUD administered programs along with all nondiscrimination and fair housing requirements.
- n. PROGRAM COMPLIANCE. All ESG Grantees must adhere to, or maintain compliance with, the requirements of the ESG Program and other programs administered through the Community Services and Community Housing Divisions. Failure to maintain compliance with any program funded through Community Services and Community Housing Divisions will result, depending on the egregiousness of the noncompliance, in penalties being assessed in the scoring of future applications and/or the inability to participate in programs administered by THDA for a period to be determined at THDA's sole discretion.
- o. PRWORA REQUIREMENT. The Grantee must administer its grant in accordance with all applicable immigration restrictions and requirements, including the eligibility and verification requirements that apply under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646) (PRWORA) and any applicable requirements that HUD, the Attorney General, or the U.S. Citizenship and Immigration Services may establish from time to time to comply with PRWORA, Executive Order 14218, or other Executive Orders or

immigration laws.

No Grantee that receives funding under this grant may use that funding in a manner that by design or effect facilitates the subsidization or promotion of illegal immigration or shields illegal aliens from deportation, including by maintaining policies or practices that materially impede enforcement of federal immigration statutes and regulations.

The Grantee must use SAVE, or an equivalent verification system approved by the Federal government, to prevent any Federal public benefit from being provided to an ineligible alien who entered the United States illegally or is otherwise unlawfully present in the United States. Requirements for the use of SAVE will be outlined in THDA's ESG Manual.

J. POLICIES AND PROCEDURES / WRITTEN STANDARDS

Grantees are required to establish and consistently apply written standards for providing ESG assistance. These written standards may be established by the Grantee or established by the Continuum of Care (CoC) and followed by each Grantee providing assistance in that area.

At a minimum, these written standards must include but are not limited to:

1. Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under Emergency Solutions Grant (ESG);
2. Standards for targeting and providing essential services related to street outreach;
3. Policies and procedures for admission, diversion, referral, and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations, *e.g.*, victims of domestic violence, dating violence, sexual assault, and stalking; and individuals and families who have the highest barriers to housing and are likely to experience homelessness the longest;
4. Policies and procedures for assessing, prioritizing, and reassessing individuals' and

- families' needs for essential services related to emergency shelter;
5. Policies and procedures for coordination among emergency shelter providers, essential services providers, homelessness prevention, and rapid re-housing assistance providers; other homeless assistance providers; and mainstream service and housing providers (see 24 CFR 576.400(b) and (c) for a list of programs with which ESG-funded activities must be coordinated and integrated to the maximum extent practicable);
 6. Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance (these policies must include the emergency transfer priority required under 24 CFR 576.409);
 7. Standards for determining what percentage or amount of rent and utilities costs each program participant must pay while receiving homelessness prevention or rapid re-housing assistance;
 8. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time; and,
 9. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide to a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participant receive assistance; or the maximum number of times the program participant may receive assistance.

APPLICATION AND EVALUATION PROCEDURE

Eligibility Screening and Documents

Prior to accessing the full ESG application, an eligibility screening must be completed for

compliance with certain threshold requirements. This screening consists of a series of questions, followed by an upload of required organizational documents.

Documents required by non-profit organizations include:

- Documentation of an IRS designation under Section 501(c)(3) or 501(c)(4) of the federal tax code
- Certificate of Existence from the State of Tennessee - dated within thirty (30) days of the eligibility screening start date

Or

- Certificate of Authorization to do business in Tennessee from the Tennessee Secretary of State and a Certificate of Existence from the Secretary of State in which the nonprofit is organized, both dated within thirty (30) days of the eligibility screening start date. Corporate Disclosure
- The most recent financial audit or audited financial statements of the organization within one (1) year of the eligibility screening start date.

List of Board members, including: name, occupation, role on the Board, a description of the member's primary contribution to the Board, length of service to the Board, date the term of service expires, home address, phone number, and email address. Documents required by Local Governments include:

- Financial Audit dated within 1 year of the start of the eligibility screening start date.

All nonprofit organizations and local governments must upload all organizational information required to be submitted to THDA in accordance with all application instructions. Documents that are required to be submitted through the grants management system, but that are submitted through another means will not be considered.

THDA will provide a limited opportunity of five (5) business days for applicants to correct the following threshold factors:

- Failure to submit all required documents in accordance with application instructions for THDA’s grants management system.
- Failure to submit a Certificate of Existence that was issued within the required time established by the application instructions.

All applicants that are required to submit corrections for an issue identified above will receive an automatic 5-point deduction to the final application score. The point deduction will be assessed regardless of the number of the above threshold items requested to be corrected. THDA will not extend the time period for correction of the threshold item beyond the period identified above. THDA staff will review eligibility screening questions and documents. Agencies meeting the eligibility criteria will be invited, via email, to apply for ESG funds.

Application and Documents

At the time of the application, additional documentation must be submitted to demonstrate that the non-profit, local government or subrecipient of a local government has the capacity to provide shelter, essential services and/or operations for programs serving people experiencing homelessness. This documentation includes:

- Written Standards
- Certificate of Consistency with Consolidated Plan
- Certificate of Matching Funds
- Documentation of Operating Funds from other sources annually
- Certificate of Shelter Standards (only if applying for Emergency Shelter funding)
- Certificate of Local Government Approval (only if applying for Emergency Shelter funding)

- ESG Data Collection Budget Form (only if applying for data collection funding)

THDA will evaluate each application to determine if the proposal meets threshold criteria. THDA will not provide an opportunity to correct any missing or incorrect application items. Threshold criteria includes: submission of a complete application; proposal of an eligible activity; proposal of a project that meets the requirements of the ESG Regulations; Written ESG Standards, Habitability Standards or NSPIRE standards as applicable, and compliance with and participation in the applicable CoC. Additionally, to be considered for funding, the application must be signed with an original signature by a nonprofit entity's Chairman of the Board or the Executive Director, or the Mayor of the local government.

Key Applicant Eligibility Factors

- Eligible non-profit agency or unit of general local government
- No outstanding findings or other issues from any program operated by THDA
- Experienced homeless services/prevention provider
- Must be able to meet recordkeeping and reporting requirements, including use of HMIS
- Must be able to meet HMIS requirements or, if a domestic violence program provider, a comparable database that collects client level data over time and generates unduplicated aggregate reports based on the data
- Must be certified by local CoC Lead Agency as a participating member
- Must receive a Certification of Consistency with the Consolidated Plan if serving a community in which a Consolidated Plan is prepared locally
- Must receive local government approval if a nonprofit entity seeking funding to provide emergency shelter using ESG resources

- Must submit ESG Written Standards
- Must be participating in the Coordinated Entry process set up by the regional CoC.
- Must submit audit or financials dated not more than 12 months prior to the start of the Eligibility Screening start date.
- Proposed activities must be in compliance with HUD requirements as specified in this Program Description.

ESG COMPETITIVE ALLOCATON - RATING SCALE of 100 POINTS

1. PROGRAM DESIGN - UP TO 40 POINTS

The degree to which the proposed program demonstrates:

- a. An understanding of the ESG objectives and requirements, including whether the proposed activities are eligible by category, are realistic and are needed in the community.
- b. A cost-effective project with documentable and realistic outcomes, and, if the proposed project is a continuation of an on-going program, the applicant's demonstration that performance outcomes been met.
- c. Support for the local CoC to end homelessness, including whether the proposed activities duplicate other resources within the region and the applicant's demonstration of participation in the coordinated entry process.
- d. A strategic plan to leverage and support other funding sources to reduce and end homelessness;
- e. The program design meets the objectives of providing housing solutions without unnecessary barriers or program requirements.
- f. The use of rapid Re-housing to move individuals and families from homelessness to permanent housing; and,

- g. Degree to which the project shows success in finding permanent housing solutions for the population served.
- h. Relative performance similar to existing or previously funded projects (i.e. past performance outcomes).

2. APPLICANT CAPACITY - UP TO 20 POINTS

- a. Relative experience of the individual(s) on staff of the applicant who shall have primary responsibility for the oversight and management of the proposed project;
- b. Relative capacity of applicant's organizational infrastructure to establish and administer the project, including demonstrated capacity to meet HUD reporting requirements through HMIS and to provide all HUD required deliverables in an accurate and timely manner.
- c. Demonstrated experience of the applicant in establishing and operating ESG eligible activities, or similar projects, for "at-risk" and people experiencing homelessness.
- d.
- e. Relative experience in collaborating with relevant public and/or private entities to obtain appropriate mainstream services on behalf of the population to be served.
- f. Active involvement of board of directors and volunteers to support the mission of the project.

3. FISCAL CAPACITY - UP TO 20 POINTS

- a. Clear and specific documentation of match, including the source and level of committed match. Award Letters, documentation of real value of buildings or donated lease are included. Donations are supported by documentation of current year's donations or financial records. Sample volunteer job descriptions/timesheets are included.

- b. Completeness of budget, which includes both the narrative and the budget pages, demonstrating realistic staff compensation specific to the category of ESG activity and showing eligible line items under the ESG Regulations.
- c. Controls in place to ensure only eligible costs are requested for reimbursement and reliable time-tracking methods to allocate staff time to ESG appropriately.
- d. Applicant audit and/or financial records support applicant's ability to cash-flow an advancement or reimbursement program.
- e. Applicant's success at drawing down previous years' ESG funding allocation.

4. COORDINATION WITH COC PRIORITIES - UP TO 20 POINTS

- a. THDA will seek input from the COC regarding the applicant's involvement in systemwide planning, alignment between applicant's ESG proposal and COC priorities, as well as the applicant's collaboration, participation and compliance with data entry and quality management.

Application Score Tiebreaker Process

In the event of a tied score under the ESG Funding Matrix, THDA will follow the following tiebreaker review process to select the agency that will receive funding.

The application with the highest score for the following categories will be selected in this order, until the tie is broken:

- 1. Fiscal Capacity Score;
- 2. Agency Capacity Score;
- 3. CoC Score; and
- 4. Program Design.