



## HOUSING GRANT APPLICATION

### 2008-2 EMERGENCY SHELTER GRANT PROGRAM

#### Program Description and Application Package Tennessee Housing Development Agency

The Tennessee Housing Development Agency (THDA) administers the federally-funded Emergency Shelter Grant (ESG) Program to increase the number and quality of emergency shelters and transitional housing facilities for homeless individuals and families, to operate these facilities and provide essential social services, and to help prevent homelessness. The purpose of this Program Description is to explain the requirements and the application process for the ESG Program.

ESG funds are awarded on a competitive basis to cities, counties and non-profit organizations outside the CDBG entitlement communities that receive their own ESG funding directly from the U. S. Department of Housing and Urban Development. The Tennessee entitlement communities that receive their own allocation of ESG funds are Chattanooga, Knoxville, Memphis and Nashville-Davidson County. An applicant must apply for at least \$35,000 and may apply for a maximum of \$75,000 in ESG funding. THDA anticipates an ESG allocation in 2008 of approximately \$1.4 million dollars.

Applications for the ESG program must be received by THDA on or before Friday, March 14, 2008. THDA anticipates notifying successful applicants by the end of May, 2008. ESG contracts will begin on July 1, 2008 and end on June 30, 2009.

The program description is followed by the application package. The program description and pdf-fillable application is also available at [www.thda.org](http://www.thda.org). Once at the THDA website, click on COMMUNITY PROGRAMS. There will be a link for the program description, the application and the application attachments. If you have questions before February 1, 2008, call (615) 741-3007. After February 1, 2008 the Community Programs telephone number changes to (615) 815-2030.

#### THE ESG PROGRAM

The ESG program is governed by Title 24 Code of Federal Regulations, Part 576. Those regulations are incorporated by reference in this Program Description. The federal regulations take precedence over this program description in cases of conflicting requirements.

The objectives of the ESG program are:

1. To help improve the quality of emergency shelters for the homeless;
2. To help meet the costs of operating and maintaining emergency shelters;
3. To provide essential services so that homeless individuals have access to the assistance they need to improve their situation; and
4. To provide emergency intervention assistance to prevent homelessness.

**Note:** ESG funds cannot be utilized for permanent housing projects.

The term "homeless" or "homeless individual" means:

1. An individual who lacks a fixed, regular, and adequate nighttime residence, or
2. An individual who has a primary nighttime residence that is:
  - a. A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
  - b. An institution that provides a temporary residence for individuals intended to be institutionalized; or,
  - c. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

**Exclusion:** The term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of Congress or a State law.)

#### **A. CONSISTENCY WITH THE CONSOLIDATED PLAN**

ESG activities are focused on helping meet the needs of emergency homeless shelters and programs in under-served areas of the State outside of Entitlement Cities. The State is particularly interested in developing and expanding shelter programs in rural areas that lack ready access to other homeless funds. The State is also placing a priority on shelter programs serving families and on transitional living shelters that provide an array of supportive services in addition to living arrangements for a period of at least six months. ESG proposals will be evaluated for consistency with the State of Tennessee's Consolidated Plan, as amended. The State's Consolidated Plan identifies the need for the following types of emergency shelters:

1. Emergency Family Shelters. With the increase of homeless single and two-parent families noted statewide, there is a need for 24-hour emergency family shelters.
2. Emergency Elderly and Disabled Shelters. Small, non-traditional shelter arrangements for the frail, elderly and disabled elderly will protect this vulnerable group. Such shelters could exist in a family home system or be tied to an existing service center for the elderly that could make needed services more accessible.
3. 24-Hour Emergency Shelters for the Employed. Most shelters require participants to vacate the shelter during the day. Shelter residents who become employed or who enter the shelter employed may work odd shifts and require access for sleeping, etc. A small shelter for the employed would accommodate second and third shift employees and make available employment support services.
4. Shelters for the Mentally Ill. The actions of chronic mentally ill homeless persons can be very distressing to others as well as themselves. Emergency shelters for the chronic mentally ill would allow for a more appropriately controlled environment that would ultimately serve the support needs of these clients.

## **B. ALLOCATION OF FUNDS**

ESG funds committed to the State of Tennessee, through THDA, will be allocated as promulgated in the State of Tennessee's Consolidated Plan, as amended. THDA will spend up to 5% of its ESG allocation for administrative and planning expenses. THDA will share the amount available for administration with the small city entitlement communities that do not receive their own ESG allocation from HUD.

THDA Targeted Set-Aside. For the 2008-2 ESG program, THDA will allocate the \$100,000 of ESG funding that does not require matching funds to the seven mental health agencies working with the Tennessee Department of Mental Health and Developmental Disabilities (TDMHDD) as housing facilitators. These mental health agencies will use the ESG funds for essential services, operations and prevention activities to clients being discharged from medical and mental health facilities.

The remaining ESG funds will be allocated as follows:

Small Cities Set-Aside. THDA will allocate 52% of the remaining ESG funds on a formula basis to the ten CDBG entitlement cities that do not receive ESG grants, but are expected to address homelessness through the "Continuum of Care" described in their Consolidated Plans. These cities are: Bristol, Clarksville, Cleveland, Franklin, Jackson, Johnson City, Kingsport, Morristown, Murfreesboro and Oak Ridge. See **Attachment I: Small City ESG Allocation Plan.**

Competitive Allocation. The remaining 48% of the ESG funds will be allocated to eligible applicants in a competitive grant review process.

## **C. ELIGIBLE APPLICANTS**

The State of Tennessee, through THDA, will accept applications for the ESG program from cities, counties, and private, non-profit organizations. Non-profit applicants must submit **PART V: Non-Profit Checklist** with supporting documentation, and **PART VI: Non-Profit Board Composition.**

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

1. Be organized under Tennessee law, as evidenced by a Certificate of Existence from the Tennessee Secretary of State dated within six months of the application due date;
2. Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual;
3. 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 the homeless;
4. Have standards of financial accountability that conform to 24 CFR 84.21, Standards of Financial Management Systems; and
5. Have an IRS designation under Section 501(c)(3) of the tax code. Non-profit applicants may not submit an application until they have received their 501(c)(3) designation from the IRS.
6. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

Non-profit organizations are eligible to receive funds only if such funding is approved by the local government jurisdiction where programs are based. Each application from a nonprofit should contain **PART VII: Certification of Local Government Approval** specific to 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 homeless assistance in a number of jurisdictions, the certification of approval must be submitted by each of the units of local government in which the projects are to be located. The mental health agencies funded through the THDA Set-aside may also apply for ESG funds through the Competitive Allocation in a combined amount not to exceed \$75,000.

#### **D. ELIGIBLE ACTIVITIES**

*Renovation, major rehabilitation or conversion.* – Renovation means rehabilitation that involves costs of 75% or less of the value of the building before renovation. Major rehabilitation means rehabilitation that involves costs in excess of 75% of the value of the building before rehabilitation. Conversion means a change in the use of the building to an emergency shelter for the homeless, where the cost of conversion exceeds 75% of the value of the building after conversion.

All renovation, rehabilitation or conversion work proposed for buildings constructed prior to 1978 must comply with Lead-Based Paint Regulations at 24 CFR Part 35, Subpart J, as applicable.

Grantees receiving ESG assistance for major rehabilitation or conversion must maintain the building as a shelter for homeless individuals and families for 10 years; grantees receiving ESG assistance for renovations must be maintained as a shelter for homeless individuals and families for 3 years.

*Essential services to the homeless.* 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:

1. Assistance in obtaining permanent housing;
2. Medical and psychological counseling and supervision;
3. Employment counseling;
4. Nutritional counseling;
5. Substance abuse treatment and counseling;
6. Assistance in obtaining other Federal, State and local assistance including mental health benefits; employment counseling; medical assistance; Veteran's benefits; and income support assistance such as Supplemental Security Income, Food Stamps and Aid to Families with Dependent Children;
7. Other services such as child care, transportation, job placement and job training; and
8. Staff salaries necessary to provide the above services.

ESG regulations restrict the amount of ESG funds that may be spent on essential services to 30 percent of the total State ESG allocation, and restrict funding to new services or a quantifiable increase in services above the level funded during the immediately previous 12 month period. ESG may not be used to replace existing government or non-profit funding of service. However, once a new or increased level of service meets the above standards, ESG funds may be used to continue funding that service in subsequent years.

*Operating expenses.* Payment of eligible operation costs related to the operation of emergency and transitional housing, including but not limited to, maintenance, operation, rent, repair, security, fuel, equipment, insurance, utilities, food and furnishings.

Staff salaries (including fringe benefits) paid under the operating costs category are limited to 10% of the grant. Maintenance and security salary costs are not subject to the 10% cap.

*Prevention Activities.* Development and implementation of homeless prevention activities including but not limited to:

1. Short-term subsidies to defray utility, rent or mortgage arrearages;
2. Security deposits or first month's rent to permit a homeless family to move into an apartment;
3. Mediation programs for landlord tenant disputes;
4. Legal services to represent tenants in eviction proceedings;.

ESG regulations restrict the amount of ESG funds that may be spent on prevention activities to 30 percent of the total State ESG allocation.

Local government recipients may distribute all or a part of their ESG funds to eligible, private non-profit organizations for allowable ESG activities.

For each of the eligible activities, THDA reserves the right to adjust funding requests to remain within the required percentages.

## **E. INELIGIBLE ACTIVITIES**

Under renovation, rehabilitation or conversion projects, ESG funds may not be used for the following:

1. Acquisition of real property;
2. New construction of an emergency shelter for the homeless;
3. Property clearance or demolition;
4. Rehabilitation administration, such as the preparation of work specifications or inspections;
5. Staff training or fund raising activities associated with rehabilitation;
6. Building maintenance and repairs.

Under essential service programs, ESG funds may not be used for the following:

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

Under operating or maintenance programs, ESG funds may not be used for the following:

1. Recruitment or on-going training of staff;

2. Depreciation;
3. Costs associated with the organization rather than the supportive housing project (advertisements, pamphlets about the agency, surveys, etc.)
4. Staff training, entertainment, conferences or retreats;
5. Public relations or fund raising;
6. Bad debts or bank fees;
7. Mortgage payments.
8. Audits.

## **F. MATCHING FUNDS**

The ESG program requires a dollar for dollar match for the ESG funds. Each application should contain **PART VIII: 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 recipient and within the period of the ESG contract with THDA. The recipient may not include funds used to match any previous ESG grant.

## **G. OTHER FEDERAL REQUIREMENTS**

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 reach persons with handicaps 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 handicap accessible services or facilities.

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. Grantees using ESG funds for renovation, major rehabilitation or conversion must comply with Subpart J to eliminate as far as practical lead-based paint hazards that receives federal assistance for rehabilitation. The Lead-Based Paint Regulations are available at [www.hud.gov/lea](http://www.hud.gov/lea).

PROPERTY MANAGEMENT STANDARDS. – In addition to the three-year or ten-year compliance period required for projects that use ESG funds for rehabilitation, renovation or conversion, recipients of ESG funds are also 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 \$5,000 or more.

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).

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 approve 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 with ESG funds.

CONFLICT OF INTEREST. - Each ESG recipient 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).

ASBESTOS. - Prior to renovation, Tennessee State law requires an asbestos inspection for 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.

CONTRACTUAL AGREEMENT. - All recipients must enter into a contractual agreement with THDA. This Working Agreement includes all requirements contained in the ESG Final Rule (24 CFR Part 576) in addition to all other applicable rules and regulations. The Working Agreement will include, but is not limited to the following:

1. BUILDING STANDARDS. - Recipients must ensure that any building for which emergency shelter grants are used for renovation, conversion or major rehabilitation will meet the local government standards for safety and sanitation.
2. CERTIFICATION OF ASSISTANCE. - Recipients must certify that on-going assistance will be provided to homeless individuals in obtaining 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.
3. CONFIDENTIALITY. - Recipients must develop procedures to ensure the confidentiality of victims of domestic violence.
4. DRUG AND ALCOHOL-FREE FACILITIES. - Recipients 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.
5. CLIENT PARTICIPATION. - Recipients must involve the homeless individuals and families in the maintenance and operation of facilities, and in the provision of services to residents of these facilities to the maximum extent possible. Methods of achieving client participation shall be approved by the Board. The involvement of homeless persons is required through the Housing and Community Development Act of 1992.
6. PROCUREMENT PROCEDURES. - Each ESG recipient 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.

7. FAIR HOUSING. - All ESG recipients must perform and document action in the area of enforcement and/or promotion to affirmatively further fair housing. During the grant year recipients 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))
8. TERMINATING ASSISTANCE. - All ESG recipients 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.
9. REPORTING REQUIREMENTS. - Each ESG recipient must complete periodic reporting forms as required by THDA.

## H. APPLICATION AND EVALUATION PROCEDURE

THDA will evaluate each application to determine if the proposal meets threshold criteria. Threshold criteria includes: submission of a complete application; proposal of an eligible activity; proposal of a project that in the opinion of THDA is physically, financially and administratively feasible; proposal of a project that meets the requirements of 24 CFR Part 576, as amended. Additional requirements for non-profit organizations are included in the application at **Part V: Non-Profit Checklist and Part VI: Non-Profit Board Composition**. Documentation must be submitted along with the completed Checklist to demonstrate that the organization meets threshold requirements and has the capacity to provide shelter, essential services and/or operations for programs serving the homeless.. Applications meeting the threshold criteria will be scored and ranked in descending numerical order

<b>2008-2 ESG RATING SCALE – COMPETITIVE ALLOCATON</b>	<b>200 POINTS</b>
<ol style="list-style-type: none"> <li>1. <b>GEOGRAPHIC INFORMATION</b> One point for each percentage point or major portion thereof above the State's average unemployment rate in the Jurisdiction. One point for each \$500 or major portion thereof of the per capita income below the State's average in the jurisdiction.</li> </ol>	<b>UP TO 10 POINTS</b>
<ol style="list-style-type: none"> <li>2. <b>DEMOGRAPHIC INFORMATON</b> Documentation of the nature and extent of the unmet homeless need in the jurisdiction and extent to which the proposed activities address this unmet need. Point will be deducted if the applicant only addresses the subgroups served by their program while ignoring other subgroups. Number of homeless persons served, relative to local homeless populations.</li> </ol>	<b>UP TO 25 POINTS</b>
<ol style="list-style-type: none"> <li>3. <b>AGENCY DATA</b> Documentation of Agency's administrative capacity to administer ESG grant and experience with grant funding. Adequate description of staff and volunteers available to implement the proposed activities.</li> </ol>	<b>UP TO 35 POINTS</b>
<ol style="list-style-type: none"> <li>4. <b>ESG PROJECT NARRATIVE</b> Completeness and clarity of project proposal.</li> </ol>	<b>UP TO 40 POINTS</b>

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|---|-------------------------------|
| <p><b>5. TARGET PLAN</b><br/>Clarity and detail of expected outcomes of services provided, including completeness of plan to return clients Served to self-sufficiency in as short a time as possible.</p>              | <p><b>UP TO 30 POINTS</b></p> |
| <p><b>6. AGENCY WORK PLAN</b><br/>Twelve month time-table included in the application that is realistic relative to</p>   | <p><b>UP TO 10 POINTS</b></p> |
| <p><b>7. FISCAL INFORMATION</b><br/>Completeness of budget. Clear and specific documentation of match, source(s) and level of committed cash match. Specific use of ESG funds in relation to total agency programs.</p> | <p><b>UP TO 50 POINTS</b></p> |

**BONUS POINTS**

**UP TO 10 POINTS EACH**

Bonus points MAY be awarded to applicants providing evidence of any of the following:

1. Establishment of new shelter programs in clearly documented, underserved areas of the State.
2. Highly creative or innovative program activities that target clearly documented, underserved segments of the local homeless population.
3. Applicant proposes a clearly defined, performance based program with measurable results leading to self-sufficiency.
4. Applicant is not a previous recipient of ESG funding.

**TOTAL POSSIBLE SCORE**

**240 POINTS**

## ATTACHMENT I: SMALL CITIES ESG ALLOCATION PLAN<sup>1</sup>

CDBG SMALL CITY ENTITLEMENT AREAS	POPULATION ≤50% AMI	% OF TOTAL SMALL CITY VLI POPULATION	2008 SMALL CITY ALLOCATION <sup>1</sup>
BRISTOL	2,647	5.80%	\$38,011
CLARKSVILLE	6,007	13.17%	\$86,311
CLEVELAND	4,479	9.82%	\$64,356
FRANKLIN	2,241	4.91%	\$32,178
JACKSON	6,396	14.02%	\$91,881
JOHNSON CITY	5,912	12.96%	\$84,935
KINGSPORT	5,324	11.67%	\$76,481
MORRISTOWN	3,085	6.76%	\$44,302
MURFREESBORO	7,289	15.98%	\$104,661
OAK RIDGE	2,247	4.92%	\$32,244
<b>TOTAL</b>	<b>45,627</b>	<b>100.00%</b>	<b>\$655,360</b>

<sup>1</sup> The 2008 ESG allocation for Tennessee is \$1,431,902. After adjustments for the 5% for administration and the \$100,000 THDA Set-aside, the 52% for the Small Cities is \$655,360 and the 48% for the Competitive Grants is \$604,947.