



# ESG-CV Notice CPD-22-06 Webinar

April 19, 2022



# Webinar Format and Housekeeping Items

- 60 minutes total
- Participants are muted by default
- To ask a question at any time use the Chat Box feature
- We will answer as many questions as possible during the Q&A portion of the webinar
- After the webinar, please submit any outstanding questions to **HUD AAQ**



# Speakers & Resource Advisors

## Department of Housing and Urban Development

### Office of Special Needs Assistance Programs

- Karen DeBlasio, Director, Program Coordination and Analysis Division
- Jennifer Belance
- Erin Cox
- Marlisa Grogan
- Nora Lally, HUD Technical Assistance Provider
- Susan Starrett, HUD Technical Assistance Provider



# Grounding Our Work in Equity

- The COVID-19 pandemic has amplified the historical and current discrimination experienced by racial and ethnic minoritized and marginalized groups.
- Underlying health and social inequities have resulted in Black, Indigenous, and People of Color being disproportionately impacted by the disease.
- People most harmed by COVID, housing instability, and homelessness include historically marginalized communities, especially Black and Indigenous people, those who are elderly, and those who have health problems, especially respiratory problems.



# Grounding Our Work in Equity

- COVID has had an economic impact on our communities, including job loss, housing instability, and increased risk of homelessness, and these economic effects are also most likely to impact historically marginalized communities, especially Black and Indigenous people.
- Past public policies have also created and fostered disparate housing outcomes for minoritized and marginalized groups.



# Grounding Our Work in Equity

- Ongoing COVID-19 response work targeted to people experiencing and at risk of homelessness needs to be grounded in racial equity. See President Biden's [Memorandum on Redressing Our Nation's and the Federal Government's History of Discriminatory Housing Practices and Policies](#).
- CARES Act resources are intended to prevent, prepare for, and respond to coronavirus.
- The safest place for people to be during the epidemic is in housing. COVID-19 has amplified the historic and current racial biases and discrimination embedded in our systems, processes, and practices.



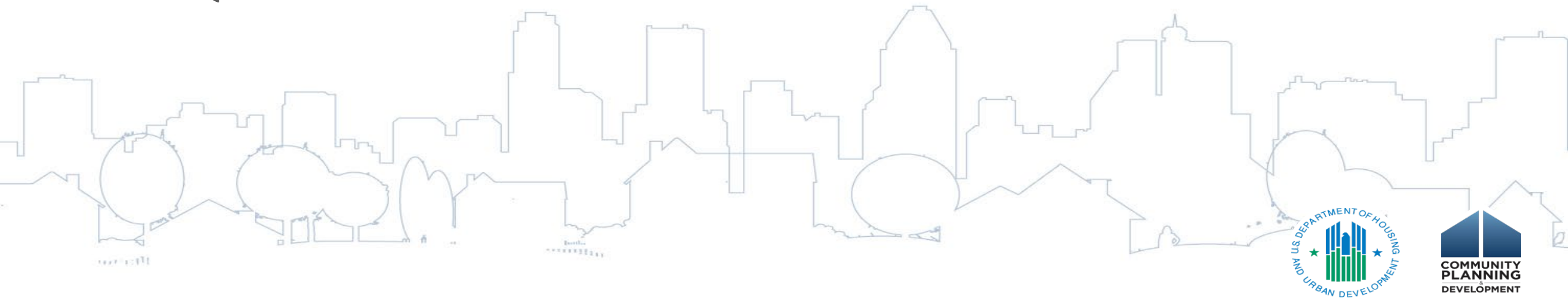
# Grounding Our Work in Equity

- The ESG Program under the CARES Act (ESG-CV) can therefore be seen as an opportunity to address the disparate impact that it has had on marginalized populations.
- Throughout the pandemic communities have been leveraging these funds to ensure equitable housing outcomes, more of which can be seen [here](#).
- HUD is committed to working with CoCs and ESG recipients and supporting communities advancing their efforts to be more equitable and to close racial disparities.
- More information available at: [Racial Equity](#)



# Session Goals

- Highlight changes from Notice CPD-22-06, including:
  - Spending Deadlines
  - Recapture and Reallocation Process
  - New Waiver: Housing Stability Case Management Limits
- Q&A





# Applicability of Waivers & Alternative Requirements

- Unless expressly stated, this Notice does not change any other currently applicable ESG-CV requirements or waivers.
  - Notice CPD-21-05, CPD-21-08 and CPD-22-06 all apply (except where a later Notice amends a previous Notice)
- Recipients that receive individual waivers or exceptions may continue to apply those and also use any further flexibility provided in this latest ESG-CV Notice, CPD-22-06.
- The waivers and alternative requirements apply to all ESG-CV funds no matter when HUD reviewed the substantial amendment/action plan.



# Summary of Notice Contents

- Housing Stability Case Management waiver
- Replaces 3/31/2022 deadline for 80% expended with 6/16/2022 deadline for 50% drawn.
- Extends 9/30/2022 overall expenditure deadline to:
  - 9/30/2023 for ESG-CV funds (except for administration and HMIS)
  - 12/31/2023 for ESG-CV admin and HMIS costs needed for closeout
  - 6/30/2024 for reallocated funds
- Waives reallocation requirements to establish reallocation process established in the Notice



# Summary of Notice Contents

- Waives obligation deadlines for State ESG recipients (extended deadline for subawards to first-tier subrecipients from 60 to 180 days)
- Establishes the process for recapture and reallocation of funds
- Confirms that ESG-CV flexibilities applied to annual ESG will expire 9/30/2022.
- Provides a description of the reallocation formula



# Waivers of Limits on Housing Stability Case Management

## CPD-21-08 Waivers – Already in place

- Waives requirement that limits the total period of time a participant may receive services, except housing stability case management, to 24 months during any 3-year period.
- Recipients/subrecipients providing housing stability case management may provide those services for up to 60 days (versus 30 days) while the participant is seeking housing.



# Waivers of Limits on Housing Stability Case Management

## CPD-22-06 Waiver

- Waives the requirement that limits the total period of time a participant may receive housing stability case management to 24 months during any 3-year period.
- This waiver is available for ESG-CV and annual ESG funds designated for COVID-19 response (i.e., FY2020 and earlier Fiscal Year ESG grant funds that meet the conditions in Section IV of ESG Notice (CPD-21-08).
- This waiver expires for annual ESG funds on September 30, 2022.



# Equity Consideration: Applicability of the Housing Stability Case Management Waiver

Housing Stability Case Management that is:

- Person-centered
- Grounded in cultural humility
- Acknowledges and is responsive to racial trauma AND
- Case managers that have social identities that reflect those most impacted--identify as people with lived experience of homelessness, particularly people who belong to historically minoritized and marginalized groups.



# Changes to Expenditure Deadlines

- Recipients must expend all amounts awarded through their first and second allocations of ESG-CV funds by **September 30, 2023**
- Administration and HMIS funds necessary for ESG-CV closeout must be expended by **December 31, 2023**
- If a recipient receives additional funds through reallocation, all of those funds must be expended by **June 30, 2024**



# Progressive Spending Deadline

HUD may recapture ESG-CV funds, if a recipient has not drawn in IDIS at least 50% of their total amount, adjusted by any recaptured amount, by June 16, 2022.

To calculate the amount that must be drawn from IDIS:

$(\text{Total Award}^* - \text{Any 9/30/21 Recaptured Funds}^{**}) \times 50\% = \text{Drawn Amount}$

\*Total Award = ESG-CV First Allocation + Second Allocation

\*\*Recaptured Funds are funds that were recaptured from the September 30, 2021 expenditure deadline to expend at least 20% of the recipient's total grant amount.





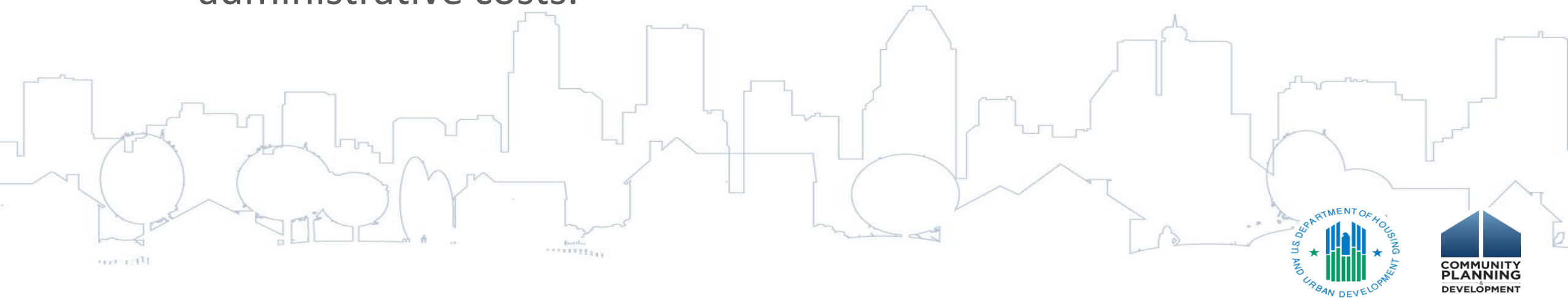
# Recapture Provisions from 9/30/2021

- CPD-21-08 established expenditure requirements by September 30, 2021
- If a recipient already received notice that some of their ESG-CV Funds would be recaptured, the recipient must:
  - Follow [instructions](#) to modify the grant in IDIS
  - Amend their Action Plan that was used for their initial ESG-CV allocation describing how they will use the balance of their funds
  - Recipient does not have to comply with any consultation or citizen participation requirements but must publish how they will use funds on the appropriate government website or through other electronic media



# Administration Funds Cap

- As permitted by the CARES Act, administration costs are capped at 10% of the total ESG-CV grant.
- Even if funds are recaptured, HUD will use the amount that is 10% of the first and second allocation amount (as originally awarded, before any recapture) to calculate the cap on administrative costs.



# Recapture and Reallocation

- HUD plans on 2 recapture processes based on the September 2021 and **June 16, 2022** deadlines.
- There will be one reallocation of funds.
- HUD will provide additional technical assistance to explain the steps recipients need to take if they are either having funds recaptured or receiving reallocated funds.



# Reallocation Timing

- All recaptured ESG-CV funds will be reallocated by formula to ESG-CV recipients that meet both progressive spending deadlines (September 2021 & June 2022) and whose allocation meets the minimum threshold of \$100K.
- See Appendix 1 of the Notice for the formula description and recipient eligibility criteria for receiving reallocated funds.
- CPD-22-06 waives the existing ESG program requirements for reallocation to follow the process established in the Notice and to use the formula described in Appendix 1, which is different from that typically used to calculate ESG awards.
- Reallocated amounts are subject to the same requirements and waivers that apply to other funds under the recipient's ESG-CV grant agreement (unless otherwise stated in CPD-22-06 or CPD-21-08)



# Reallocation Process

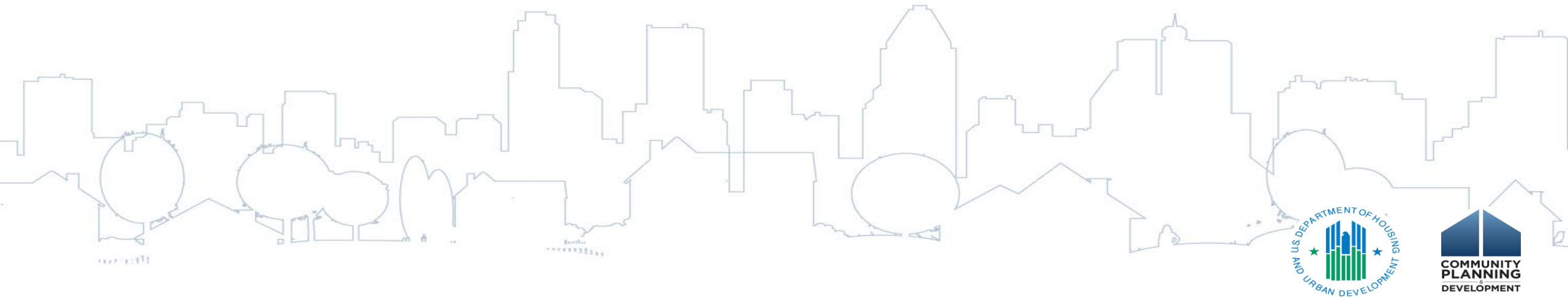
- After completing both recapture processes (September 2021 and June 2022), HUD will apply the formula in Appendix 1.
- HUD will notify all eligible recipients' authorized officials of their reallocation amounts and post the amounts on HUD.gov.
- Recipients' authorized officials have 7 days to confirm in writing that they will receive and use the additional funds by emailing: CARES Act Desk Officer, local HUD Field Office, and [ESG-CV@hud.gov](mailto:ESG-CV@hud.gov).
- If any recipients decline the funding, HUD will re-run the formula and immediately obligate via grant agreement amendment.



# Reallocation Process – Obligation Requirements

Obligation requirements for reallocated funds will follow ESG regulations at 24 CFR 576.203, except for States. States have 180 days from date of HUD's signature on the ESG-CV grant agreement amendment to:

- Obligate reallocated funds for activities it will carry out directly; and
- Obligate reallocate funds to subrecipients.



# Amending the Action Plan & Updating IDIS

- Whether funds are recaptured or reallocated, the recipient must amend its Action Plan and post it on the government website.
- This amendment is not treated as a ‘substantial amendment’ because HUD waived the Citizen Participation and Public Comment requirements. This means recipients:
  - Must post the amended plan on their government website;
  - Are not required to follow their citizen participation plan (including providing a 30-day public comment period, holding a public hearing, etc.)
- Recipients must amend their plan prior to drawing down reallocated funds.
- Follow submission requirements at 24 CFR 91.505(c)
- New certifications are not required.
- IDIS: update activity descriptions and activity funding (for reallocated funds: this must be done prior to drawing down funds).



# Formula Description

## Two-step formula calculation:

- Step 1 – geographic rollup/roll down, subject to maximum threshold (no more than 50% of original ESG-CV grant amount)
  - Recapture from metro city (MC), reallocation to -> urban county (UC) -> State
  - Recapture from UC, reallocation to -> MC -> State
  - Recapture from State, reallocation to -> UC & MC within State
  - If multiple entities within the same county or State are eligible to receive reallocated funds, amount will be allocated in direct proportion to relative share of amounts allocated in CV1 and CV2
  - If no entities within the same county or State are eligible, amount will be allocated as part of Step 2.





# Formula Description

- Step 2 –National formula
  - Half of remaining funds are allocated in direct proportion to each eligible recipient's share of aggregate ESG-CV funds drawn for RRH among all eligible recipients as of June 16, 2022.
  - Other half allocated in direct proportion to each eligible recipient's share of aggregate ESG-CV funds drawn (whether or not for RRH) among all eligible recipients as of June 16, 2022.
  - Repeat Step 2 to redistribute any amounts that exceed the maximum (50% of CV1 +CV2 award).
  - The estimated funding to recipients that don't meet the minimum threshold of \$100K will be redistributed to all remaining eligible recipients (excluding those already at their maximum) by re-executing Step 2.



# Additional Resources Coming...

- ESG-CV Notice Summary Update
- ESG-CV Waiver Matrix Update
- Redline version of ESG-CV CPD 21-08

