



OFFICE OF COMMUNITY PLANNING  
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-7000

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**Special Attention of:**

All CPD Directors  
HUD Field Offices  
HUD Regional Offices  
All ESG Program Recipients and Subrecipients  
All Continuums of Care

**Notice: CPD-22-06****Issued: April 18, 2022****Expires:** This notice is effective until amended, superseded, or rescinded.**Cross References:** Notice CPD-21-08, Notice CPD-21-05

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**SUBJECT: Waivers and Alternative Requirements for the Emergency Solutions Grants Program Under the CARES Act (ESG-CV); Amendments and Clarifications****TABLE OF CONTENTS:**

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**I. BACKGROUND**

On March 27, 2020, the President signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) into law. The CARES Act provided \$4 billion for the Emergency Solutions Grants (ESG) Program to prevent, prepare for, and respond to coronavirus among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus. HUD allocated the first \$1 billion of this ESG-CV funding on April 2, 2020, and the remaining \$2.96 billion on June 9, 2020. HUD also used 1 percent of the CARES Act's appropriation for the ESG program to increase capacity building and technical assistance for ESG recipients.

HUD issued a comprehensive ESG-CV notice (Notice CPD-20-08) to establish the waivers and alternative requirements for the ESG program under the CARES Act on September 1, 2020. Other ESG-CV flexibilities were made available as announced on May 22, 2020, September 30, 2020, and April 14, 2021. On July 19, 2021, HUD issued a new comprehensive ESG-CV Program Notice (Notice CPD-21-08), which superseded Notice CPD-20-08 and both iterated and

expanded the flexibilities made available for ESG-CV grants. Both the 2020 ESG-CV Notice and 2021 ESG-CV Notice contained interim expenditure deadlines of September 30, 2021 (for 20 percent of grant funds) and March 31, 2022 (for 80 percent of grant funds) and a final expenditure deadline of September 30, 2022 (for 100 percent of grant funds). However, in both of these comprehensive ESG-CV Notices, HUD expressly reserved discretion to issue a separate notice providing waivers and alternative requirements to replace the process for reallocating recaptured ESG-CV funds under section 24 CFR 576.300(2). This Notice reflects HUD's further consideration of the deadlines contained in the 2020 ESG-CV Notice and 2021 ESG-CV Notice, as well as HUD's determinations as to how recaptured funding is to be reallocated and used to correspond to the ongoing and changing needs of preventing, preparing for, and responding to coronavirus among individuals and families who are homeless or receiving homeless assistance and supporting additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus.

## **II. PURPOSE**

This Notice makes changes to the waivers and alternative requirements that set March 31, 2022 as the deadline for expending 80 percent of each ESG-CV grant and September 30, 2022 as the deadline for expending 100 percent of each ESG-CV grant. This Notice also includes a new waiver of housing stability case management limits as well as new waivers and alternative requirements specifying how recaptured ESG-CV funds will be reallocated and made available for immediate use in preventing, preparing for, and responding to individuals and families who are homeless or receiving homeless assistance and supporting additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus.

Unless expressly stated below, this Notice does not change any other currently applicable ESG-CV requirements or waivers. However, HUD reserves the right to reassess and make further changes to any waivers or alternative requirements established under this Notice, Notice CPD-21-08, or other HUD issuances, if HUD finds there has been a relevant change in the facts or legal authority supporting those waivers or alternative requirements.

## **III. WAIVER AND ALTERNATIVE REQUIREMENT AUTHORITY**

As provided by the CARES Act, HUD may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of ESG-CV funds, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment. For the reasons stated with each waiver or alternative requirement established in this Notice (including each change to a waiver or alternative requirement under Notice CPD-21-08), HUD has determined that good cause exists for each waiver or alternative requirement and that the waiver or alternative requirement is necessary to prevent, prepare for, and respond to coronavirus.

#### **IV. WAIVER OF LIMITS ON HOUSING STABILITY CASE MANAGEMENT**

In Section III.E.4.g(i) of Notice CPD-21-08, HUD waived the requirement at 24 CFR 576.105(c) limiting the total period of time for which any program participant may receive the services under 24 CFR 576.105(b) to 24 months during any 3-year period. HUD also waived the 30-day limit established in 24 CFR 576.105(b)(2) to the extent necessary to allow recipients or subrecipients to provide up to 60 days of housing stability case management while the program participant is seeking housing. However, HUD did not waive the requirement at 24 CFR 576.105(b)(2) limiting the total period of time for which any program participant may receive the services under paragraph (b)(2) to 24 months during the period the program participant is living in permanent housing.

In order to ensure current program participants receiving homelessness prevention and rapid rehousing assistance do not lose their housing during the coronavirus public health crisis and subsequent economic impacts caused by the crisis, HUD is also waiving the 24-month limit on housing stability case management established in 24 CFR 576.105(b)(2) for ESG-CV funds and FY2020 and earlier fiscal year ESG grant funds that are used to prevent, prepare for, and respond to coronavirus. This waiver is necessary because those residing in congregate settings, where many people reside after losing their housing, are at increased risk of COVID-19 infection, and helping program participants maintain housing will continue to decrease the risk of people experiencing and at risk of homelessness from contracting COVID-19. The Appendix details the increased risk of hospitalization and more severe COVID-19 outcomes faced by people experiencing homelessness when compared to the general population. This disproportionate impact speaks to the ongoing, critical need to provide continued rapid rehousing assistance (see the Prioritized Need for Rapid Rehousing section in the Appendix).

#### **V. CHANGES TO APPLICABLE DEADLINES AND RECAPTURE PROCESS**

As stated in President Biden's February 18, 2022 [Continuation of the National Emergency Concerning the Coronavirus Disease 2019 \(COVID-19\) Pandemic](#), the COVID-19 pandemic continues to cause significant risk to the public health and safety of the Nation. Accordingly, the waiver and alternative requirements provided in Sections III.B.2.b, III.B.2.c(ii), and III.B.2.c(iii) of Notice CPD-21-08 are amended to extend the overall expenditure deadline for ESG-CV funds and replace the March 31, 2022 expenditure deadline as further explained below.

##### **A. Overall Deadline for Expending ESG-CV Funds**

1. *First and Second Allocations.* Recipients must expend all amounts awarded through the first and second allocations of ESG-CV funds by September 30, 2023, except for administration and HMIS funds necessary for ESG-CV closeout, which must be expended by December 31, 2023. The new expenditure deadline of September 30, 2023 is necessary because the pandemic has

lasted much longer than initially anticipated and “continues to cause significant risk to the public health and safety of the Nation.” HUD has determined ESG-CV activities will still be needed to prevent, prepare for, and respond to coronavirus (as defined in Notice CPD-21-08) after the original grant end date of September 30, 2022. Many communities will need to make long term changes to their shelter programs to enable them to provide quarantine and isolation spaces when future coronavirus variants arise. Recent dramatic increases in rental housing costs will require additional rapid rehousing, and although rapid rehousing assistance is designed to be flexible and provided only as long as needed, HUD recognizes the difficulties in finding landlords willing to accept families whose assistance is set to expire before the end of the initial lease term. The additional three months for expending administration and HMIS funding (i.e., from September 30, 2023 to December 31, 2023) is necessary to give recipients sufficient time to accurately draw down and report on expenditures completed by September 30, 2023 after fully completing ESG-CV funded activities to prevent, prepare for, and respond to coronavirus.

2. *Reallocated Funds.* Recipients must expend the funds reallocated via the reallocation process outlined under this Notice by June 30, 2024. HUD is providing additional time to expend reallocated funds to ensure that recipients have sufficient time to re-evaluate the needs within the community to identify the most effective uses of ESG-CV reallocated funds to prevent, prepare for, and respond to coronavirus. One factor of the reallocation formula described in Appendix 1 is intended to keep ESG-CV funds available within the same geographic area as those recipients from which funds were recaptured. Recipients receiving reallocated funds will need additional time to determine the strategic use of funding that will have the most impact on COVID-19 response for its geographic area. Rather than incentivizing recipients to simply increase funding for existing activities and subrecipients, or prioritizing activities for which funds can be quickly spent, HUD expects recipients to take the time necessary to ensure funds are used for activities that will be most effective in preventing, preparing for, and responding to coronavirus as well as mitigating the economic impacts of COVID-19 for people experiencing homelessness and at risk of homelessness.

**B. Progressive Spending Deadline and Recapture Provisions.** HUD may recapture up to the difference between 50 percent of the total amount the recipient received in HUD’s first and second allocations of ESG-CV funds, adjusted by any recaptured amounts, if applicable, and the amount of ESG-CV funds a recipient has drawn from IDIS by June 16, 2022 if HUD determines that by June 16, 2022 the recipient has not drawn down from IDIS at least 50 percent of the total amount the recipient received in HUD’s first and second allocations of ESG-CV funds, adjusted by any recaptured amounts, if applicable.

HUD will determine compliance with this requirement based on IDIS draw data as of June 16, 2022. All draws must comply with the applicable federal payment requirements under 2 CFR 200.305. By replacing the March 31, 2022 deadline for expending 80 percent of ESG-CV grant

funds with this new June 16, 2022 deadline for drawing down 50 percent of the total amount provided in the first and second allocations of ESG-CV funds, HUD is attempting to balance the need to quickly apply the available ESG-CV funding to meet the urgent needs for ESG-CV activities that prevent, prepare for, and respond to coronavirus in the near term with the need to stretch the funds to account for the persistence of the pandemic and its long-term effects on individuals and families who are homeless, receiving homeless assistance, or at risk of homelessness. HUD also determined that June 16, 2022 is the latest date for which it is feasible for HUD to provide recipients with due process before recapturing funds, while still meeting the CARES Act's deadline for HUD to obligate ESG-CV funds as needed to respond to recipients' demonstration of their relative need and use of ESG-CV funding to prevent, prepare for, and respond to coronavirus.

## **VI. RECAPTURE AND REALLOCATION OF FUNDS**

### **A. Recapture**

1. HUD will recapture funds from some recipients that did not meet the September 30, 2021 expenditure deadline established in Section III.B.2.c(i) of Notice CPD-21-08 and may recapture funds consistent with the June 16, 2022 drawdown deadline established in this Notice.

Recaptured amounts will be reallocated directly to States and units of general local government according to the formula described in Appendix I of this Notice.

2. Recipients from which HUD has recaptured funds must account for the decrease in their total grant amount by amending the same plan that was used for their initial ESG-CV allocation, as required under 24 CFR 91.505 and 576.200(b), (and any IDIS information that must be updated to account for the grant decrease) to describe how the recipient plans to use the balance of their funds. The recipient is not required to comply with any consultation or citizen participation requirements (as provided by the CARES Act and Notice CPD-21-08), provided that the recipient publishes how it has used and will use its ESG-CV funds, at a minimum, on the Internet at the appropriate government website or through other electronic media.

### **B. Reallocation**

1. *Timing and Formula.* ESG requirements at 24 CFR 576.300(2) specify that recaptured funds will be awarded by formula. In October and April each year, HUD will determine if the amount of recaptured funds is at least 30 percent of the most recent fiscal year appropriation. If so, HUD will amend all existing grants and reallocate the funds. If the amount is less than 30 percent of the most recent fiscal year appropriation, the funds will be reallocated in conjunction with the next fiscal year's allocation of funding.

HUD is waiving 24 CFR 576.300(2) to the extent necessary for HUD to establish the alternative requirements that recaptured funds will be reallocated by the formula described in Appendix 1 within a timeframe that is as soon as administratively feasible, irrespective of whether the amount of recaptured funds is at least 30 percent of the most recent fiscal year appropriation. This alternative requirement is needed to ensure that recaptured funds are made available as quickly as possible to prevent, prepare for, and respond to coronavirus. The alternative formula, described in Appendix 1, is necessary to ensure funds are reallocated for the benefit of unsheltered homeless, sheltered homeless and those at risk of homelessness, to geographical areas with the greatest need based on factors including the extent to which recipients have already expended first and second allocations and the need for funding to rehouse people experiencing literal homelessness to reduce the risk of negative health outcomes from coronavirus.

*2. Reallocation Process.* HUD will use the following process for reallocating funds recaptured as a result of recipients' failure to meet the September 2021 deadline and, if applicable, the new June 2022 deadline: After determining the total amount available for reallocation HUD will apply the formula described in Appendix I and notify all eligible recipients of their reallocation amounts. This notification will be made by email to the authorized official of each eligible recipient as well as by posting the preliminary reallocation amounts on HUD's website at HUD.gov. Within seven days of the date HUD posts the reallocation amounts on HUD's website, the recipient's authorized official must confirm in writing to their CARES Act Desk Officer, local HUD field office, and [ESG-CV@hud.gov](mailto:ESG-CV@hud.gov) whether they are willing or unwilling to receive and use the additional funding. HUD will then apply the formula again to determine the final amounts to be reallocated to the eligible recipients that have confirmed they are willing to receive and use the reallocated amounts. Finally, HUD will obligate the reallocated funds by amending those recipients' ESG-CV grant agreements as explained in section VII.A of this Notice. Prior to drawing down reallocated funds, recipients must amend their Consolidated Plans and update the ESG-CV activity and budget information in IDIS as described in Section VII of this Notice.

## **VII. REQUIREMENTS FOR REALLOCATED FUNDS**

**A. Grant Agreement Amendment.** The ESG-CV grant agreement provides that without the recipient's execution of an amendment or other consent, HUD may amend the agreement to provide additional funds to the recipient under the CARES Act in accordance with applicable law. To assure reallocated funds are made available quickly to meet the urgent need to prevent, prepare for, and respond to coronavirus, HUD plans to use this discretion under the ESG-CV grant agreement and HUD's alternative requirement authority under the CARES Act. Accordingly, after providing time for recipients to decline reallocated funds as described in Section VI.B.2 of this Notice, and applying the reallocation formula described in Appendix 1, HUD will unilaterally amend each ESG-CV grant agreement to which HUD is adding

reallocated amounts, subject to the condition that, before drawing down any reallocated amounts, the recipient must amend its Consolidated Plan/Annual Action Plan and update its ESG-CV activity and budget information in IDIS to account for the additional ESG-CV funding as described in Sections VII.B and C below.

**B. Consolidated Plan.** Before drawing down reallocated ESG-CV funds, each eligible recipient must amend its Consolidated Plan (i.e., the same plan that was used for its initial ESG-CV allocation) as provided by 24 CFR 91.505 and 576.200(b) to include additional reallocated ESG-CV amounts, except that the recipient is not required to comply with any consultation or citizen participation requirements (as provided by the CARES Act and Notice CPD-21-08), provided that the recipient publish how it has used and will use its ESG-CV funds (including the funds added through reallocation), at a minimum, on the Internet at the appropriate government website or through other electronic media.

The amendment and public notice must describe the activities the recipient will fund with its additional ESG-CV funds and indicate whether, as of the date the notice is published, the activity has already occurred and the recipient is reimbursing itself, or the activity has yet to occur. In its notification and communication methods, recipients and subrecipients must also ensure effective communication with individuals with disabilities and take reasonable steps to ensure meaningful access to persons with limited English proficiency (LEP). See also 24 CFR 576.407(a) and (b).

The amendment to include reallocated amounts will be subject to the submission requirements in 24 CFR 91.505(c) and will also be subject to monitoring and audits to assure compliance with applicable requirements. However, recipients will not need to submit new ESG-CV certifications, and the review and approval requirements under 24 CFR 91.500 will not apply to recipients' amendments that are made to account for reallocation amounts added under the terms of the recipients' existing ESG-CV grant agreements.

**C. Integrated Disbursement and Information System (IDIS) Updates.** Before drawing down reallocated amounts, recipients must also update applicable IDIS activity descriptions as necessary, and amounts budgeted to ESG-CV activities in IDIS to reflect the planned and actual use of reallocated funds.

**D. Eligible Uses of Reallocated Amounts.** Except as expressly stated in this Notice or Notice CPD-21-08, reallocated amounts that are added to a recipient's ESG-CV grant agreement are subject to the same requirements and waivers that apply to other funds under the recipient's ESG-CV grant agreement, including the conditions for using ESG-CV funds for pre-award costs as provided in section III.E.2 of Notice CPD-21-08.

#### **E. Obligation Deadlines for Reallocated ESG-CV Funds**

Section III.B.1 of Notice CPD-21-08 established the obligation deadlines for each recipient's first and second allocation of ESG-CV funds. Those obligation deadlines have already passed

and are not changed by this Notice. Further, HUD is not waiving the applicable periods for obligating funds under 24 CFR 576.203(a)(2) that are *reallocated* to metropolitan cities, urban counties, or territories. However, with respect to *reallocated* ESG-CV funds that States receive as described in this Notice, HUD is waiving the applicable periods for obligating funds under 24 CFR 576.203(a)(1) that are reallocated to States and establishing the following alternative requirements.

Recipients that are States have:

1. 180 days from the date HUD signs the grant agreement amendment for reallocated funds to obligate those reallocated funds for activities it will carry out directly, as permitted in Section III.A.1.a of Notice CPD-21-08. This obligation may be evidenced by a written designation of a department within the government to carry out an eligible activity directly; and
2. 180 days from the date HUD signs the grant agreement amendment for reallocated funds to obligate those reallocated ESG-CV funds to subrecipients.

Except as expressly provided in E.1 and E.2 above, the requirements for meeting these obligation deadlines are as provided in 24 CFR 576.203(a)(1).

HUD has determined that extending the periods for obligating reallocated ESG-CV funds as provided above is necessary because the requirement to obligate the entire grant, except for administrative costs, within 60 days does not provide States with sufficient time to re-evaluate statewide needs and to identify the most effective uses of reallocated ESG-CV funds to prevent, prepare for, and respond to coronavirus. Because the reallocation formula described in Appendix 1 is intended to keep ESG-CV funds available within the same geographic area as those recipients from which funds were recaptured, States need additional time to plan for the strategic use of funding that will have the most impact on COVID-19 response for its geographic area, including jurisdictions from which funding has been recaptured. Rather than incentivizing recipients to simply increase funding for existing activities and subrecipients, or prioritizing activities for which funds can be quickly spent, HUD expects recipients to take the time necessary to ensure funds are used for activities that will be most effective in preventing, preparing for, and responding to coronavirus as well as mitigating the economic impacts of coronavirus for people experiencing homelessness and at risk of homelessness.

## **VIII. PRIOR ESG APPROPRIATIONS**

As authorized by the CARES Act, HUD is extending the waiver of limits to housing stability case management provided under Section IV of this Notice to apply to FY2020 and earlier fiscal year ESG grant funds a recipient uses to prevent, prepare for, and respond to coronavirus until September 30, 2022, provided that: (1) the recipient has already met the conditions in Section IV of Notice CPD-21-08 as of the date of this Notice for using those funds in accordance with ESG-

CV flexibilities; or (2) the recipient meets the conditions in Section IV of Notice CPD-21-08 after the date of this Notice for using those funds in accordance with ESG-CV flexibilities.

In all other respects, the waivers and alternative requirements described in this Notice do not apply to annual ESG grants, and this Notice does not alter the applicability of ESG-CV waivers and alternative requirements for prior ESG appropriations as stated in Section IV of CPD Notice 21-08.

Importantly, no ESG-CV flexibilities, whether provided by Section IV of this Notice or by Notice CPD-21-08, will apply beyond September 30, 2022 for purposes of any annual ESG grant funds. This Notice does not extend the expenditure period for any annual ESG grants, and HUD expects annual ESG grants for FY2020 and earlier fiscal years to be expended within the periods of performance provided by their respective grant agreements.

## **IX. FINDING OF NO SIGNIFICANT IMPACT**

A Finding of No Significant Impact (FONSI) with respect to the environment has been made in accordance with HUD regulations at 24 CFR part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for inspection at HUD's Funding Opportunities web page at: <https://www.hud.gov/coronavirus/grantees>.

James A. Jemison II

Principal Deputy Assistant Secretary  
for Community Planning and Development

## APPENDIX 1

### **Formula for Reallocating Recaptured ESG-CV Funds**

This Appendix provides an explanation for the formula HUD will use for the reallocation of ESG-CV funds, including HUD's reallocation of ESG-CV funding recaptured from recipients that did not meet the requirement to expend 20 percent of their total ESG-CV grant amount by September 30, 2021, as well as any further ESG-CV funds that are recaptured from recipients that do not meet the June 16, 2022 deadline for drawing down 50 percent of the total amount HUD provided to those recipients in the first and second allocations of ESG-CV funding, adjusted by any recaptured amounts, if applicable.

ESG-CV funds are provided to prevent, prepare for, and respond to coronavirus among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts created by coronavirus. It is important that resources be targeted to communities that need and can fully expend additional funding to support these efforts within the grant period.

This formula is necessary to ensure funds are reallocated for the benefit of people experiencing unsheltered homelessness, sheltered homelessness and those at risk of homelessness, to geographical areas with the greatest need based on factors including the extent to which recipients have already expended first and second allocations and the need for funding to rehouse people experiencing literal homelessness to reduce the risk of negative health outcomes from coronavirus. Therefore, HUD is reallocating recaptured funds using a formula that is targeted to the geographies of those recipients from which funds have been recaptured as well as to recipients based on overall draws and the amount of rapid rehousing funds drawn.

#### *Recipients Eligible to Receive Reallocated Funds; Minimum and Maximum Reallocation Amounts*

To be eligible to receive reallocated funds from the September 30, 2021 or June 16, 2022 recapture processes, recipients must have met both progressive deadline requirements. These eligibility criteria ensure that the recipients of reallocated funds have demonstrated continued and consistent spending and capacity for coronavirus response efforts. The recipient's final projected reallocation amount must meet the minimum reallocation amount described below.

HUD is establishing the following minimum reallocation threshold and maximum reallocation amount for each reallocation of ESG-CV funds to ensure they are large enough to justify the administrative cost to administer these funds, while minimizing the risk of recipients not being able to expend all available funds by the expenditure deadline:

Minimum reallocation amount: The minimum HUD will make available to a recipient through reallocation is \$100,000. HUD will not issue any reallocated amounts to recipients that would have received less than \$100,000 as calculated by the reallocation formula.

Maximum reallocation amount: The total HUD will make available to a recipient through reallocation will not exceed 50 percent of the total ESG-CV funds that HUD provided that recipient through the first and second allocations of ESG-CV funds.

In cases where a recipient notifies HUD, consistent with Section VI.B.2 of this Notice, that it is unwilling to accept and use reallocated funds, HUD will re-execute the formula from Step 1 after removing that recipient from the base of recipients eligible for reallocation.

### *Reallocation Calculation*

The Department has developed a reallocation formula that follows a two-step process. The initial step in the formula calculation prioritizes the reallocation of funding within the same State, or within the same county, if possible, to counterbalance the decrease in available ESG-CV assistance within a State due to the recapture of ESG-CV funds from another recipient within that State. A national formula will be applied to all remaining funds as part of the second step of the reallocation process, which applies weight based on overall draw amounts as well as funds drawn for rapid rehousing activities.

**Step 1** - The reallocation of recaptured funds will proceed as follows during this Step 1, subject to eligibility of the identified recipient(s) for reallocation and the maximum reallocation amount:

- Funds recaptured from a metropolitan city will be allocated to an urban county within the same county in which the city is located, or else to the State in which the city is located.
- Funds recaptured from a State will be allocated to urban counties and metropolitan cities within that State.
- Funds recaptured from an urban county will be allocated to metropolitan cities within the same county in which the urban county is located, or else to the State in which the urban county is located.
- If multiple entities within the same county or the same State, as applicable, are eligible to receive reallocated funds, the amount will be allocated in direct proportion to their relative share of the amounts allocated in the first and second formula allocation of ESG-CV funds.
- If none of the entities within the same county or the same State, as applicable, are eligible to receive reallocated funds, the amount will be allocated as provided in Step 2.

The minimum reallocation amount is not applied during this Step 1, but any amount determined to exceed a recipient's maximum reallocation amount during this Step 1 would be reallocated as provided by Step 2.

**Step 2** - The second step in the formula calculation reallocates remaining recaptured funding that could not be rolled up or down to eligible in-State recipients in Step 1 in accordance with the maximum reallocation amount described above. Half of this remaining funding will be allocated in direct proportion to each eligible recipient's share of aggregate ESG-CV funds drawn for rapid rehousing among all eligible recipients as of June 16, 2022. The other half of the remaining funding will be allocated in direct proportion to each eligible recipient's share of aggregate ESG-CV funds drawn (whether or not for rapid rehousing) among all eligible recipients as of June 16, 2022.

If the amount determined for a recipient under this Step 2, plus any amount determined for that recipient in Step 1, exceeds the maximum reallocation amount for that recipient, the excess amount will be redistributed by repeating the process described above for this Step 2 for eligible recipients that have not yet reached their respective maximum reallocation amounts.

Total reallocation amounts for recipients (Step 1 + Step 2) will be subject to a pro rata reduction so that the aggregate reallocation equals the total amounts recaptured from the September 2021 and June 2022 recapture processes. The minimum reallocation amount for a recipient is \$100,000. The estimated funding to recipients that do not meet the minimum thresholds will be distributed to all remaining eligible recipients (excluding those already receiving their maximum reallocation amounts) by re-executing the formula in this Step 2.

### *Prioritized Need for Rapid Rehousing*

HUD's reasoning for channeling more funding to recipients with higher rapid rehousing expenditures is as follows: Despite the availability of COVID-19 vaccinations and the reopening of schools and local businesses, many ESG recipients are continuing to face challenges in ensuring appropriate shelter and housing options are available for program participants experiencing and at risk of homelessness. COVID-19 has been shown to rapidly spread in shelter settings<sup>1</sup>. Recent studies also show that people experiencing homelessness with confirmed COVID-19 were more likely to be hospitalized and have more severe COVID-19 outcomes than those with COVID-19 in the general population<sup>2</sup>. At the same time, a Centers for Disease Control and Prevention (CDC) study<sup>3</sup> released in December 2021 found that people experiencing homelessness had significantly lower vaccination coverage compared to residents living in the same geographic areas.

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<sup>1</sup> (Bagget et al., 2020; Imbert et al., 2020)

<sup>2</sup> (Cha et al., 2021; Han et al., 2021; Hsu et al., 2020; Leifheit et al., 2021)

<sup>3</sup> Montgomery MP, Meehan AA, Cooper A, et al. Notes from the Field: COVID-19 Vaccination Coverage Among Persons Experiencing Homelessness — Six U.S. Jurisdictions, December 2020–August 2021. *MMWR Morb Mortal Wkly Rep* 2021;70:1676–1678. DOI: <http://dx.doi.org/10.15585/mmwr.mm7048a4>

Low vaccination rates and poorer health outcomes, compounded by the increased risk for COVID-19 infection in congregate settings<sup>4</sup>, such as emergency shelters, speak to the ongoing, critical need to provide recipients with ESG-CV rapid rehousing funding to expedite program participants' transition from homelessness to housing and to ensure adequate assistance is available to prevent a return to homelessness. HUD is strongly encouraging recipients to prioritize ESG-CV funding for rapid rehousing as part of an effective community-wide strategy for preventing, preparing for, and responding to coronavirus among people experiencing homelessness. Accordingly, HUD is assigning added weight based on funds drawn for rapid rehousing to target funding to recipients that have a demonstrated need for rapid rehousing as shown by the amount of funds drawn for this important activity.

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<sup>4</sup> Self JL, Montgomery MP, Toews KA, et al.; COVID-19 Homelessness Response Team. Shelter characteristics, infection prevention practices, and universal testing for SARS-CoV-2 at homeless shelters in 7 US urban areas. *Am J Public Health* 2021;111:854–9. <https://doi.org/10.2105/AJPH.2021.306198>external icon PMID:33734836external icon