

## ASK A QUESTION FOR ESG CV (Updated 12/10/2021)

Over the course of the grant term for the ESG CV funds, it has been necessary to seek guidance from HUD on issues that were particularly confusing to both KHC staff and sub-recipients. We have shared those questions and responses below.

***Please note these responses have been provided based on the current requirements and guidance available. Notices or other HUD-issued guidance in the future may change the requirements in place at the time of the response. Also, the response in this email is specific to the question KHC submitted and may not always apply to similar questions. Therefore, please use discretion in providing the response to others, as the answer may not apply.***

*For ESG-CV and annual ESG funds used to prevent, prepare for, respond to, and mitigate the impacts of coronavirus, the [ESG Program Interim Rule](#) at 24 CFR Part 576 applies except for the waivers and additional eligible activities established in the CARES Act, [Notice CPD-21-08](#), and [Notice CPD 21-05](#). The same waivers and additional eligible activities established for ESG-CV funds in the Notice apply to annual ESG funds (including FY2020 and prior fiscal year grant funds) if a recipient uses the funds to prevent, prepare for, respond to, and mitigate the impacts of coronavirus as long as the conditions in Section IV of [Notice CPD-21-08](#) are met. **The waivers and additional eligible activities apply until September 30, 2022 and do NOT apply to FY 2021 annual ESG funds.** Annual ESG grants are not subject to the enhanced CARES Act reporting requirements and the expenditure timeframes provided for the ESG-CV grants. The CARES Act and Notice do not apply to annual ESG funds used for purposes NOT related to preventing, preparing for, and responding to coronavirus.*

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**Question:**  
9/20/2021

**Under the new flexibilities described in CPD-Notice-21-08, where it requires that furniture and furnishings are required to remain the property of the program/subrecipient, does this also apply to mattresses? I believe I saw some guidance under the CoC program that allowed for mattresses to remain with the participant household.**

**Response:**

Determination of whether the equipment is no longer needed for the original project or program, or for other activities supported by HUD must be made by the recipient. The recipient's policies and procedures should include a rationale(s) to justify that the household furnishings have NOT retained sufficient value to continue to be used for the original project or program. For example, if furniture could be sold or donated, you should assess whether it has retained sufficient value to continue to be used for the original project or program. For hygiene reasons, furnishings such as a mattress or bedding would likely not retain sufficient value to continue to be used for the original program. In contrast, furnishings that would not present hygiene issues, such as a bedframe, cookware, or tableware, should continue to be used for the original program purpose. Recipients or subrecipients should have policies and procedures in place for making these determinations. Additionally, as explained below, recipients should have control systems

in place to keep adequate equipment records, as well as policies and procedures for managing disposition.

The remainder of our response provides additional guidance on disposition requirements. As you know, ESG-CV and annual ESG funds used to prevent, prepare for, and respond to coronavirus may be used to buy furniture and household furnishings for use by program participants while they are receiving homelessness prevention and rapid re-housing assistance. ([Notice CPD-21-08](#), III.E.3.i). Requirements for disposition (**2 CFR 200.313(e)**) depend on whether the equipment is still needed for the original project or program, or for other federally-sponsored projects, or for programs that have purposes consistent with those authorized for support by HUD, and the value of the equipment.

If the recipient determines that the equipment is no longer needed for the purpose of the original project, the recipient may use the equipment in the following ways and disposition requirements would not be triggered:

- In other federally-sponsored projects.
- In programs that have purposes consistent with those authorized for support by HUD.

When the furniture and household furnishings are **no longer needed** for the original project or program, or for other federally-sponsored projects, or for programs that have purposes consistent with those authorized for support by HUD, disposition requirements are determined based on their value:

- For equipment or assets with a current per unit fair market value *under \$5,000*, the agency may dispose of the equipment as they see fit with no further obligation to HUD.
- For equipment or assets with a current per unit fair market value *in excess of \$5,000*, the recipient should request disposition instructions from your local HUD Field Office CPD Representative and further review the rules for disposition of equipment.

With regard to inventory and tracking, 2 CFR 200.313(d)(1) requires that recipients or subrecipients maintain records that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the [project costs](#) for the [Federal award](#) under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Recipients or subrecipients should also develop system of controls in order to ensure that adequate maintenance is provided for the equipment and to prevent loss, damage, or theft. For example, with regard to the subrecipient's responsibility for tracking furnishings that are loaned to program participants:

- For damaged furnishings, document the damage and dispose of the furnishings.
- For missing furnishings, document the furnishings that were not returned and the subrecipient's due diligence in attempting to recover the furnishings.

**Question:**  
**9/15/2021**

**Under the terms of the ESG CV Notice-CPD-21-08 where it states up to \$50 in cash per dose can be paid to people experiencing homelessness, does it allow for a RRH client to**

**receive payment for dose #1 while "literally homeless", then receive payment for dose #2 after being housed in the RRH program?**

**Response:**

As you are aware, ESG-CV funds are eligible to be used to make direct, cash payments, up to \$50 per dose to people **experiencing homelessness**, as an incentive for receiving a coronavirus vaccine, as provided in [Notice CPD-21-08](#), which would include a coronavirus booster if recommended by the CDC.

Eligible program participants would include those households determined eligible for ESG assistance under the homeless definition and currently enrolled in a rapid rehousing program but not yet housed. In your example, a rapid rehousing client may receive a vaccine incentive for their first dose while "literally homeless," but may NOT receive a vaccine incentive payment for their second dose after being housed with rapid rehousing assistance. Direct, cash payments for vaccine incentives may include options such as direct deposit or PayPal since these are simply different transaction methods for giving people cash. Direct cash payments may also include the use of pre-paid credit/debit cards or gift cards that are unrestricted (i.e., not limited to a specific use or a particular retailer). Recipients should be sure they provide options for cash payments in a way that is accessible to the people receiving it (e.g., direct deposit, PayPal, cash, unrestricted gift card). Only offering the option of a direct deposit would not be appropriate because that wouldn't be accessible to those who don't.

**Question:**

**8/25/21**

**Can ESG CV funds be used to cover pet fees at hotels where homeless clients are placed as either overflow for shelter decongregation or for COVID-related quarantining? These fees would be those imposed for all hotel guests that bring pets.**

**Response:**

No, pet deposits or pet fees are not an eligible ESG expense under any component. Under the Emergency Shelter component, pet deposits or pet fees would not be an eligible cost under either essential services or shelter operations. (24 CFR 576.102). While ESG can cover the cost (including taxes) of the room, the ESG AAQ would recommend using a leverage resource to cover ineligible fees, such as a pet fees or smoking fees, to reduce barriers to emergency shelter.

**Question:**

**3/17/2021**

**While we understand that Landlord Incentives are capped at three times the amount of one month of contract rent (no matter what combination is provided), does the original security deposit (the one charged by landlords to all potential renters) count as part of that calculation?**

**For example, if the contract rent for a unit is \$600 and we pay the regular deposit of \$600 plus 2 times that (\$1,200) for a signing bonus, do we still have \$600 available to cover damages or maintenance for the unit?**

**Response:**

Aggregate landlord incentives, in any combination of the 4 eligible types of incentives, are capped at the equivalent of 3 months of rent. Security deposits, which are an eligible cost under section 576.105(a)(2) of the ESG Program Interim Rule, are treated **as separate and distinct types of assistance** from landlord incentives and do not count against a program participant's months of landlord incentives or rental assistance. Therefore, in your example:

- **Landlord Incentives - Signing bonus:** this is equal to the value of two months of rent. This means that the equivalent of an additional one month of rent may be provided through one of the three other types of eligible landlord incentives. This assistance would not count toward rental or financial assistance provided to a program participant.
- **Security deposit:** this does not count against a program participant's months of rental assistance or landlord incentives.
- **Landlord Incentives - Damages or Maintenance:** Landlord incentives may be used to pay the cost to repair physical damage incurred by the program participant not covered by the security deposit. Landlord incentives may also pay for extra cleaning or maintenance of a program participant's unit or appliances. Since landlord incentives are capped at three months for any combination of the four types, and two months were used for signing bonus, the equivalent of one month of rent may be used to pay landlord incentives to cover physical damages or for maintenance.

**Question:**

10/2/2020

I know that the ESG-CV Notice says that "hazard pay" is allowed to pay staff working directly to prevent, prepare for, and to respond to COVID-19. Is there any guidance about how Hazard Pay is to be administered/distributed, etc.

**We have an agency that wants to pay shelter staff that are working directly to "prevent/prepare/respond" a one time payment to acknowledge the hazardous work they have been doing/are doing. Is this permissible under the ESG-CV program and, if so, can it be done as a one-time payment as described or does it somehow have to be added to the staff member's hourly rate?**

**Response:**

Hazard pay may include including one-time bonuses and does not have to be added to the staff member's hourly rate. As permitted by the CARES Act and **Notice CPD-20-08**, ESG-CV funds may be used for hazard pay, when recipient- or subrecipient-staff work **directly** to prevent, prepare for, and respond to coronavirus among persons who are homeless or at risk of homelessness and document the nature of the work being provided to substantiate this. Examples of recipient or subrecipient staff working directly in support of coronavirus response include emergency shelter intake staff, street outreach teams, emergency shelter maintenance staff, emergency shelter security staff, staff providing essential services (e.g., outpatient health or mental health, housing navigators), and staff in proximity to persons with coronavirus or working in locations with a high likelihood of contracting coronavirus. (Notice III.E.3.d).

Staff and overhead costs directly related to carrying out ESG activities, including hazard pay and one-time bonuses, eligible under Sections 576.101 through 576.107 are eligible costs as part of those activities are allowable if all of the following criteria are met:

- (1) They are provided under your organization's established written compensation policies;
- (2) The costs are equitably allocated to all related activities, including Federal awards; and,
- (3) The accounting basis (cash or accrual) selected for costing each type of compensation is consistently followed by the grantee/subrecipient or specified grouping of employees.

Generally speaking, if a staff cost is eligible as an ESG Program cost, then the cost can be charged to the grant, as long as the organization's compensation policies are consistent with the cost principles established by the Office of Management and Budget for federal grant awards. Please note that this may include costs for overtime or hazard pay that are incurred by an ESG recipient or subrecipient to prevent, prepare for, and respond to coronavirus that are incurred prior to the date that organization's established written compensation policies were revised to allow for these costs. These cost principles help organizations determine the costs for specific activities and the costs that are chargeable to grants, contracts, and other agreements. These cost principles are outlined at [2 CFR 200 Sub-Part E](#). Key cost principles governing staff compensation are outlined at [2 CFR 200.430 and 200.431](#). For additional guidance on employee compensation and other overhead costs eligible under the ESG program, you should review **FAQ #1838**.