

ESG Match FAQ



This document is intended to provide Metro Denver Homeless Initiative (MDHI) Emergency Solutions Grants (ESG) program-funded providers with answers to frequently asked questions regarding match. This document was compiled by ICF under contract with MDHI and leveraged existing HUD Ask A Question (AAQ) responses regarding ESG match policy and the ESG Interim Rule. The State of Colorado Department of Local Affairs: Division of Housing (DOLA:DOH) has also reviewed these materials and will enforce the same match requirements for the entirety of their ESG portfolio to be in line with ESG policy and regulation.

This document details 10 frequently asked questions. Each topic is explained in summary, then followed by a full explanation.

1. ESG Match General Rules
2. Rapid Re-Housing and Homeless Prevention Eligible Costs
3. Component to Component Match
4. Match Process and Template
5. CoC and ESG Match
6. In-kind (Noncash) vs. Cash Match
7. HOME:TBRA vs. HSP
8. Volunteer Hours
9. OneHome Navigation and Housing Placement Services
10. Indirect Rate Eligibility Requirements

1. ESG Match General Rules

Summary: If ESG funds cannot pay for “it”, then “it” is not eligible for match!

Full Explanation: In general, federal (other than ESG), state, local, or private funds may be used to satisfy the requirement that the recipient provide matching contributions to ESG, so long as the following conditions are met:

- The matching funds are contributed to the ESG program and expended for the recipient or sub-recipient’s allowable ESG costs.
- If the matching funds are from another federal program, there is no specific statutory prohibition on using those funds as match.
- The matching funds are used in accordance with all requirements that apply to ESG grant funds, except for the expenditure limits in 24 CFR 576.100. This includes requirements such as documentation requirements, eligibility requirements, and eligible costs.
- The matching funds are expended (that is, the allowable cost is incurred) after the date HUD signs the grant agreement for the ESG funds being matched.
- The matching funds are expended by the expenditure deadline that applies to the ESG funds being matched.
- The matching funds have not been and will not be used to match any other Federal program’s funds nor any other ESG grant.
- The recipient does not use ESG funds to meet the other program's matching requirements.

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- The recipient keeps records of the source and use of the matching funds, including the particular fiscal year ESG grant for which the matching contribution is counted.

2. Rapid Re-Housing and Homeless Prevention Eligible Costs

Summary: ESG sub-recipients are only allowed to use Rapid Re-housing and Homeless Prevention funds for eligible costs.

Full Explanation: Under the ESG-funded component of Homeless Prevention the following are the eligible costs:

- Housing relocation and stabilization services and short-and/or medium-term rental assistance as necessary to prevent the individual or family from moving to an emergency shelter, a place not meant for human habitation, or another place described in paragraph (1) of the homeless definition.
- The costs of homelessness prevention are only eligible to the extent that the assistance is necessary to help the program participant regain stability in their current housing or move into other permanent housing and achieve stability in that housing.

Eligible costs (as described in CFR 576.103) include:

- Rental Assistance: rental assistance and rental arrears.
- Financial assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs.
- Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair.

Under the ESG-funded component of Rapid Re-Housing the following are the eligible costs:

Housing relocation and stabilization services and/or short-and/or medium-term rental assistance as necessary to help individuals or families living in shelters or in places not meant for human habitation move as quickly as possible into permanent housing and achieve stability in that housing.

Eligible costs (as described in 24 CFR 576.104) include:

- Rental Assistance: rental assistance and rental arrears.
- Financial Assistance: rental application fees, security and utility deposits, utility payments, last month's rent, moving costs.
- Services: housing search and placement, housing stability case management, landlord-tenant mediation, tenant legal services, credit repair.

3. Component to Component Match

Summary: ESG Sub-recipients are not allowed to match an ESG component (Emergency Shelter, Street Outreach, Homelessness Prevention, Rapid Re-Housing, Homeless Management Information System or Administration) for which they are not funded.

Full Explanation: In general, federal (other than ESG), state, local, or private funds may be used to satisfy the requirement that the recipient provide matching contributions to ESG, so long as the matching funds are contributed to the ESG program and expended for the recipient or sub-recipient's allowable ESG



costs. For instance, you cannot match your non-ESG funded Emergency Shelter to MDHI-funded Rapid Re-Housing. You can only match eligible costs for the ESG component you are funded. Additionally, services provided at emergency shelter that are ESG eligible, but are not paid for in any way through ESG funds, (housing search and placement, case management, etc.) can be used as match if the household is already enrolled in ESG RRH and seeking to obtain Permanent Housing.

It does not mean, however, that you must match dollar for dollar your allowable costs. The matching funds are provided based on the total grant amount and do not have to be provided on a component-by-component basis. For example, if a sub-recipient is spending \$10,000 of ESG on HMIS and \$50,000 on RRH, the full \$60,000 match can be made with rental assistance dollars from another eligible source.

4. Match Process and Template

Summary: ESG Sub-recipients are to use the MDHI-created match process and template for the initial match documentation and quarterly match reporting.

Full Explanation: the ESG Match Process and Template was developed for the documentation regarding the initial match commitment and quarterly ESG Match reporting requirements. All MDHI-funded Rapid Re-Housing and Homeless Prevention programs are required to submit an initial Match commitment during the contract signature phase of the grant agreement. Thereafter, each quarter MDHI-funded Rapid Re-Housing and Homeless Prevention programs will submit the template with actual match cumulatively to date (from contract start through first quarter, then contract start through second quarter, etc...). If the match sources change throughout the year let MDHI know and document those changes. The ESG Match Process and Template contains the following information: Organization Name, Program Name, Date, Initial Match Source(s), Initial Type of Match, and Initial Amount of Match. Each Quarter providers will also submit the ESG Match Process and Template with the following information cumulatively through the quarter: Date, Match Source(s), Type of Match, and Amount of Match.

5. CoC and ESG Match

Summary: ESG Sub-recipients are able to use CoC funds as match for ESG, as long as they meet the specific conditions.

Full Explanation: In general, federal (other than ESG), state, local, or private funds may be used to satisfy the requirement that the recipient provide matching contributions to ESG, so long as the matching funds are contributed to the ESG program and expended for the recipient or sub-recipient's allowable ESG costs. CoC funds are eligible for ESG match in the same way other federal funds are eligible. See FAQ #1 "ESG Match General Rule" for additional information. As with all matching funds, they can only be used once for match nor can they match each other (for example, during the contract period, if you match CoC to ESG you cannot match ESG to CoC).

6. In-kind (Noncash) vs. Cash Match

Summary: ESG Sub-recipients are allowed to use both noncash and cash for match. There are, however, distinct ways noncash match must be accounted for and when these two sources must be provided when being used as match.

Full Explanation: For cash match, "provided" means when the funds are expended (or when the allowable cost is incurred). For in-kind match, it is the date the service (or other in-kind match source) is actually provided to the program or project. Remember that ESG matching funds must be expended



within the same expenditure deadline that applies to the ESG funds being matched (during the contract period). Non-cash contributions must be made within the expenditure deadline.

For noncash or in-kind match, the match must be eligible activities under the ESG allocation: if the recipient or subrecipient had to pay for the in-kind match with grant funds, the costs would have been allowable. To determine the value of any donated material or building, or of any lease, the recipient must use a method reasonably calculated to establish the fair market value (ESG Interim Rule 576.201).

7. HOME:TBRA vs. HSP

Summary: ESG Sub-recipients are allowed to use the Colorado Homeless Solutions Program (HSP), but you are no longer allowed to match the ESG program with HOME: Tenant Base Rental Assistance (TBRA).

Full Explanation: HOME-TBRA funds cannot be used as match because the requirements for rental assistance are significantly different between the two programs. In particular, under the HOME TBRA program (24 CFR parts 92.209 and 92.253), a PJ and its subrecipient(s) may not require a program participant to accept any services (a PJ and its subrecipient(s) may offer services, but cannot require them). In contrast, when providing ESG homelessness prevention or rapid re-housing assistance to a program participant, the recipient or subrecipient must require the program participant to meet with a case manager not less than once per month to assist the program participant in ensuring long-term housing stability and develop a plan to assist the program participant to retain permanent housing after the ESG assistance ends (24 CFR 576.401(e)). Because of these differences in the two programs, HOME TBRA funds may not be used as Match for the ESG funds.

8. Volunteer Hours

Summary: ESG Sub-recipients can use the value of volunteer hours as match and the value of the volunteer hours are based on a rate consistent with those paid for similar work within the sub-recipient organization.

Full Explanation: In terms of how volunteer hours are valued, under the Emergency Solutions Grants (ESG) program Interim Rule, there is no fixed or standard hourly rate for volunteer services. Instead, under ESG, volunteer services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work in the recipient's or subrecipients organization. If there are no employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market. (See 24 CFR 576.201(e)(2)). As the VISTA service members are being paid through another grant, you may use their payment rate as the standard rate for their labor.

Recipients/subrecipients should develop a standardized form that documents the time the individual spent and the value of the services he/she provided. For additional guidance on the level of documentation required to show the use of matching funds please review the matching requirements at 24 CFR § 576.201, the record keeping and reporting requirements at 24 CFR § 576.500(o), and calculating the amount of noncash contributions at 24 CFR § 576.201(e) of the ESG interim rule. According to these sections of the ESG interim rule, recipients are required to keep records of the source and use of the contributions made to satisfy the matching requirement in 24 CFR § 576.201. The records must include the following:

- The particular fiscal year grant for which each matching contribution is counted. Requirements: The matching contribution must be provided after the date that HUD signs the grant agreement and must be expended within the expenditure deadline.

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- How the value placed on third-party, noncash contributions was derived. Requirement: You must use a method reasonably calculated to establish the fair market value.
- Document that the matching funds were used in accordance with both the other federal program's requirements and the requirements that apply to ESG grant funds, except for the expenditure limits in 24 CFR 576.100. This includes requirements such as documentation requirements, eligibility requirements, and eligible costs.

Keep in mind that the time charged to ESG must be based on actual time worked, and requires the same level of supporting documentation whether charged to the grant or claimed as match. To the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocation of regular personnel costs. Timesheets that capture actual time spent on specific programs are the most straightforward way to meet time reporting requirements. However, other approaches may be acceptable as long as they meet the guidelines established in 2 CFR part 225 for States or units of local government or 2 CFR part 230 for nonprofit organizations. When allocating costs, be aware that when more than one ESG component or other programs are operated from the same office, the subrecipient would need to carefully document the costs and the rationale used to determine the portion of the costs assigned to each component and/or program.

Finally, the ESG program requires that all funds counted as match be contributed to the ESG program and expended for the recipient or subrecipients allowable ESG costs, and that all other ESG requirements (except for the expenditure limits in 24 CFR 576.100) be met (e.g., documentation requirements, eligibility requirements, and eligible costs). (24 CFR 576.201(c)(1)). As a part of this, the recipient or subrecipient must be sure that the costs comply with all of the requirements in the ESG Interim Rule -- including documentation, HMIS, fair housing and other federal requirements, to name just a few.

9. OneHome Navigation and Housing Placement Services

Summary: ESG Sub-recipients may use agency staff time related to OneHome navigation and housing placements services for ESG match under certain conditions.

Full Explanation: If the centralized or coordinated assessment system is used for the entire CoC, ESG funds may pay for a portion of the costs of using the centralized or coordinated assessment system. You must find a way to pro-rate the costs that are allocable to (i.e. eligible as) ESG costs.

With regard to allocating costs, be aware that when more than one ESG component or other programs are operated from the same office or by the same organization, the subrecipient would need to carefully document the costs and the rationale used to determine the portion of the costs assigned to each component and/or program. This means that ESG can pay for a proportion of the centralized/coordinated assessment system's staff time to conduct intake and make referrals and a proportion of the costs for contributing data to the HMIS. If the centralized system is not used exclusively for ESG purposes, when allocating costs, it is important to carefully document the costs and the rationale used to determine the portion of the costs assigned to ESG.

Staff time for conducting an initial evaluation, including verifying and documenting eligibility for ESG assistance, is an eligible ESG cost even when an applicant is determined to be ineligible for ESG assistance. Costs for the staff time would be eligible under the particular component for which the potential program participant was applying. Note that recipients and sub-recipients are required to keep a record of all individuals and families that are determined ineligible for ESG assistance. The record must



include documentation of the reason for that determination. (See 24 CFR 576.500(d)). Prior to determining a potential client's eligibility, recipients and subrecipients cannot incur ESG costs (including case management costs) beyond the costs involved in intake and initial evaluation.

10. Indirect Rate Eligibility Requirements

Summary: ESG Sub-recipients are allowed to match the portion of their indirect rate that is attributable to the ESG program.

Full Explanation: In all cases, ESG funds must be spent for eligible costs and must be reasonable and appropriate. ESG funds can be used to pay for a portion of the costs, but only those that are attributable to the ESG Program. Recipients and subrecipients must find a way to pro-rate the costs that are not 100% allocable to the ESG program. Good documentation is especially important for materials that have mixed use (e.g., identifying which component is associated with which charges for materials used for work under more than one ESG component).

With regard to allocating indirect costs, including match, when more than one ESG component or other programs are operated from the same office, the subrecipient would need to carefully document the costs and the rationale used to determine the portion of the costs assigned to each component and/or program.

The exact methodology for allocating the indirect costs of office rent across federal grants, and on components and activities within a federal grant, is at the discretion of the recipient. However, recipients and subrecipients must be able to sufficiently document the rent charged to federal grants and the methodology used, which must be reasonable and justifiable. When allocating costs, keep in mind that while renting office space may fall under administrative costs, it may also be considered an overhead cost. Overhead costs, such as office supplies and rent, directly related to carrying out activities eligible under an ESG component are eligible costs under that component (see 24 CFR § 576.100(d)). These overhead costs could be eligible either as a direct cost charged to one or more components, depending on the activities delivered by that office, or could be charged as an indirect cost if part of an indirect cost allocation plan.

For guidance on the level of documentation required to show the use of matching funds please review the matching requirements at 24 CFR § 576.201 and the recordkeeping and reporting requirements at 24 CFR § 576.500(o). The records must include the following:

- The particular fiscal year grant for which each matching contribution is counted.
- The matching contribution must be provided after the date that HUD signs the grant agreement and must be expended within the expenditure deadline.
- Document that the matching funds were used in accordance with both the other federal program's requirements and the requirements that apply to ESG grant funds, except for the expenditure limits in 24 CFR § 576.100. This includes requirements such as documentation requirements, eligibility requirements, and eligible costs.