



# Housing Emergency Solutions Program (HESP) 2026 Desk Guide

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Disclaimer:

*Program elements outlined below are subject to change at the sole discretion of MHDC.*



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# INTRODUCTION

## Purpose

The Housing Emergency Solutions Program (HESP) is intended to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families and individuals from becoming homeless. HESP funds are intended to be used as part of a crisis response system using a low barrier, housing-focused approach to ensure that homelessness is rare, brief, and non-recurring.

## Establishment of Funds

These funds are established by Subtitle B of Title IV of the Stewart B. McKinney-Vento Homeless Assistance Act (Public Law 100-77, Public Law 100-628) as amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act)<sup>1</sup> which authorized the Emergency Solutions Grant (also referred to as HESP) for the purpose of providing assistance to persons who are homeless or at-risk of homelessness. The Missouri Housing Development Commission (MHDC) is responsible for administering the Missouri State Allocation of the Department of Housing and Urban Development (HUD) Housing Emergency Solutions Program (HESP) funds.

## Regulations and Authority

The Missouri HESP Program is administered under the provisions of the HUD regulations within Title 24 Code of Federal Regulations (CFR) [Part 576](#), as well as the agency's executed grant agreement, and the 2026 HESP Desk Guide. Grantees are encouraged to review all HUD HESP program requirements. MHDC has flexibility in certain areas of administering the HESP Program and may establish more detailed requirements, than those required by HUD. Where there are differences, grantees should comply with MHDC's requirements reflected in the grant agreement and 2026 Desk Guide.

## Contacts

Direct all questions, concerns, updates and submission of documents to the HESP Administrator, with the exception of Payment Requests. Payment Requests shall be submitted electronically by completing and uploading the documents to your grant in the [Grant Interface](https://www.grantinterface.com/Home/Logon?urlkey=mhdc). (<https://www.grantinterface.com/Home/Logon?urlkey=mhdc>)

Please direct questions, concerns and updates to:

Brendan Irving  
Housing Program Administrator  
1201 Walnut, Suite 1800  
Kansas City, MO 64106  
[cp.programs@mhdc.com](mailto:cp.programs@mhdc.com)  
(816) 759-2875

## Online Grant Interface

All information regarding MHDC's Online Grant Interface, including Log On Instructions and Follow-Up Form Submission Instructions can be found on the HESP section on the MHDC website at:

<https://mhdc.com/media/1b4h4i1s/grant-interface-logon-instructions.pdf>

## Website

All information and forms pertaining to MHDC's HESP program can be found on the following website:

<https://mhdc.com/programs/hud-programs/housing-emergency-solutions-program/>

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<sup>1</sup> Full text for the McKinney-Vento Homeless Assistance Act as amended by the HEARTH Act of 2009 [here](#).

# **PROGRAM TIMELINE**

The following timeline lists the key dates for the 2026 grant year, which are also detailed in the grant agreement. Grantees are responsible for knowing these dates as well as communicating them to all applicable staff.

<b>Quarter 1 (Q1)</b> .....	<b>November 1<sup>st</sup>, 2025 – January 31<sup>st</sup>, 2026</b>
Grant Year Begins .....	November 1 <sup>st</sup> , 2025
Grant Agreement Submission Due .....	November 17 <sup>th</sup> , 2025
Final Q2 Payment Request Submission Deadline .....	January 31 <sup>st</sup> , 2026
<b>Quarter 2 (Q2)</b> .....	<b>February 1<sup>st</sup>, 2026 – April 30<sup>th</sup>, 2026</b>
Q1 CAPER Data Due (Comparable Database users only) .....	February 10 <sup>th</sup> , 2026
Annual CAPER Report Due <sup>2</sup> .....	April 28 <sup>th</sup> , 2026
50% Spending Deadline .....	April 30 <sup>th</sup> , 2026
Final Q2 Payment Request Submission Deadline .....	April 30 <sup>th</sup> , 2026
<b>Quarter 3 (Q3)</b> .....	<b>May 1<sup>st</sup>, 2026 – July 31<sup>st</sup>, 2026</b>
Final Q3 Payment Request Submission Deadline .....	July 31 <sup>st</sup> , 2026
<b>Quarter 4 (Q4)</b> .....	<b>August 1<sup>st</sup>, 2026 – October 31<sup>st</sup>, 2026</b>
End of Grant Year .....	October 31 <sup>st</sup> , 2026
Final Payment Request Submission Deadline .....	October 31 <sup>st</sup> , 2026
<b>Grant Close-Out Deadline</b> .....	<b>December 1<sup>st</sup>, 2026</b>

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<sup>2</sup> All grantees are responsible for submitting their own Annual CAPER into the SAGE portal for the time period of April 1, 2025 – March 31, 2026.

# ELIGIBLE PROGRAM COMPONENTS

## Administration (Admin)

Intended to support HESP grantees' costs incurred to meet the grant requirements. Staff and overhead costs directly related to carrying out Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Rehousing, and HMIS activities are **not** eligible to be reimbursed under Administration.

## Homeless Management Information System (HMIS)

Intended to support HESP grantees' participation in the HMIS collection and data analysis of households that are homeless or at risk of homelessness.

## Street Outreach (SO)

Intended to support HESP grantees in meeting the immediate needs of unsheltered homeless individuals and families by connecting them with emergency shelter, housing, and/or critical health services.

## Emergency Shelter (ES)

Intended to support the costs of operating an emergency shelter and providing essential services to those residing in shelter.

## Homelessness Prevention (HP)

Intended to prevent at-risk households from becoming homeless through rental assistance and housing relocation stabilization services.

## Rapid Re-housing (RRH)

Intended to quickly move homeless individuals and families to permanent housing through rental assistance and housing relocation and stabilization services.

# **PROGRAM PARTICIPANT ELIGIBILITY**

## **Determining Participation**

Grantees must conduct an initial evaluation of eligibility (in accordance with the local CoC's coordinated entry process) to determine:

- Each individual or family's eligibility for HESP activities
- If the applicant has no appropriate subsequent housing options
- If the applicant lacks sufficient resources and support networks to obtain/retain housing
- If the applicant has not received more than 24 months of HESP assistance within the past three years, verified via form HESP-204 (Homelessness Prevention, Rapid Re-housing only)
- The minimum amount and types of assistance necessary (Homelessness Prevention, Rapid Re- housing only)

Evaluations must be conducted in accordance with the local coordinated entry process and the agency's program guidelines ([24 CFR 576.400](#)).

## **Re-Evaluating Participation**

In addition to conducting an initial evaluation and connecting program participants to other resources, eligibility for HESP Homelessness Prevention and Rapid Re-housing must be re-evaluated:

- At least once every three months for Homelessness Prevention assistance
- At least once annually for Rapid-Rehousing assistance

**At a minimum, the re-evaluation must establish that:**

- Annual household income is not greater than 30 percent of the AMI
- The program participant lacks sufficient resources and support networks necessary to retain housing without HESP assistance

# HESP DEFINITIONS

Table 1. Homeless Definitions

Individuals and families seeking assistance must be evaluated to determine their homeless status eligibility for HESP.

In accordance with [24 CFR 576.2](#), MHDC allows for the following definitions of homelessness to be used by HESP grantees when determining program participant eligibility.

<p><b>Literally Homeless (Category 1)</b></p>	<ul style="list-style-type: none"> <li>• Individual or family who lacks a fixed, regular, and adequate night-time residence, meaning:             <ul style="list-style-type: none"> <li>○ Individual or family with a primary night-time residence that is a public or private place not meant for human habitation;</li> <li>○ Individual or family is living in a publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, hotels/motels paid for by charitable organizations or federal, state, and local government programs; or</li> <li>○ Individual is exiting an institution where (s)he has resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.</li> </ul> </li> </ul>
<p><b>Imminent Risk of Homelessness (Category 2)</b></p>	<ul style="list-style-type: none"> <li>• Individual or family who will imminently lose their primary residence, provided that:             <ul style="list-style-type: none"> <li>○ Residence will be lost within 14 days of the date of application for homeless assistance.</li> <li>○ No subsequent residence has been identified; and</li> <li>○ Individual or family lacks resources or support networks needed to obtain other permanent housing.</li> </ul> </li> </ul>
<p><b>Homeless Under Other Federal Statutes (Category 3)</b></p>	<ul style="list-style-type: none"> <li>• Unaccompanied youth under age 25, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:             <ul style="list-style-type: none"> <li>○ Are defined as homeless under other listed federal statutes.</li> <li>○ Have not had a lease, ownership, or occupancy agreement in permanent housing during the 60 days prior to the date of homeless assistance application.</li> <li>○ Have moved two or more times in the preceding 60 days; and</li> <li>○ Can be expected to continue in such status for an extended period of time due to special needs or barriers.</li> </ul> </li> </ul>
<p><b>Fleeing/Attempting to Flee Domestic Violence (Category 4)</b></p>	<ul style="list-style-type: none"> <li>• Individual or family who:             <ul style="list-style-type: none"> <li>○ Is fleeing/attempting to flee domestic violence.</li> <li>○ Has no other residence; and</li> <li>○ Lacks resources or support networks needed to obtain other permanent housing.</li> </ul> </li> </ul>

## Table 2. At Risk of Homelessness Definition

In accordance with [24 CFR 576.2](#), MHDC allows for the following definition of at risk of homelessness to be used by HESP grantees when determining program participant eligibility.

<b>At Risk (Category 1)</b>	<p>Individual or family who:</p> <ul style="list-style-type: none"> <li>• Has an annual income below 30% of median family income for the area;</li> <li>• Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the “homeless” definition; and</li> <li>• Meets one of the following conditions: <ul style="list-style-type: none"> <li>○ Has moved because of economic reasons 2 or more times during the 60 days immediately preceding the application for assistance; or</li> <li>○ Is living in the home of another because of economic hardship; or</li> <li>○ Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance; or</li> <li>○ Lives in a hotel or motel and the cost is not paid for by charitable organizations or by federal, state, or local government programs for low-income individuals; or</li> <li>○ Lives in a single room occupancy or efficiency apartment unit in which there reside more than 2 persons or lives in a larger housing unit in which there reside more than one and a half persons per room; or</li> <li>○ Is exiting a publicly funded institution or system of care; or</li> <li>○ Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient’s approved Con Plan.</li> </ul> </li> </ul>
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## Table 3. Eligible Clients Served by Funding Component

The following chart outlines homeless category eligibility for each HESP component.

Homeless Definition Eligibility	Category 1 Literally Homeless	Category 2 Imminent Risk of Homelessness	Category 4 Fleeing/Attempting to Flee Domestic Violence	Category 1 At Risk of Homelessness
Street Outreach	X			
Emergency Shelter	X	X	X	
Homelessness Prevention		X	X	X
Rapid Rehousing	X			

## Comparable Database

A relational database that meets all HMIS Data Standards and the minimum standards of HMIS privacy and security requirements, including HUD’s most recent reporting standards and comma separated value (CSV) format specifications. The most recent standards can be found [here](#).

## Duplication of Benefits

Federal assistance cannot duplicate the benefits provided by other sources (I.E. State Programs, FEMA, Insurance etc.) It is the responsibility of the grantee to verify that a duplication of benefits does not occur.

# FINANCIAL PROCESSES

## Funding Period

All HESP funding provided to grantees must be used for expenses that are incurred and paid for on or after November 1<sup>st</sup>, 2025 and before October 31<sup>st</sup>, 2026.

## Requests for Payment

HESP funds are provided on a **reimbursement basis only**. Therefore, HESP funds must be expended on eligible activities for eligible program participants before funds can be requested. Before grantees can request reimbursement for program year 2026, the following criteria must be met:

- All previous HESP grants must be completely closed out:
  - All previous HESP grant funds expended; and
  - Close out documentation received and approved.
- All current year's grant agreement documents must be completed and received by MHDC.
- All previous compliance issues must be resolved, (i.e., grantee is "in compliance").

Once all of the above criteria is met and grantee has expended funds on eligible HESP activities, grantee may request program funds using the Payment Request process in the [Grant Interface](#). Only expenses incurred and paid for on or prior to the date of the payment request can be reimbursed. No pre-payment or pre-billing is allowed.

## Submission Requirements

Funded agencies must submit complete Payment Request packets electronically by submitting form HESP-212 and all applicable reports into [Grant Interface](#).

All Payment Request packets must include:

- HESP-212: Expense Detail Form for each funding component with requested funds.
- HMIS/Comparable Database Report for each funding component with requested funds. Note that the type of report is dependent upon the funding component. For a complete list of required reports, see [Generating HMIS/Comparable Database Reports for Payment Requests](#).

MHDC allows for a **minimum of two** payment requests to be approved per month. The deadline to submit a request is 11:59 p.m. on the 15<sup>th</sup> and the last day of each month. Submitting a payment request by the deadline guarantees it will be reviewed in that request cycle but **does not** guarantee that request will count towards Spending Deadlines. Only approved payment requests count towards a grantee's HESP spending requirements. Payment request for reimbursements under \$10.00 will be processed at the sole discretion of MHDC.

MHDC staff reviews all payment requests submitted for compliance with HESP regulations and accuracy. The Primary Assignee from the grantee's HESP-26 Agency Contact Page will be notified via email if the payment request is approved or discarded.

## Common Reasons for Discard

- Certificate of insurance has expired
- Expenses paid outside of designated CoC
- Ineligible activities reported
- Missing HMIS reports or Expense Detail forms
- Expenses incurred or paid outside of the funding period
- Missing signatures from authorized signatories
- Expenses paid outside of designated CoC
- Missing/Incorrect files uploaded
- Incorrect/missing information fields
- Uploaded PDFs are illegible

Please submit payment requests electronically to: <https://www.grantinterface.com/Home/Logon?urlkey=mhdc>

## Generating HMIS/Comparable Database Reports for Payment Requests

The type of report is dependent upon the funding component, but each report must have the Agency Name, the Project Name (i.e., Emergency Shelter, Rapid Rehousing), and a date range that covers the full date range of expenses billed on the corresponding [ESG-212 Expense Detail Form](#) submitted with that payment request. There must be no client identifying information on a Roster or Direct Service Report. Furthermore, there must be no manipulation of the data report once it is exported from the grantee's HMIS or Comparable Database (i.e., handwriting). Follow the specific guidance below for which type of report is needed for each funded component.

### Administration and HMIS

- No report is required

### Street Outreach

- A **Roster Report** for clients served must be submitted that covers the range of the corresponding ESG-212 Expense Detail Form. This report must include the Client ID number, Program Entry Date, Program Exit Date, Count of All Household Members, and County location for each client.
  - If the roster reports shows no clients served, the grantee must also include the [MHDC-113 Street Outreach Engagement Tracking Form](#).

### Emergency Shelter

- A **Roster Report** for clients served must be submitted that covers the range of the corresponding ESG-212 Expense Detail Form, this report must include the Client ID number, Program Entry Date, Program Exit Date, Count of All Household Members, and County location for each client served.

### Homelessness Prevention and Rapid Rehousing

- A **Roster Report** for clients served must be submitted that covers the range of the corresponding ESG-212 Expense Detail Form, this report must include the Client ID number, Program Entry Date, Program Exit Date, Count of All Household Members, and County location for each client served.
- If the request includes reimbursement for Rental Assistance or Financial Assistance expenses, then a **Direct Services Report** that includes the Client ID Number, County of Residence, Amount Paid by ESG, Type of Payment, Name of Payee, Pay Date, and a Count of All Household Members, for every Rental Assistance or Financial Assistance expense being requested in addition to the **Roster Report**.
  - The service date for all Rental Assistance or Financial Assistance expenses listed on HMIS/comparable Database Report must be the actual paid date for that expense.

## Approved Payment Requests

Grantees must submit an approvable Payment Request to MHDC no later than 11:59 p.m. on the last day of the month to receive reimbursement in the following month. MHDC processes all approved payment requests monthly and those are typically paid out in 3-4 weeks.

## Spending Deadlines

Grantees are required to spend at least fifty percent (50%) of the total grant award amount on or before the end of the second quarter of the grant year (April 30<sup>th</sup>, 2026). Grantees are required to spend one hundred percent (100%) of the total grant award on or before October 31<sup>st</sup>, 2026. MHDC has the discretion to recapture a portion or all remaining HESP funds as of these deadlines. Payment request submissions that result in discard do not fulfill the spending deadline requirements.

## Budget Amendments

HESP grantees may spend HESP funds on any eligible activity within a funding component (e.g., Rapid Rehousing dollars may be spent on any eligible Rapid Rehousing activity as outlined in [24 CFR 576 Subpart B](#)). In certain instances, HESP grantees may request amendments to the original budget provided in the Grant Agreement in order to move funds to other already funded components with MHDC approval. Grantees must submit an amendment request in writing via email to the MHDC HUD Programs Administrator outlining the proposed amendment. Upon approval to move forward, a HESP-213 Amendment Request Form will be provided for completion. The form will detail the original budget, the proposed change, the new budget, and must explain why the amendment is needed. Once the form is completed and signed, it should be scanned and submitted electronically to the MHDC HUD Programs Administrator for final approval. If approved, a grant amendment agreement will be sent to the grantee for review and signature. The original copy must be received and executed by MHDC before the budget change is finalized. Amendments do not change the grant amount, only the component in which funding can be spent. Amendments can only be requested and approved once per quarter, and approval is granted at the sole discretion of MHDC.

## Fixed Assets

MHDC does not allow reimbursement for the purchase of any fixed assets that cost in excess of \$10,000.00 in total, including: equipment, computer equipment, and other real and personal property. No fixed asset expenditure or portion of a fixed asset expenditure billed for HESP reimbursement can be greater than or equal to \$10,000.00 in total.

## Ineligible Expenses for all HESP Components

- All advocacy efforts or initiatives
- Advertising
- Sales Tax
- Advanced Payments; including rent

# REPORTING

## Systematic Alien Verification for Entitlements (SAVE)

*\*Requirements are subject to change at the sole discretion of MHDC*

HESP Grantees are responsible for verifying that all household members who are over the age of 18 and receiving direct financial assistance are legal citizens of the United States or have eligible immigration status. Verification must be completed through the Systematic Alien Verification for Entitlements (SAVE) system for applicable clients receiving the following services:

- Moving costs
- Rent application fees
- Security deposits
- Rental assistance/arrears
- Utility assistance/arrears
- Hotel/motel vouchers
- Documentation required for citizenship verification (i.e., birth certificate, government ID)
- All other services connected to a monetary value (i.e., prescriptions, travel expenses, medical/mental health services)

Grantees are responsible for running a SAVE verification check prior to issuing financial assistance. A SAVE verification check is required regardless of whether the household can provide proof of legal status or citizenship, and a screenshot of each household's verification must be saved in the client file. Registration instructions will be provided to grantees pending a fully executed Grant Agreement.

Participants who are fleeing or attempting to flee domestic violence, and meet Category 4 of HUD's homeless definition as defined in [Table 1](#) are exempt from SAVE verification. However, Proof of Identity must still be collected to meet program requirements.

Documentation must be collected for each household member over the age of 18 to verify proof of identity, proof of citizenship, or proof of legal status as listed below:

### HESP Program Forms

*(Required for all household members over 18)*

- HESP-225 Consent and Homelessness Citizenship Verification
- HESP-226 Citizenship Declaration

### Proof of Identity

*(Required for all household members over 18)*

Acceptable forms of identification include:

- Social Security Card and one of the following:
  - Driver's license
  - State/Government-Issued ID
  - Passport/passport card
  - Department of Homeland Security or U.S. Citizenship and Immigration Services documents
  - U.S. Military Identification
- Proof of identification must not be expired and must include a photograph for visual confirmation of identity
- Proof of identification provided will be utilized to confirm the documentation submitted for proof of legal status

If a participant's initial SAVE Verification is **not approved** by the system, then proof of citizenship or legal status will be required as listed below:

### Proof of Citizenship (*United States Citizens*)

(Required if initial verification is not approved by SAVE)

- Acceptable forms of proof of citizenship include:
  - Passport/passport card
  - Certified record of birth (i.e., birth certificate) or official adoption decree
  - U.S American Indian or Alaska Native tribal enrollment or membership card with photo

### Proof of Legal Status (*Non-United States Citizens*)

(Required for all Non-United States Citizens)

- Acceptable forms of legal status include:
  - Form I-551 Permanent Resident Card
  - USCIS/Alien Registration
  - Form I-94, Arrival/Departure Record Number
  - SEVIS ID Number
  - Naturalization/Citizenship Certification Number
  - Card Number/I-797 Receipt Number

## Homeless Management Information System

The Homeless Management Information System (HMIS) is a database that records and stores client-level data regarding the delivery of housing and services to households who are homeless and/or at-risk of homelessness. HESP grantees are required to enter data on all persons served into the HMIS recognized by their Continuum of Care (CoC). Grantees serving victims of domestic violence are required to enter data into a "comparable database" in accordance with HUD's standards on participation, data collection, and reporting. Legal services organizations may choose to enter into a comparable database rather than an HMIS. The data must be entered into the HMIS that represents the county of service. If the grantee serves persons with HESP funds in multiple Continua, HMIS data must be entered into each appropriate HMIS of those Continua. Grantees are responsible for ensuring that all data collection within HMIS and any comparable databases are in compliance with HUD HMIS Minimum Data Standards, therefore grantees should work with HMIS Lead Agencies and comparable database providers to ensure they are trained on proper data entry and are consulting with their provider regularly regarding any issues or questions.

## HMIS Lead Agencies

- Greater Kansas City/Jackson County MO CoC: [Greater Kansas City Coalition to End Homelessness](#)
- St. Charles/Lincoln/Warren Counties CoC: [Community Council of St. Charles County](#)
- All other Continua of Care: [Institute for Community Alliances](#)

## Area-Wide Systems Coordination

HESP grantees should attend at least seventy-five percent (75%) of the Continuum of Care (CoC) all member meetings in the CoC in which HESP funds are spent. MHDC acquires feedback from each CoC chair regarding the agency's level of participation which may be assessed on future HESP applications for funding.

For more details regarding the Continuum of Care and Coordinated Entry System requirements, please refer to the following Code of Federal Regulations:

- Coordination with other targeted homeless services: [24 CFR 576.400\(b\)](#)
- System and program coordination with mainstream resources: [24 CFR 576.400\(c\)](#)
- Centralized or coordinated assessment: [24 CFR 576.400\(d\)](#)

## Consolidated Annual Performance Evaluation Report (CAPER)

All grantees are required to generate this annual report directly from their HMIS/comparable database system in April 2026. This report must be for the period of **April 1<sup>st</sup>, 2025, through March 31<sup>st</sup>, 2026**, as this is the federally mandated date range. This range does overlap the ESG-25 and HESP-26 grant years, so any agency funded in both years will upload data from both program years.

The grantee will upload the CAPER data directly into the online Sage portal via an email link sent to the Annual CAPER Contact listed on the grantee's HESP-26 Agency Contact page in the Grant Interface. This link will come directly from the Sage system, as required by HUD.<sup>3</sup>

Grantees should work with their HMIS/ comparable database provider and HMIS Lead Agency to generate data through a CAPER CSV export from their system for all the HESP service-related components they are funded in ([Street Outreach](#), [Emergency Shelter](#), [Rapid Rehousing](#), and [Homelessness Prevention](#)).

## Quarterly CAPER Data Submission

Grantees serving victims of domestic violence using a "comparable database" must submit their own Quarterly CAPER Data to MHDC via the [Grant Interface](#). Grantees must test the CSV file generated by their HMIS/Comparable Database on HUD's SAGE HMIS Reporting Repository web tool to ensure it is error free; that tool can be found [here](#). These reports must only include data for the quarter it is submitted for as described in the [Timeline](#) section of this guide.

## Emergency Shelter Bed-Night Utilization Data

All grantees funded in the Emergency Shelter component are required to report in April 2026 the total number of Bed-nights available and the total of Bed-nights provided beds via their Emergency Shelter program for the period of **April 1<sup>st</sup>, 2025, through March 31<sup>st</sup>, 2026**. Total Bed-nights available is defined by HUD as the total number beds in a grantee's shelter that were available to program participants.

## Compliance Monitoring

In order to track a grantee's program compliance, ensure accurate spending of HESP funds, prevent fraud and abuse, and to identify technical assistance needs, MHDC staff will monitor grantees by either conducting a site visit or desk review. Reference the [HESP Compliance Guidance](#) document located on the [MHDC website](#) for precise instructions regarding processes and requirements.

## Environmental Review

HESP grantees are required to comply with the National Environmental Policy Act (NEPA) to limit the potential environmental impacts of a project. The only projects that require environmental review for this purpose are construction or rehabbing of standard emergency shelters, which are not eligible under the MHDC HESP program. Therefore, all HESP activities will be either categorically excluded or exempt from an environmental review.

## Matching Funds

Per [24 CFR 576.201](#), grantees must match their total HESP grant award consisting of documented non-McKinney-Vento resources. Matching funds must be used in accordance with all requirements that apply to HESP funds (e.g., documentation, participant eligibility, eligible costs). Match may include cash and/or non-cash contributions, including the value of any lease on a building, the actual value of professional services, any salary paid to staff to carry out the program, and the value of the time and services contributed by volunteers to carry out the program. Any cash or non-cash contribution matched to HESP grant cannot have been used and will not be used to match any other federal program's funds nor any other grant. Failure to

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<sup>3</sup> Agencies may need to monitor junk folders to ensure link is received.

provide properly documented uses and sources of match at the end of the grant term will require repayment of all unmatched reimbursements.

## Grant Close Out

Once all funds have been expended, the grantee is required to close out their HESP grant. The close out process consists of several components:

1. Spending 100% of HESP award
2. Completing the required [Close Out Documentation](#)
3. Submitting the HESP-26 Grant Close Out submission in the Grant Interface

All complete and final close out information needs to be submitted electronically in the [Grant Interface](#) on or before 11:59 p.m. on December 1st, 2026.

# ADMINISTRATION COMPONENT

The Administration component is intended to support HESP grantees' costs incurred to meet the grant requirements ([24 CFR 576.108](#)). HESP grantees may receive up to five percent (5%) of their total grant award for administrative costs if funded under the Administration component. Staff and overhead costs directly related to carrying out Street Outreach, Emergency Shelter, Homelessness Prevention, Rapid Rehousing, and HMIS activities are **not** eligible to be reimbursed under Administration.

## ELIGIBLE PROGRAM ACTIVITIES

### Indirect Cost Rate

If billing indirect costs to HESP grant, grantees must provide MHDC with the selected Indirect Cost Rate option to be utilized during the grant term with the grant agreement. The selected method for allocating indirect costs must comply with [2 CFR 200](#). Documentation of the cost allocation plan should include the following:

- How the grantee will determine costs as direct and indirect;
- How the grantee will allocate shared costs among different programs; and
- How the grantee will charge eligible and allowable direct and indirect costs.

### Staffing

Salaries, wages, and related costs of staff engaged in any program administration assignments such as:

- Preparing program budgets and schedules, and amendments to those budgets and schedules
- Developing systems for assuring compliance with program requirements
- Developing interagency agreements and agreements with contractors to carry out program activities
- Monitoring program activities for progress and compliance with program requirements
- Preparing reports and other documents directly related to the program for submission to HUD
- Coordinating the resolution of audit and monitoring findings
- Evaluating program results against stated objectives
- Managing or supervising staff members whose primary responsibilities include the activities described above

In charging costs to this category, the recipient may use one of the following methods:

1. Include the entire salary wages, and related costs allocable to the HESP program of each person whose primary responsibilities involve program administration assignments;
2. Include the pro rata share of the salary, wages, and related costs of each person whose job includes HESP administration activities.

The recipient **may use only one of these methods for each fiscal year grant.**

### Third-Party Administration and Accounting

Administrative services performed under third party contracts or agreements are also eligible, including:

- Monitoring services
- General legal services
- Audit services
- Accounting services

### Rent

Grantees can request reimbursement for the portion of the office space used in the process of administering the program. The portion of rent that is allowable is proportionate to the percentage of the facility's total square footage that is being used towards eligible Administration activities. The calculation of the portion of the rent being billed under Administration should be documented in a written memo.

## Utilities

Grantees can request reimbursement for the portion of the utilities necessary to the process of administering the program. The portion of the utilities that is allowable is proportionate to the percentage of the facility's total square footage that is being used in eligible Administration activities. The calculation of the portion of the utilities being billed under Administration should be documented in a written memo. Eligible utilities include:

- Electricity
- Water
- Internet
- Gas
- Phone

## Insurance

The insurance for the facility being used to administer the program is eligible. The portion of insurance that is allowable is proportionate to the percentage of the facility's total square footage that is being used eligible Administration activities. The calculation of the portion of the insurance being billed under Administration should be documented in a written memo.

## Equipment and Supplies

Equipment and supplies necessary to the administration of the program are eligible. This can only be for equipment and supplies that are used exclusively for administration:

- Office supplies
- Maintenance of office space
- Purchasing or leasing equipment, including telephones, faxes, and furniture

## Training and Travel

Training and travel necessary for the administration of the HESP program is eligible, including:

- Costs of providing training on HESP requirements
- Costs of attending HUD-sponsored HESP or ESG trainings<sup>4</sup>

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<sup>4</sup> Grantees must verify with MHDC that the ESG training is HUD-sponsored prior to requesting reimbursement for any costs associated with attending them.

# HMIS COMPONENT

Homeless Management Information System (HMIS) or comparable database participation is a requirement of receiving HESP funds. Therefore costs associated with contributing data to the HMIS or comparable database are eligible for reimbursement ([24 CFR 576.107](#)) for agencies funded under the HMIS component. Activities must comply with HUD's standards on participation, data collection and reporting, including compliance with the most recent version of HUD's HMIS Data Dictionary and [HMIS Data Standard Manual](#).

## ELIGIBLE HMIS ACTIVITIES

### Hardware and Software

Costs for hardware and software used specifically for HMIS/comparable database entry and maintenance, including:

- Purchasing or leasing computer hardware
- Purchasing software or software licenses

### Staffing

Salaries, wages, and related costs of staff engaged in any HMIS/comparable database assignments such as:

- Data collection and reporting
- Completing data entry
- Monitoring and reviewing data quality
- Completing data analysis
- Training staff on using the HMIS or comparable database
- Implementing and complying with HMIS requirements
- Cost of obtaining third party technical support

### Training

The direct cost to participate (i.e., registration fees) and attend any HUD-Sponsored and/or HUD approved training on using the HMIS or comparable database is eligible.<sup>5</sup>

### Transportation

The direct transportation costs required for grantee staff to travel to conduct intake and to attend HUD-Sponsored and HUD approved training on HMIS are eligible. Direct transportation costs include the following:

- Cost of staff travel on public transit
- Mileage allowance for staff travel to training and to conduct intake

All transportation costs must be supported via detailed travel logs which include the specific destinations, times travel occurred, staff involved, miles traveled, and purpose of travel. This must be furnished during compliance. All travel must be billed based on mileage rate and the number of miles driven, the only alternative is direct payments for public transportation (i.e., cabs, buses, etc.)

- Costs associated with purchasing or leasing a vehicle **ARE NOT** eligible
- Costs for gas or vehicle fuel **ARE NOT** eligible
- Cost associated with food, baggage, or any non-direct transportation costs **ARE NOT** eligible

### Rent

Grantees can request reimbursement for the portion of the office space used in the process of contributing data to the HMIS expenses. The portion of rent that is allowable is proportionate to the percentage of the facility's total square footage that is being used in HMIS eligible activities. The calculation of the portion of rent being billed under HMIS should be documented in a written memo.

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<sup>5</sup> Grantees must verify with MHDC that the ESG training is HUD-sponsored prior to requesting reimbursement for any costs associated with attending them.

## Utilities

Grantees can request reimbursement for the portion of the utilities necessary to operate or contribute data to the HMIS. The portion of the utilities that is allowable is proportionate to the percentage of the facility's total square footage that is being used in HMIS eligible activities. The calculation of the portion of the utilities being billed under HMIS should be documented in a written memo. Eligible utilities include:

- Electricity
- Water
- Internet
- Gas
- Phone

## Equipment and Supplies

Equipment and supplies used in the process of contributing data to the HMIS are eligible. This can only be for equipment and supplies that are used exclusively for HMIS.

- Purchasing or leasing equipment, including telephones, faxes, and furniture
- Office supplies
- Maintenance of office space

## Participation Fees

Fees charged by the HMIS Lead or the HMIS/comparable database provider used by the grantee to operate and contribute data to the HMIS/comparable database are eligible.

## ELIGIBLE ACTIVITIES – HMIS LEADS

There are certain activities that are only eligible for reimbursement when requested by a funded HMIS Lead Agency, including:

### Hosting and Maintaining HMIS Systems

Costs for hardware and software used specifically by an HMIS Lead Agency in the further administration and maintenance of the HMIS, including:

- Purchasing or leasing computer hardware
- Purchasing software or software licenses
- Integrating and warehousing data, including development of a data warehouse for use in aggregating data from other grantees using multiple software systems
- Upgrading, customizing, and enhancing the HMIS
- Backing up, recovering, or repairing HMIS software or data

## Staffing

Salaries, wages, and related costs of the HMIS Lead Agency's staff or other staff engaged in any HMIS administrative assignments such as:

- Reporting to providers, the Continuum of Care, and HUD
- Providing technical assistance to grantees
- Conducting training on how to use the HMIS
- Assessing comparable databases for compliance with HUD's data standards
- Monitoring and reviewing data quality
- Completing data analysis
- Cost of obtaining third party technical support

## Training

The direct cost to participate (i.e., registration fees) and attend any HUD-Sponsored and/or HUD approved training on administering the HMIS is eligible.<sup>6</sup>

## Transportation

The direct transportation costs required for HMIS Lead Agency staff to travel in order to: conduct training on using the system, assess comparable databases for compliance, and HUD-Sponsored and/or HUD approved training on administering the HMIS. Direct transportation costs include the following:

- Cost of staff travel on public transit to conduct trainings, assess comparable databases, and attend trainings
- Mileage allowance for staff travel to conduct trainings, assess comparable databases, and attend trainings

All transportation costs must be supported via detailed travel logs which include the specific destinations, times travel occurred, staff involved, miles traveled, and purpose of travel. This must be furnished during compliance. All travel must be billed based on mileage rate and the number of miles driven, the only alternative is direct payments for public transportation (i.e., cabs, buses, etc.)

- Costs associated with purchasing or leasing a vehicle **ARE NOT** eligible
- Costs for gas or vehicle fuel **ARE NOT** eligible
- Cost associated with food, baggage, or any non-direct transportation costs **ARE NOT** eligible

## Rent

HMIS Lead Agencies can request reimbursement for the rent of the office space used in the process of administering and maintaining the HMIS. The portion of rent that is allowable is proportionate to the percentage of the facility's total square footage that is being used in HMIS Lead Agency eligible activities. The calculation of the portion of the rent being billed under HMIS should be documented in a written memo.

## Utilities

HMIS Lead Agencies can request reimbursement for the utilities necessary to administer and maintain the HMIS. The portion of the utilities that is allowable is proportionate to the percentage of the facility's total square footage that is being used in HMIS Lead Agency eligible activities. The calculation of the portion of the utilities being billed under HMIS should be documented in a written memo. Eligible utilities include:

- Electricity
- Gas
- Water
- Phone
- Internet

## Equipment and Supplies

Equipment and supplies used in the process of administering and maintaining the HMIS are eligible. This can only be for equipment and supplies that are used exclusively for HMIS.

- Office supplies
- Maintenance of office space
- Purchasing or leasing equipment, including telephones, faxes, and furniture

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<sup>6</sup> Grantees must verify with MHDC that the ESG training is HUD-sponsored prior to requesting reimbursement for any costs associated with attending them.

# STREET OUTREACH COMPONENT

HESP funds may be used for the costs of providing essential services to unsheltered homeless people ([24 CFR 576.101](#)); connecting them with emergency shelter, housing, or critical services; and providing urgent non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility.

## Client Eligibility Requirements

Street Outreach services are provided only to persons who specifically meet the definition of unsheltered homeless people under Category 1 of HUD's homeless definition, as defined in Table 1. Homeless Definitions found [here](#).

### Citizenship Verification

Households who receive services connected to a monetary value under the Street Outreach component must complete a SAVE Citizenship Verification as outlined in the [Systematic Alien Verification for Entitlements](#) section of this guide.

### No Income Requirement

Income requirements do not apply to program participants who are being served under the Street Outreach component.

## Eligible Program Activities

The following are the only eligible activities that can be billed under the Street Outreach component. There are **no** operations expenses eligible under Street Outreach, all expenses must be related to essential client services.

### Engagement

Activities designed to locate, identify, and build relationships with unsheltered homeless people for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs, including:

- Initial assessment of needs and program eligibility
- Actively connecting and providing information and referrals
- Providing crisis counseling
- Addressing urgent physical needs

### Housing-Focused Case Management

Assessment of the housing and service needs of unsheltered homeless persons and the arrangement for, coordination of, and monitoring of delivery of services to those persons, including:

- Participation in the centralized or coordinated entry system of the local Continuum of Care
- Initial evaluation, verification, and documentation of eligibility
- Counseling
- Developing, securing, and coordinating services
- Helping obtain federal, state, and local benefits
- Monitoring and evaluating participant progress
- Providing information and referrals to other service providers
- Developing individualized housing and service plans

## Emergency Health Services

Direct outpatient treatment of medical conditions by licensed professionals, to the extent that other appropriate emergency health services are unavailable within the community, in community-based settings where unsheltered homeless people are living, including:

- Assessing participant's health problems and developing treatment plans
- Assisting participants in understanding their health needs
- Providing or helping participants obtain appropriate emergency medical treatment
- Providing medication and follow-up services for specific program participants

## Emergency Mental Health Services

Direct outpatient treatment of mental health conditions by licensed professionals, to the extent that other appropriate emergency mental health services are unavailable within the community, in community-based settings where unsheltered homeless people are living, including:

- Crisis interventions
- Prescription of psychotropic medications for specific program participants
- Explanation for the use and management of medications
- Combinations of therapeutic approaches to address multiple problems

## Transportation Services

Travel by outreach workers, social workers, medical professionals, or other service providers during the provision of eligible street outreach services, including:

- Transporting program participants to emergency shelters or other service facilities
- Cost of a participant's travel on public transit
- Mileage allowance for outreach workers to visit participants
- Cost of staff to accompany or assist participants to use public transportation

All travel costs must be supported via detailed travel logs which include the specific destinations, times travel occurred, staff involved, miles traveled, and purpose of travel. This must be furnished during compliance. All travel must be billed based on mileage rate and the number of miles driven, the only alternative is direct payments for public transportation (i.e., cabs, buses, etc.).

- Costs associated with purchasing or leasing a vehicle **ARE NOT** eligible
- Employee travel to attend CoC meetings or trainings **ARE NOT** eligible expenses
- Costs for gas or vehicle fuel **ARE NOT** eligible

## Street Outreach Client Forms

### Required forms :

The following forms must be retained in the client file for Street Outreach

- HESP-225 Consent and Homelessness Citizenship Certification Form for each household member over 18 years old
- HESP-226 for each household member over 18 years old receiving direct financial assistance
- HMIS/Comparable Database Consent Form
- Screenshot of SAVE Verification check for each household member receiving monetary services
- Agency Intake Form
- Case Notes

Instructions for forms can be found in the Record Keeping Section of this Desk Guide.

# **EMERGENCY SHELTER COMPONENT**

HESP funds may be used for the costs of operating an emergency shelter<sup>7</sup> and providing essential services to homeless people in emergency shelters ([24 CFR Part 576.102](#)).

## **Client Eligibility Requirements**

Emergency Shelter services are provided to persons who meet HUD's Category 1, 2, or 4 status of HUD's homeless definition, as defined in Table 1. Homeless Definitions, found [here](#).

### **Citizenship Verification**

Households who receive services connected to a monetary value under the Emergency Shelter component must complete a SAVE Citizenship Verification as outlined in the [Systematic Alien Verification for Entitlements](#) section of this guide.

### **No Income Requirement**

Income requirements do not apply to program participants who are being served under Emergency Shelter component.

## **Eligible Program Activities – Essential Services**

Eligible program services that can be provided under Emergency Shelter include:

### **Case Management**

Staffing for employees that assess, arrange, coordinate, and monitor the delivery of individualized services to meet the needs of the program participant. This can include wages and benefits for time spent providing case management services, including:

- Using the centralized or coordinated assessment system as required under [24 CFR 576.400\(d\)](#)
- Conducting the initial evaluation required under [24 CFR 576.401\(a\)](#), including verifying and documenting eligibility
- Counseling
- Developing, securing, and coordinating services and obtaining federal, state, and local benefits
- Monitoring and evaluating program participant progress
- Providing information and referrals to other providers
- Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking
- Developing an individualized housing and service plan, including planning a path to permanent housing stability

### **Childcare**

Staffing for the provision of childcare services such as providing meals, snacks, and appropriate developmental activities are eligible. Children must be under the age of 13, unless they are disabled. Children with disabilities must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.

### **Education Services**

Providing program participants with basic knowledge and skills so they can obtain and maintain housing is eligible. This education should be focused on instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language, or General Educational Development (GED). These services or activities include:

- Screening, assessment, and testing
- Individual or group instruction
- Tutoring
- Books and instructional material

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<sup>7</sup> When the two words in the phrase "emergency shelter" are not capitalized, it is referring to the physical structure

- Counseling
- Referral to community resources

### Employment Assistance and Job Training

Providing employment assistance and job training for program participants is eligible. This can be through classroom, online, computer instruction, and/or on-the-job training. This employment assistance and job training should assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential. These services or activities include:

- Acquisition of vocational licenses and/or certificates
- Employment screening, assessment, and testing
- Special training and tutoring, including literacy training and prevocational training
- Books and instructional material
- Counseling or job coaching
- Referral to community resources

### Outpatient Health Services

Direct outpatient treatment of medical conditions provided by licensed medical professionals, to the extent that other appropriate health services are unavailable within the community are eligible, including:

- Assessing a program participant's health problems and developing a treatment plan
- Assisting program participants to understand their health needs
- Providing directly or assisting program participants to obtain appropriate medical treatment
- Preventative medical care and health maintenance services, including emergency medical services
- Medication and follow-up services for specific program participants
- Preventive and non-cosmetic dental care

### Legal Services

Legal services are limited to those services necessary to help program participants obtain housing or keep a program participant from losing housing where they currently reside (to the extent that other appropriate legal services are unavailable within the community).

- Immigration and citizenship matters and issues relating to mortgages **ARE NOT** eligible costs. Retainer fee arrangements and contingency fee arrangements **ARE NOT** eligible costs.

### Life Skills Training

Teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, substance use, and homelessness is eligible. These must be skills that are necessary to assist the program participant to function independently in the community, including:

- Budgeting resources
- Managing money
- Managing a household
- Resolving conflict
- Shopping for food and needed items
- Improving nutrition
- Using public transportation
- Parenting

### Mental Health Services

Direct outpatient treatment of mental health conditions provided by licensed medical professionals , to the extent that other appropriate mental health services are unavailable within the community, are eligible, including:

- Application of therapeutic processes to personal, family, situational, or occupational problems
- Crisis interventions
- Individual, family, or group therapy sessions
- Prescription of psychotropic medications for specific program participants

- Explanations about the use and management of medications

### Substance Abuse Treatment Services

Substance abuse treatment services designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors that are provided by licensed or certified professionals, to the extent that other appropriate substance abuse treatment services are unavailable within the community, are eligible, including:

- Client intake and assessment
- Outpatient treatment for up to 30 days
- Group and individual counseling and drug testing
- Inpatient detoxification and other inpatient drug or alcohol treatment **ARE NOT** eligible costs

### Transportation Services

Transportation costs of a program participant's travel to and from medical care, employment, childcare, or other essential services facilities are eligible, including:

- Transporting program participants to and from emergency shelters or other service facilities
- Cost of a participant's travel on public transit
- Mileage allowance for service workers to visit program participants
- Cost of staff to accompany or assist participants to use public transportation to and from emergency shelters or other service facilities

All travel costs must be supported via detailed travel logs which include the specific destinations, times travel occurred, staff involved, miles traveled, and purpose of travel. This must be furnished during compliance. All travel must be billed based on mileage rate and the number of miles driven. The only alternative is direct payments for public transportation (i.e., cabs, buses, etc.).

- Costs associated with purchasing or leasing a vehicle **ARE NOT** eligible expenses
- Employee travel to attend CoC meetings or trainings **ARE NOT** eligible expenses
- Costs for gas or vehicle fuel **ARE NOT** eligible expenses
- Costs for repairs or maintenance **ARE NOT** eligible expenses

### Eligible Activities – Operations

Eligible operating expenses that can be reimbursed under Emergency Shelter include:

#### Minor or Routine Maintenance

In general, maintenance activities include cleaning; minor or routine repairs of furnishings, equipment, and fixtures; and protective or preventative measures to keep a building, its systems, and its grounds in working order. Maintenance activities:

- Do not materially add to the value of the building/property;
- Do not appreciably prolong the useful life of the building/property; and
- Do not adapt the building/property to new uses.

Examples of maintenance activities could include activities such as: pest control, lawn services, replacing a few shingles on a leaky roof; patching leaking pipes or plumbing; replacing a broken window; fixing a crack in a sidewalk; filling potholes in a parking lot; and repairing portions of a fence.

If the grantee is replacing appliances or portions of the structure, they must have both written and photographic documentation on how it was unsafe, unusable, and/or more expensive to repair and continue using than to replace.

- Staffing or contracting of qualified persons for repairs are eligible
- Installation, appliances, and supplies for replacements are eligible
- Installation, appliances, and supplies for non-replacement purposes<sup>8</sup> **ARE NOT** considered minor or routine

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<sup>8</sup> Non-replacement purposes means the introduction of appliances or portions of the structure that were not present in the emergency shelter beforehand

maintenance

- Renovation, major rehab, and conversion **ARE NOT** eligible. Examples of renovation could include: replacing fixtures, such as the HVAC system or plumbing, replacing a roof, etc.<sup>9</sup>
- Vehicle maintenance or repair are not eligible.

## Rent

The rent for the facility being used as an emergency shelter is eligible. If only a portion of the facility is being used as an emergency shelter, then only the rent for that portion of the facility is eligible for reimbursement under the Emergency Shelter component. Rent for administrative office spaces within the same facility are not eligible under the Emergency Shelter component if they are not used solely for the administration of the emergency shelter. The portion of rent that is allowable is proportionate to the percentage of the facility's total square footage that is being used as an emergency shelter. The calculation of the portion of the rent being billed under Emergency Shelter should be documented in a written memo.

## Security

The purchase, installation, and maintenance of security-related items are eligible, including:

- Security cameras
- Security system software and subscriptions
- Locks for windows or doors
- Light fixtures and flashlights
- Security/Maintenance staff salaries

## Insurance

Insurance for the facility being used as an emergency shelter is eligible. If only a portion of the facility is being used as an emergency shelter, then only the insurance for that portion of the facility is eligible for reimbursement under the Emergency Shelter component. Insurance for administrative office spaces within the same facility are not eligible under the Emergency Shelter component if they are not used solely for the administration of the emergency shelter. The portion of insurance that is allowable is proportionate to the percentage of the facility's square footage that is being used as an emergency shelter. The calculation of the portion of the insurance being billed under Emergency Shelter should be documented in a written memo.

## Utilities

The utilities for the facility being used as an emergency shelter are eligible. If only a portion of the facility is being used as an emergency shelter, then only the utilities for that portion of the facility are eligible for reimbursement under the Emergency Shelter component. Utilities for administrative office spaces within the same facility are not eligible under the Emergency Shelter component if they are not used solely for the administration of the emergency shelter. The portion of utilities that are allowable is proportionate to the percentage of the facility's total square footage that is being used as an emergency shelter. The calculation of the portion of the utilities being billed under Emergency Shelter should be documented in a written memo. Eligible utilities include:

- Electricity
- Gas
- Water
- Sewage
- Trash
- Internet
- Phone

## Food for Shelter Residents

The purchase of food and supplies for food storage, preparation, and serving are eligible. This can only be for food that is being served to eligible Emergency Shelter clients within an emergency shelter.

## Furniture and Furnishings

Furniture and furnishings necessary for the operation of an emergency shelter are eligible. This can only be for furniture and

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(e.g., constructing a new wall, installing a dishwasher when there was not one in the facility already, etc.).

furnishings that are used exclusively within the emergency shelter and for Emergency Shelter services.

### Equipment and Supplies

Equipment and supplies necessary for the operation of an emergency shelter are eligible. This can only be for equipment and supplies that are used exclusively for Emergency Shelter services.

### Hotel or Motel Vouchers

When no appropriate emergency shelter is available, the grantee may pay for a hotel/motel room directly or through a hotel/motel voucher. Additionally, funds can be used to pay for cleaning of hotel and motel rooms used by program participants as well as to repair damage caused by program participants above normal wear and tear of the room. Essential Services that are eligible under the Emergency Shelter component can be provided to program participants staying in hotels and motels that are being funded under the Emergency Shelter component.

## Emergency Shelter Client Forms

### Required forms

The following forms must be retained in the client file for Emergency Shelter:

- HESP-225 Consent and Homelessness Citizenship Certification Form for each household member over 18 years old
- HESP-226 for each household member over 18 years old receiving direct financial assistance
- Agency Intake Form
- Screenshot of SAVE Verification check for each household member receiving monetary services
- HMIS/Comparable Database Consent Form
- Case Notes

Instructions for forms can be found in the Record Keeping Section of this Desk Guide.

# **HOMELINESS PREVENTION COMPONENT**

HESP funds may be used for the costs of preventing households from becoming homeless ([24 CFR 576.103](#)).

## **Client Eligibility Requirements**

Participants must meet Category 2 or 4 of the homeless defined in [Table 1](#) or Category 1 of the at-risk of homelessness defined in [Table 2](#) **AND** have an annual income below 30% of the area median income (AMI).

### **Citizenship Verification**

Households who receive services connected to a monetary value under the Homelessness Prevention component must complete a SAVE Citizenship Verification as outlined in the [Systematic Alien Verification for Entitlements](#) section of this guide.

### **Income Evaluation Required at Intake and Recertification**

All Program Participant must have a gross annual household income below thirty percent (30%) of the area median income (AMI), as determined by HUD, at initial evaluation and all re-evaluations.

## **Eligible Activities – Housing Relocation and Stabilization Services**

Costs associated with providing housing relocation and stabilization services to individuals and families, including:

### **Housing Search and Placement Services**

Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, including:

- Assessment of housing barriers, needs, and preferences
- Development of an action plan for locating housing
- Housing search
- Outreach to and negotiation with owners
- Assistance with submitting rental applications and understanding leases
- Assessment of housing for compliance with HESP requirements for habitability, lead-based paint, and rent reasonableness
- Assistance with obtaining utilities and making moving arrangements
- Tenant counseling

### **Housing Stability Case Management**

Assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing are eligible. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing. Component services and activities consist of:

- Using the centralized or coordinated assessment system as required under [24 CFR 576.400\(d\)](#) to evaluate individuals and families applying for or receiving Homelessness Prevention
- Conducting the initial evaluation required under [24 CFR 576.401\(a\)](#), including verifying and documenting eligibility, for individuals and families applying for Homelessness Prevention
- Counseling
- Developing, securing, and coordinating services and obtaining federal, state, and local benefits
- Monitoring and evaluating program participant progress
- Conducting re-evaluations required under [24 CFR 576.401\(b\)](#)
- Developing an individualized housing and service plan, including planning a path to permanent housing stability
- Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking
- Providing information and referrals to other providers

## Mediation

Paying for mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides, is eligible.

## Legal Services

Legal services are limited to those services necessary to help program participants obtain housing or keep a program participant from losing housing where they currently reside.

- Immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are ineligible costs.

## Credit Repair

Paying for credit counseling and other services necessary to assist program participants with critical financial skills are eligible, including skills related to:

- Household budgeting
- Managing money
- Accessing a free personal credit report
- Resolving personal credit problems
- Payment or modification of debt **IS NOT** eligible

## Eligible Activities – Financial Assistance

Direct financial payments to housing owners, utility companies, and other third parties for a tenant are eligible, including:

### Moving Costs

Paying for moving costs, such as truck rental or hiring a moving company are eligible. This assistance may include payment of temporary storage fees for up to three (3) months, provided that the fees are accrued after the date the program participant begins receiving Housing Relocation and Stabilization Services under Homelessness Prevention and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears **ARE NOT** eligible.

### Rent Application Fees

Paying for the rental housing application fee that is charged by the owner to all applicants is eligible. If the household has multiple members who are required to pay a fee, each rental application fee charged to the household can be reimbursed.

### Last Month's Rent

If necessary to obtain housing for a program participant, paying the last month's rent to the owner of that housing at the time the owner is paid the security deposit, and the first month's rent is eligible. This assistance must not exceed one month's rent.

### Security Deposits

Paying for a standard security deposit required by the landlord for all program participants is eligible. Security deposits may not exceed the cost of two months of rent.

### Utility Deposit

Paying for a standard utility deposit, required by the utility company for program participants is eligible:

- Gas
- Electric
- Water
- Sewage

## Utility Payments

Paying for up to 24 months of utility payments per program participant, per service is eligible. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services include:

- Gas
- Electric
- Water
- Sewage

## Utility Arrears

One-time payment of up to six months of arrears, including late fees per eligible utility service. The one-time payment can be split between multiple delinquent accounts for the same service as long as the assistance does not exceed more than six (6) months of arrears in total. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services include:

- Gas
- Electric
- Water
- Sewage

## Eligible Activities – Rental Assistance

Direct rental payments to housing owners, landlords, and other third parties for a tenant are eligible. Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the Uniform Relocation Act (URA) during the period of time covered by the URA payments. Eligible costs include:

### Short-Term Rental Assistance

Providing up to three months of rental assistance. Short-term rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources.

### Medium-Term Rental Assistance

Providing between 3 to 24 months of rental assistance. Medium-term rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources.

### Rental Arrears

One-time payment of up to six months of rental arrears, including late fees on the arrears.

## Homelessness Prevention Client Files

### Required forms

The following forms must be retained in the client file for Homelessness Prevention participants:

- HESP-225 Consent and Homelessness Citizenship Certification for all household members over 18 years old
- Agency Intake Form
- Case Notes
- HMIS/Comparable Database Consent Form
- Photo Identification or MHDC-110 if DV
- Social Security Identification or MHDC-110 if DV
- HESP-201 Income Eligibility Worksheet

- Third-Party Documents that Verify Gross Annual Income (i.e., 30 days of Paystubs, SSI/SSDI Award Letter, etc.).
- MHDC-112 Verification of Income [REQUIRED, IF]
  - If third-party income documentation is unobtainable, this form must be completed. Must document attempts to obtain source documentation in client file notes
- MHDC-103 Self-Declaration of Income [REQUIRED, IF]
  - If MHDC-112 Verification of Income is unobtainable OR the participant has no income, MHDC-103 Self-Declaration of Income must be completed

### Required forms for Financial and/or Rental Assistance Clients

- HESP-225 Consent and Homelessness Citizenship Certification Form for each household member over 18 years old
- HESP-226 for each household member over 18 years old receiving direct financial assistance
- Screenshot of SAVE Verification check for each household member receiving monetary services
- HESP-204 Receipt of Assistance
- HESP-205 Minimum Standards for Permanent Housing
- HESP-206 Rent Reasonableness and Fair Market Rent Certification
- HESP-207 Lead Screening Worksheet
- HESP-208 Property Owner Lead Certification Form [REQUIRED, IF]
  - If the unit requires and fails a visual assessment (Part 3 of the ESG-207 Lead Screening Worksheet), HESP-208 Property Owner Lead Certification Form must be completed.
- HESP Rental Assistance Agreement
- Proof of Need (Invoice/Receipt/Lease)
- Proof of Payment (Cleared checks or bank statement with HESP payments highlighted)
- Lease
- VAWA Lease Addendum

Instructions for forms can be found in the Record Keeping Section of this Desk Guide.

# **RAPID REHOUSING COMPONENT**

HESP funds may be used for the costs of moving literally homeless individuals and families ([24 CFR 576.104](#)) quickly into permanent housing and achieve stability in that housing.

## **Client Eligibility Requirements**

Participants must meet Category 1 or 4 of the homeless definition. Homeless Definitions can be found in Table 1 [Here](#). Only upon annual re-evaluation is the program participant required to have an annual income below 30% AMI.

### **Income Evaluation Required ONLY at Recertification**

All Program Participant must have a gross annual household income below thirty percent (30%) of area median income (AMI), as determined by HUD, at annual re-evaluation.

### **Citizenship Verification**

Households who receive services connected to a monetary value under the Rapid Rehousing component must complete a SAVE Citizenship Verification as outlined in the [Systematic Alien Verification for Entitlements](#) section of this guide.

## **Eligible Activities – Housing Relocation and Stabilization Services**

Costs associated with providing housing relocation and stabilization services to individuals and families, including:

### **Housing Search and Placement Services**

Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing are eligible, including:

- Assessment of housing barriers, needs, and preferences
- Development of an action plan for locating housing
- Housing search
- Outreach to and negotiation with owners
- Assistance with submitting rental applications and understanding leases
- Assessment of housing for compliance with HESP requirements for habitability, lead-based paint, and rent reasonableness
- Assistance with obtaining utilities and making moving arrangements
- Tenant counseling

### **Housing Stability Case Management**

Assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing are eligible. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing. Component services and activities consist of:

- Using the centralized or coordinated assessment system as required under [24 CFR 576.400\(d\)](#) to evaluate individuals and families applying for or receiving Rapid Rehousing
- Conducting the initial evaluation required under [24 CFR 576.401\(a\)](#), including verifying and documenting eligibility, for individuals and families applying for Rapid Rehousing
- Counseling
- Developing, securing, and coordinating services and obtaining federal, state, and local benefits
- Monitoring and evaluating program participant progress
- Conducting re-evaluations required under [24 CFR 576.401\(b\)](#)
- Developing an individualized housing and service plan, including planning a path to permanent housing stability
- Providing ongoing risk assessment and safety planning with victims of domestic violence, dating violence, sexual assault, and stalking
- Providing information and referrals to other providers

## Mediation

Paying for mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides, is eligible.

## Legal Services

Legal services are limited to those services necessary to help program participants obtain housing or keep a program participant from losing housing where they currently reside. Immigration and citizenship matters and issues relating to mortgages are ineligible costs. Retainer fee arrangements and contingency fee arrangements are ineligible costs.

## Credit Repair

Paying for credit counseling and other services necessary to assist program participants with critical financial skills are eligible, including skills related to:

- Household budgeting
- Managing money
- Accessing a free personal credit report
- Resolving personal credit problems
- Payment or modification of debt **IS NOT** eligible

## Eligible Activities – Financial Assistance

Direct financial payments to housing owners, utility companies, and other third parties for a tenant are eligible, including:

### Moving Costs

Paying for moving costs, such as truck rental or hiring a moving company are eligible. This assistance may include payment of temporary storage fees for up to three (3) months, provided that the fees are accrued after the date the program participant begins receiving Housing Relocation and Stabilization Services under Rapid Rehousing and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears **ARE NOT** eligible.

### Rent Application Fees

Paying for the rental housing application fee that is charged by the owner to all applicants is eligible. If the household has multiple members who are required to pay a fee, each rental application fee charged to the household can be reimbursed.

### Last Month's Rent

If necessary to obtain housing for a program participant, paying the last month's rent to the owner of that housing at the time the owner is paid the security deposit, and the first month's rent is eligible. This assistance must not exceed one month's rent.

### Security Deposits

Paying for a standard security deposit required by the landlord for all program participants is eligible. Security deposits may not exceed the cost of two months of rent.

### Utility Deposit

Paying for a standard utility deposit, required by the utility company for program participants is eligible:

- Gas
- Electric
- Water
- Sewage

## Utility Payments

Paying for up to 24 months of utility payments per program participant, per service is eligible. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services include:

- Gas
- Electric
- Water
- Sewage

## Utility Arrears

One-time payment of up to six months of arrears, including late fees per eligible utility service. The one-time payment can be split between multiple delinquent accounts for the same service as long as the assistance does not exceed more than six (6) months of arrears in total. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services include:

- Gas
- Electric
- Water
- Sewage

## Eligible Activities – Rental Assistance

Direct rental payments to housing owners, landlords, and other third parties for a tenant are eligible. Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the URA during the period of time covered by the URA payments. Eligible costs include:

### Short-Term Rental Assistance

Providing up to three months of rental assistance. Short-term rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources.

### Medium-Term Rental Assistance

Providing between 3 to 24 months of rental assistance. Medium-term rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources.

### Rental Arrears

One-time payment of up to six months rental arrears, including late fees on the arrears.

## Rapid Rehousing Client Files

### Required forms

The following forms must be retained in the client file for all Rapid Rehousing participants:

- HESP-225 Consent and Homelessness Citizenship Certification for all household members over 18 years old
- HMIS/Comparable Database Consent Form
- Agency Intake Form
- Case Notes
- Photo Identification or MHDC-110 if DV
- Social Security Identification or MHDC-110 if DV

### Required forms for Financial and/or Rental Assistance Clients

- HESP-225 Consent and Homelessness Citizenship Certification Form for each household member over 18 years old
- HESP-226 for each household member over 18 years old receiving direct financial assistance
- Screenshot of SAVE Verification check for each household member receiving monetary services
- HESP-204 Receipt of Assistance
- HESP-205 Minimum Standards for Permanent Housing
- HESP-206 Rent Reasonableness and Fair Market Rent Certification
- HESP-207 Lead Screening Worksheet
- HESP-208 Property Owner Lead Certification Form [REQUIRED, IF]
  - If the unit requires and fails a visual assessment (Part 3 of the ESG-207 Lead Screening Worksheet) HESP-208 Property Owner Lead Certification Form must be completed.
- HESP Rental Assistance Agreement
- Proof of Need (Invoice/Receipt/Lease)
- Proof of Payment (Cleared checks or bank statement with HESP payments highlighted)
- Lease
- VAWA Lease Addendum

Instructions for forms can be found in the Record Keeping Section of this Desk Guide.

# **REQUIREMENTS FOR PROVIDING RENTAL ASSISTANCE**

Grantees are required to abide by the following requirements when providing direct rental payments to housing owners, landlords, and other third parties for eligible Rapid Rehousing and Homeless Prevention program participants.

## **Types of Rental Assistance**

### **Tenant-Based Rental Assistance**

A program participant may select a housing unit in which to live and may move to another unit or building and continue to receive rental assistance, as long as the program participant continues to meet the program requirements. The grantee may require that all program participants live within a particular area for the period in which the rental assistance is provided. There must be a lease between the owner and the program participant. Prior to assistance, the grantee and the owner must have a rental assistance agreement. The rental assistance agreement must terminate and no further rental assistance payments under that agreement may be made if:

- The program participant moves out of the housing unit for which the participant has a lease; or
- The lease terminates and is not renewed; or
- The program participant becomes ineligible to receive HESP rental assistance under Homelessness Prevention.

### **Project-Based Rental Assistance**

The grantee may enter into a rental assistance agreement with the owner of an HESP eligible permanent housing unit to reserve the unit and subsidize its rent prior to a program participant moving into the unit. The rental assistance agreement may cover one or more permanent housing units in the same building. Each unit covered by the rental assistance agreement may only be occupied by HESP eligible program participants. The following rules apply to all project-based rental assistance:

- The grantee may pay up to one hundred percent (100%) of the first month's rent, provided that a program participant signs a lease with the owner and moves into the unit before the end of the month for which the first month's rent is paid. The rent paid before a program participant moves into the unit must not exceed the rent to be charged under the program participant's lease and must be included when determining the participant's total rental assistance.
- The grantee may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a program participant, except if a program participant moves out of an assisted unit before expiration of the agreement.
- The grantee may use HESP funds to cover up to one hundred percent (100%) of the rent for the unit for up to 30 days from the end of the month in which the unit was vacated while the grantee attempts to house another eligible program participant in that unit.
- The rental assistance agreement between the grantee and the owner must have an initial term of no less than one year.
- The program participant's lease must not condition the term of occupancy to the provision of rental assistance payments. If the program participant is determined ineligible or reaches the maximum number of months over which rental assistance can be provided, the grantee must suspend or terminate the rental assistance payments for the unit. If the payments are suspended, the individual or family may remain in the assisted unit as permitted under the lease, and the grantee may resume payments if the individual or family again becomes eligible and needs further rental assistance. If the payments are terminated, the rental assistance may be transferred to another available unit in the same building, provided that the other unit meets all HESP requirements.
- When a new program participant moves into an assisted unit, the term of the rental assistance agreement may be extended to cover the initial term of the program participant's lease. If the program participant's lease is renewed, the rental assistance agreement may be renewed or extended, as needed, up to the maximum number of months for which the program participant remains eligible.

## Maximum Assistance

The maximum period for which any program participant may receive rental assistance must not exceed 24 months during any three-year period. A certification of receipt of HESP or other federal ESG assistance must be completed by the client, via form [HESP-204 Receipt of Assistance](#), to ensure eligible client assistance.

## Using Rental Assistance with Other Subsidies

Rental assistance cannot be provided to program participants receiving tenant-based rental assistance or living in a housing unit receiving project-based rental assistance or operating assistance through other public sources for the same time period. Rental arrears can be provided to households receiving rental subsidies.

## Rent Restrictions

Rent for units assisted with HESP must not exceed the lesser of the rent reasonableness standard ([24 CFR 982.507](#)) or [Fair Market Rent \(FMR\) limits](#)<sup>10</sup>. Rent must be reasonable when compared to three other units with the same number of bedrooms and similar size, type, and amenities within the community. Rent must also be at or below the HUD established Fair Market Rent for the household composition and unit size in the area. When determining a unit's compliance with rent reasonableness and FMR, all utilities paid for by the resident must be included in the total rental cost. This includes any utilities with fixed rates that are documented in the lease and utilities that are paid based on usage. For utilities paid on a usage-basis, a utility allowance must be calculated should using the utility allowance schedule for the county the unit is in from a local Public Housing Authority (PHA). Documentation that these standards are met is completed with the HESP-206 Rent Reasonableness and Fair Market Rent Certification.

## Maximum Unit Size for Rent Restrictions

	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Minimum	<b>1 person</b>	<b>2 people</b>	<b>3 people</b>	<b>4 people</b>
Maximum	<b>2 people</b>	<b>3 people</b>	<b>4 people</b>	<b>6 people</b>

Rent reasonableness and FMR compliance should be based on both the number of bedrooms of the unit and the size of the household. The table above shows the minimum and maximum number of people that are eligible to occupy different unit sizes. If the number of bedrooms for the proposed unit exceeds the household size, then the other comparable units for Rent Reasonableness must have, and the FMR rate used must be for, the number of bedrooms of the reasonable household size.<sup>11</sup>

If there are no units available in the community that comply with the rent reasonableness and FMR standards of the program participant's household size, grantees can request a household composition exemption from MHDC prior to placing the participant in housing. This exemption would allow the grantee to put the participant household in a unit that exceeds their household size. Grantees may email the HESP Administrator at [CP.Programs@mhdc.com](mailto:CP.Programs@mhdc.com) to request a household size exemption. If granted the exemption, the unit still must comply with rent reasonableness and FMR standards for the unit size. Requirements do not apply for households not receiving HESP rental assistance.

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<sup>10</sup> As defined in [24 CFR Part 888](#)

<sup>11</sup> For example, if the proposed unit for a household of three people has 4 bedrooms, then the comparable units must be 3 bedroom units and the FMR rate used must be for 3 bedroom units

## Rental Assistance Agreements

HESP grantees providing rental assistance must enter into a rental assistance agreement<sup>12</sup> with the owner of the housing for which funds are being provided in accordance with [24 CFR 576.106\(e\)](#). This documented agreement establishes the terms under which rental assistance will be provided, and it requires the owner to provide a copy of any notice provided to program participants to vacate the housing unit or any complaint used under state or local law to evict the program participant to the agency providing HESP rental assistance. This is not a legally binding agreement and is not the same as a lease or sublease.

## Leases

In accordance with [24 CFR 576](#), each program participant receiving rental assistance must have a legally binding, written lease for the rental unit. This must be between the owner and the program participant. Where the assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the program participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks. For program participants living in housing with project-based rental assistance, the lease must have an initial term of no less than one year. Each lease executed on or after December 16, 2016, must include a lease provision or incorporate a lease addendum that includes all requirements that apply to tenants, the owner or lease under [24 CFR 5 Subpart L](#) (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking), as supplemented by [24 CFR 576.409](#), including the prohibited bases for eviction and restrictions on construing lease terms under [24 CFR 5.2005\(b\)](#) and [24 CFR 5.2005\(c\)](#). If the housing is not assisted under another "covered housing program" as defined in [24 CFR 5.2003](#), then the lease provision or lease addendum may be written to expire at the end of the rental assistance period.

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<sup>12</sup> MHDC has a "Sample Rental Assistance Agreement" located [here](#).

# RECORDKEEPING REQUIREMENTS

Every HESP component and activity has specific record keeping requirements as defined by HUD in [24 CFR 576.500](#). The following section breaks down which forms, documents, and financial records must be retained in specific instances in administering HESP funds, such as:

## Recordkeeping Standards:

- “Proof of Cleared Payment” must be provided using the documentation outlined in the charts below. Payments made via payment applications (i.e., PayPal, Venmo, CashApp etc.) will not be considered as Proof of Cleared Payment.
- All documentation must be kept on-site for MHDC compliance purposes.
- All documentation must be easily accessible to MHDC Compliance Officers during a compliance visit and/or desk audit. Required documentation that is not accessible or available could result in a negative compliance status and/or a repayment of funds to MHDC.

## Recordkeeping Standards for Clients Fleeing or Attempting to Flee Domestic Violence:

- It is appropriate to use non-identifying information for clients fleeing or attempting to flee Domestic Violence. This can include assigning the client a unique ID and redacting exact addresses from reports.
- Proof of cleared payment is still subject to review during the MHDC compliance process for payments made on behalf of the household.

## Documenting Homeless Status

Appropriate homeless status documentation for client files will vary depending on type of assistance provided and the circumstances of each participant.

### Literally Homeless

1. Written referral by another housing/service provider (i.e., Coordinated Entry referral, referral letter)
  - a. If the individual qualifies as homeless under paragraph (1)(iii) of the homeless definition, then discharge paperwork or a written or oral referral from an appropriate official of the institution, stating the beginning and end dates of the time residing in the institution. All oral statements must be recorded by the intake worker.
2. Written observation by the outreach worker of the conditions where the individual or family was living.
3. Certification by the head of household seeking assistance stating they he/she was living on the streets or in shelter.

### Imminent Risk of Homelessness

1. A court order resulting from an eviction action notifying the household they must leave
  - a. For households leaving a hotel/motel: the source documents to show the program participant does not have sufficient resources (i.e., notice of employment termination, unemployment compensation statement, bank statement).
2. A written certification by the owner/renter of the housing in which the program participant currently resides, attained/verified by the intake worker, stating they will not allow them to stay
3. A documented and verified oral statement
  - a. Certification that no subsequent residence has been identified
  - b. Self-certification or other written documentation that the household lacks financial resources and support necessary to obtain permanent housing

## At Risk of Homelessness

- Evidence that participant's annual income does not exceed 30% AMI; and
- Source documents showing that the program participant lacks sufficient resources or support networks to prevent them from becoming homeless (i.e., notice of termination from employment, unemployment compensation statement, bank statement, health-care bill showing arrears, utility bill showing arrears). If source documents are unavailable, then the following order of priority for obtaining evidence must be followed:
  1. Written verification by the relevant third party (e.g., former employer, public administrator, relative).
  2. Written certification by the outreach worker of the oral verification by the third party.
  3. If third-party verification is unobtainable a written statement by intake staff describing the efforts taken to obtain the evidence is required.
- Source documents showing the program participant meets at least one condition of the "at risk of homelessness" definition in [24 CFR 576.2](#) (i.e., notice of employment termination, unemployment compensation statement, bank statement). If source documents are unavailable, then the following order of priority for obtaining evidence must be followed:
  1. Written verification by relevant third-party (i.e., former employer, owner, primary leaseholder, public administrator, hotel or motel manager, etc.).
  2. Written certification by the outreach worker of the oral verification by the third party.
  3. If third-party verification is unobtainable, a written statement by intake staff that the staff person has visited the applicant's residence and determined that the applicant meets one or more of the criteria under At Risk of Homelessness definition or, if a visit is not practicable or relevant to the determination, a written statement by the intake staff describing the efforts taken to obtain the required evidence.

## Fleeing/Attempting to Flee Domestic Violence

If the individual or family is experiencing trauma or a lack of safety related to, or fleeing or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous, traumatic, or life-threatening conditions related to the violence against the individual or a family member in the individual's or family's current housing situation, including where the health and safety of children are jeopardized, then acceptable evidence includes an oral statement by the individual or head of household seeking assistance that they are fleeing that situation, that no subsequent residence has been identified and that they lack the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain other housing.

## Recordkeeping Summary

All expenses listed on any HESP-212 Expense Detail Form that was submitted with an approved payment request must have supporting financial backup retained and saved for a minimum of five (5) years following the end of the grant period. Financial Back-up consists of proof of need (or cost incurred) and proof of payment. Proof of Payment for Direct Assistance should be documented **BOTH** in client files **AND** with the other financial backup for expenses listed on each submitted HESP-212 Expense Detail Form.

### Proof of Need

Proof of need must show that the cost was incurred prior to reimbursement being requested and within the eligible grant period. In general, proof of need for bills paid, services performed, or materials purchased should be documented with an invoice and/or receipt from the vendor. **Invoices and/or receipts created by the grantee or by a third-party not involved in the transaction do not count as proof of need.**

## Proof of Payment

Proof of payment must show that the cost was paid for prior to reimbursement being request and within the eligible grant period. In general, proof of payment for bills paid, services performed, or materials purchased should be documented with canceled checks or bank statements with the specific payment highlighted. As with proof of need, proof of payment must always come from a third-party source. There are some types of expenses that should have proof of need documented differently, reference the Compliance Guidance on the [MHDC website](#) for additional details.

### A. Records to Maintain – Financials

Activity	Acceptable Forms of Documentation (both Proof of Need and Proof of Payment are required)	
	Proof of Need	Proof of Cleared Payment
<ul style="list-style-type: none"> <li>• <b>Bills paid</b></li> <li>• <b>Supplies purchased</b></li> </ul>	<ul style="list-style-type: none"> <li>• Invoice or</li> <li>• Receipt</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of cleared check or</li> <li>• Copy of check and bank statement highlighting the cleared payment.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Employee Compensation</b></li> </ul>	<ul style="list-style-type: none"> <li>• Timesheets signed by supervisor and employee detailing eligible HESP activities and;</li> <li>• Paystubs or payroll report from a third-party listing pay periods, employee name, and last 4 digits of SSN.</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of paystub or payroll report from third party.</li> <li>• Bank statement with HESP payments highlighted.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Travel Costs</b> <i>*Not to exceed the Federal standard mileage rate</i></li> </ul>	<ul style="list-style-type: none"> <li>• Travel logs which include date(s) of travel, to/from destinations, mileage, date, staff members involved and purpose of travel.</li> </ul>	<ul style="list-style-type: none"> <li>• If reimbursement is made to employee; bank statement with payments made by HESP highlighted.</li> <li>• If reimbursement is made to agency, proof of payment is not needed.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Costs associated with Third Party Contractors</b></li> </ul>	<ul style="list-style-type: none"> <li>• Contract/MOU between agency and contractor</li> <li>• Invoice</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of cleared check or</li> <li>• Copy of bank statement highlighting the cleared payment.</li> </ul>

### B. Records to Maintain – All Client Files

Record	Acceptable Forms of Documentation
<b>1. Release of Information</b>	<ul style="list-style-type: none"> <li>• HESP-225 Consent and Homelessness Citizenship Certification for all household members over 18 years old and;</li> <li>• HMIS/Comparable Database Consent Form (provided by HMIS Lead Agency).</li> </ul>
<b>2. Proof of Identity</b> <i>(required for all household members over 18 years of age)</i>	<ul style="list-style-type: none"> <li>• HESP-226 Citizenship Declaration for all direct financial assistance recipients over 18 years old</li> <li>• Social Security Card and;               <ul style="list-style-type: none"> <li>○ Driver's license</li> <li>○ State/Government-Issued photo ID</li> <li>○ Passport/passport card</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Department of Homeland Security or U.S. Citizenship and Immigration Services documents</li> <li>○ U.S. Military Identification</li> <li>● <i>*Requirements are subject to change</i></li> </ul>
<b>3. Proof of Citizenship or Legal Status</b> <i>(required for all household members over 18 years of age if required by the SAVE Verification System)</i>	<ul style="list-style-type: none"> <li>● Proof of Citizenship (<i>United States Citizens</i>) <ul style="list-style-type: none"> <li>○ Passport/passport card</li> <li>○ Certified record of birth (i.e., birth certificate) or official adoption decree</li> <li>○ U.S American Indian or Alaska Native tribal enrollment or membership card with photo</li> </ul> </li> <li>● Proof of Legal Status (<i>Non-United States Citizens</i>) <ul style="list-style-type: none"> <li>○ USCIS/Alien Registration</li> <li>○ Form I-94, Arrival/Departure record number</li> <li>○ SEVIS ID number</li> <li>○ Naturalization/Citizenship certification number</li> <li>○ Card Number/I-797 Receipt number</li> </ul> </li> <li>● Copy of screenshot directly from the SAVE system for each household member</li> </ul>
<b>4. Program Eligibility</b>	<ul style="list-style-type: none"> <li>● Agency Intake Form and;</li> <li>● HESP-225 Consent and Homelessness Citizenship Certification and;</li> <li>● HESP-226 Citizenship Declaration</li> </ul>
<b>5. Case Notes</b>	<ul style="list-style-type: none"> <li>● Dated case notes detailing housing goals, plans and referrals</li> </ul>

### C. Records to Maintain – Homelessness Prevention Client Files

Record	Acceptable Forms of Documentation
<b>1. “All Client File” Records (Chart B: 1-5)</b>	<ul style="list-style-type: none"> <li>● Release of Information (see section B -1) and;</li> <li>● Program Eligibility (see section B-2);</li> <li>● Proof of Identity (see section B-3);</li> <li>● Proof of Citizenship or Legal Status (see section B-4);</li> <li>● Case Notes (see section B-5).</li> </ul>
<b>2. Proof of Income</b> <i>(required for all household members over 18 years of age)</i>	<ul style="list-style-type: none"> <li>● Third-party documents that verify gross annual income (i.e., 30 days of paystubs, SSI/SSDI Award Letter) or;</li> <li>● MHDC-112 Verification of Income if third-party documentation is unobtainable or;</li> <li>● MHDC-103 Self-Declaration of Income if participant has zero income.</li> </ul>
<b>3. Direct Assistance Eligibility</b>	<ul style="list-style-type: none"> <li>● Rental Assistance Agreement and;</li> <li>● HESP-204 Receipt of Assistance;</li> <li>● HESP-205 Minimum Standards for Permanent Housing;</li> <li>● HESP-206 Rent Reasonableness and Fair Market Rent Certification;</li> <li>● HESP-207 Lead Screening Worksheet;</li> <li>● HESP-208 Property Owner Lead Certification Form <i>(required if unit fails visual assessment)</i>;</li> <li>● VAWA Lease Addendum.</li> </ul>
<b>4. Proof of Residency</b>	<ul style="list-style-type: none"> <li>● A fully executed lease agreement that includes: <ul style="list-style-type: none"> <li>○ Landlord’s name, address and phone number and;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Address of rental property where assistance is being received;</li> <li>○ Amount of monthly rent and security deposit;</li> <li>○ Rent due date and grace period (if any);</li> <li>○ Term of lease;</li> <li>○ Landlord and client signature.</li> </ul>
<b>5. Proof of Need</b>	<p><b>Rental Assistance:</b></p> <ul style="list-style-type: none"> <li>● Copy of eviction notice/documentation</li> </ul> <p><b>Rental Arrears:</b></p> <ul style="list-style-type: none"> <li>● Copy of rental ledger showing the months of assistance included in payment</li> </ul> <p><b>Utility Assistance:</b></p> <ul style="list-style-type: none"> <li>● Utility shutoff notice</li> </ul> <p><b>Utility Arrears:</b></p> <ul style="list-style-type: none"> <li>● Copy of past due utility bill</li> </ul> <p><b>Moving costs, application fees, utility deposit:</b></p> <ul style="list-style-type: none"> <li>● Invoice or receipt detailing the reported expense</li> </ul> <p><b>Security Deposits and Last Month's Rent:</b></p> <ul style="list-style-type: none"> <li>● Fully executed Lease Agreement (see section C-3)</li> </ul>
<b>6. Proof of Payment</b>	<ul style="list-style-type: none"> <li>● Copy of cleared check or;</li> <li>● Copy bank statement highlighting the cleared payment.</li> </ul>
<b>7. 90 Day Income Recertification</b>	<ul style="list-style-type: none"> <li>● HESP-209 Income Recertification Form and;</li> <li>● Updated Proof of Income documentation.</li> </ul>

#### D. Records to Maintain - Rapid Rehousing Client Files

<b>Record</b>	<b>Acceptable Forms of Documentation</b>
<b>1. "All Client File" Records (Chart B: 1-5)</b>	<ul style="list-style-type: none"> <li>● Release of Information (see section B -1) and;</li> <li>● Program Eligibility (see section B-2);</li> <li>● Proof of Identity (see section B-3);</li> <li>● Proof of Citizenship or Legal Status (see section B-4);</li> <li>● Case Notes (see section B-5).</li> </ul>
<b>2. Direct Assistance Eligibility</b>	<ul style="list-style-type: none"> <li>● Rental Assistance Agreement and;</li> <li>● HESP-204 Receipt of Assistance;</li> <li>● HESP-205 Minimum Standards for Permanent Housing;</li> <li>● HESP-206 Rent Reasonableness and Fair Market Rent Certification;</li> <li>● HESP-207 Lead Screening Worksheet;</li> <li>● HESP-208 Property Owner Lead Certification Form <i>(required only if unit fails visual assessment)</i>;</li> </ul> <p style="text-align: center;">VAWA Lease Addendum.</p>
<b>3. Proof of Residency</b>	<ul style="list-style-type: none"> <li>● A fully executed lease agreement that includes: <ul style="list-style-type: none"> <li>○ Landlord's name, address and phone number and;</li> <li>○ Address of rental property where assistance is being received;</li> <li>○ Amount of monthly rent and security deposit;</li> <li>○ Rent due date and grace period (if any);</li> <li>○ Term of lease;</li> </ul> </li> <li>● Landlord and client signature.</li> </ul>

<b>4. Proof of Need</b>	<b>Rental Assistance:</b> <ul style="list-style-type: none"> <li>• Copy of fully executed Lease Agreement (see section C-3)</li> </ul> <b>Rental Arrears:</b> <ul style="list-style-type: none"> <li>• Copy of rental ledger showing the months of assistance included in payment</li> </ul> <b>Utility Assistance:</b> <ul style="list-style-type: none"> <li>• Copy of utility bill</li> </ul> <b>Utility Arrears:</b> <ul style="list-style-type: none"> <li>• Copy of past due utility bill</li> </ul> <b>Moving costs, application fees, utility deposit:</b> <ul style="list-style-type: none"> <li>• Invoice or receipt detailing the reported expense</li> </ul> <b>Security Deposits and Last Month's Rent:</b> <ul style="list-style-type: none"> <li>• Lease Agreement</li> </ul>
<b>5. Proof of Payment</b>	<ul style="list-style-type: none"> <li>• Copy of cleared check or; <ul style="list-style-type: none"> <li>○ Copy bank statement highlighting the cleared payment.</li> </ul> </li> </ul>
<b>6. 12 Month Income Recertification</b> <i>(required for all household members over 18 years of age)</i>	<ul style="list-style-type: none"> <li>• HESP-209 Income Recertification Form and;</li> <li>• Third-party documents that verify gross annual income (i.e., 30 days of paystubs, SSI/SSDI Award Letter) or;</li> <li>• MHDC-112 Verification of Income if third-party documentation is unobtainable or;</li> <li>• MHDC-103 Self-Declaration of Income if participant has zero income.</li> </ul>

## **GRANT DOUCMENTS REQUIRED TO EXECUTE AWARD**

Before any funds can be released, all required grant documents must be completed and received by MHDC. All documents must be submitted in the [Grant Interface](#). Grantees with multiple HESP grants must submit required documentation for each grant (i.e., agencies cannot submit one of each required document for multiple HESP grants). Grant Documents consist of:

- Grant Agreement
- Attachment B: Federal Funding Accountability and Transparency Act
- MHDC-101 Authorized Signature Card
- Site Contact Form - Located in Grant Interface
- MHDC-100 Direct Deposit Form and Voided Blank Check
- HESP-200 Program Guidelines Certification
- E-Verify Memorandum of Understanding (MOU)
- Certificate of Liability Insurance
- SAVE Subrecipient User Agreement for all system users
- United Way 2-1-1 Registration
- Environmental Review Questionnaire – Located in Grant Interface
- Indirect Rate paperwork and certification (if applicable)
- Letter from grantees HMIS Lead Agency
- HESP-205 Minimum Standards for Emergency Shelter (If applicable)

## Grant Agreement

The grant agreement specifically details the requirements and expectations for the administration of the grant. It is the grantee's responsibility to know and adhere to all provisions set forth in the grant agreement.

### Completion Instructions

Each of the following sections of the Grant Agreement must be completed by grantee:

- Signature page (requires signature and notary)
- Rider B (requires signature)
- Rider C (if applicable)
- Exhibit 1: Workforce Eligibility Affidavit (check one box, requires signature and notary)
- Exhibit 2: Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion (requires signature)
- Exhibit 3: HESP Program Certifications (requires signature)

All signatures must be original and by an authorized signatory as designated in the MHDC-101 Authorized Signature Card. The entire original signed, notarized agreement must be returned to MHDC to be considered complete. If any pages of the grant agreement are missing, the grant agreement will be considered incomplete. Failure to submit a fully complete, properly executed grant agreement will result in recapture of the grant.

## Attachment B: Federal Funding Accountability and Transparency Act

This requires information on federal grants over \$25,000 be made available to the public via a single website.

### Authorized Signature Card (MHDC-101)

This form designates all authorized signatories for each grant. All documents that are required to be signed by grantee must be signed by authorized signatories only. If an unauthorized person signs a document, the document will be rejected.

### HESP-26 Agency Contact Page

This page in the [Grant Interface](#) ensures that MHDC has updated information for the upcoming grant year, including staff contact information, office location(s), hours of operation, and any other relevant information. Please note that the information provided will be used to conduct scheduled and unscheduled site visits or desk review.

### Direct Deposit Form (MHDC-100) and Blank Check

All disbursements from MHDC to grantee will occur using an Electronic Funds Transfer (EFT). This Direct Deposit Form provides MHDC with the grantee's banking information for the electronic transfer. A blank voided check from the indicated banking institution is required to be submitted with the Direct Deposit form. If the agency does not have a blank voided check, a letter from the bank confirming the account and routing number will be accepted. Please note that by default your grantee's banking information will be updated for **ALL** MHDC accounts. If the banking information provided is for one grant **ONLY**, then it must be indicated on the Direct Deposit form.

## Program Guidelines Certification (HESP-200) and Program Guidelines

This form ensures that HESP grantees have created and implemented program guidelines that address all applicable requirements specified in [24 CFR 576.400\(e\)](#).

### Supporting Documentation Requirements

- **DO NOT** upload your agency's entire policies and procedures document
- **DO NOT** submit staff guidelines or paperwork client's sign
- All program guidelines should be searchable in Adobe
- Guidelines should detail standards for beginning and ending case management

Forms and intake documents are **NOT** acceptable forms of Program Guidelines.

### Preparing Guidelines to Match Form

Highlight and number the guidelines that are listed in ([24 CFR 576.400](#)) in the document that is submitted with the HESP-200 Program Guidelines Certification.

Grantees can make an HESP Guidelines specific document where the agency guidelines from larger procedures and policies documents are paste directly under the required HESP Standard

- (i.e., HESP Standard #1: Applicable snippet from Agency's Intake Policy, Standard #4: Applicable section from agency's full HMIS standards.)

This should only be done if the grantee is confident the selected segments meet the full scope of each standard.

### E-Verify Memorandum of Understanding (MOU)

The E-Verify MOU is an agreement between the Departments of Homeland Security (DHS) and Grantee stating that grantee agrees to participate in the Employment Eligibility Verification Program (E-Verify).

### Certificate of Liability Insurance

The Certificate of Insurance is a one-page summary of current Liability Insurance held by grantee. At all times during the term of this Agreement, Grantee shall carry comprehensive liability insurance with limits of not less than \$1,000,000.00 per occurrence, unless otherwise approved by MHDC. The insurance held by grantee may include General Liability, Automobile Liability Umbrella Liability, Excess Liability, Worker's Compensation and Employers' Liability. The Certificate of Liability Insurance must be current. If coverage lapses during the grant year, grantee must provide MHDC with an updated Certificate.

### SAVE Subrecipient User Agreement

The SAVE Subrecipient User Agreement is an agreement between the grantee and MHDC stating that the grantee will adhere to all requirements of the SAVE system. Grantees must complete this form for each intended user of the SAVE system.

### United Way 2-1-1 Registration

United Way 2-1-1 is a phone number that individuals can call in order to receive needed resources in their area. In order to be a reliable resource for households in need, organizations need to submit updated information as changes arise.

## Environmental Review Questionnaire

This question is to help determine which environmental review form is required for each agency.

## Letter from HMIS Lead Agency

Letter to show grantee is in HMIS or using a comparable database that can produce the HUD standards for database.

# GRANT CLOSEOUT DOCUMENTS

Grant Close-Out Documents consist of:

- Homeless Participation Certification
- Consolidated Annual Performance and Evaluation Report (CAPER)
- HESP-210 Match Certification Documentation

All forms will be submitted through [Grant Interface](#), besides the CAPER. The CAPER will be submitted through a link provided by the grant administrator.

## Homeless Participation Certification

Grantee must include at least one current or formerly homeless member on its board of directors or equivalent decision-making entity of the sub-grantee ([24 CFR 576.405](#)).

The grantee must prepare as signed letter from their Board president which includes the following:

- Verification that agency has at least one member that is currently or formerly homeless currently participating on the Board of Directors
- Explanation of how this individual is involved in agency policy decision-making process directly related to HESP program
- Process agency and Board of Directors uses to ensure requirement is fulfilled
- If agency is not currently in compliance, include date and plan for meeting this requirement
- This letter should be dated within the grant year

## Consolidated Annual Performance and Evaluation Report (CAPER)

Grantees must submit an annual report covering each funding component to SAGE from HMIS/Comparable Database.

Grantees will submit their annual CAPER electronically to HUD's SAGE Portal via an email link sent to the Annual CAPER Contact listed on the HESP-26 Agency Contact Page in April 2026. However, if the grantee **IS NOT** funded in HESP-27 then they must submit their CAPER data for the next years report when closing out the grant. Any grantee that is required to submit CAPER data with their closeout will receive a sage link and notice from the HUD Programs Administrator. The reporting period for any grantee not funded in HESP-27 and thus must submit data at close out is April 1, 2026, – October 31, 2026.

## Match Certification (HESP-210) and Documentation

All grantees must provide a one hundred percent (100%) match to supplement the HESP funds awarded

The grantee must complete the form its entirety but will not attach the backup documentation. All match documents will be reviewed during compliance.