



## Emergency Solutions Grants (ESG) Match Guidance

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## Speakers

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## Webinar Objective

- ❖ Provide guidance on what and how to count ESG match
  - Match Basics
  - Match Uses
  - Match Sources
  - Match Allocation
  - Match Reporting and Recordkeeping

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## Match Basics

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## Match Purpose and Amount

- ❖ Match must supplement the recipient's ESG Program
- ❖ ESG requires 100% match
  - 24 CFR §576.201(a)

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## Match Waiver

- ❖ Statewide match waiver
  - TDHCA is allowed a \$100,000 match waiver which can be granted to qualifying ESG Subrecipients
- ❖ 2019 ESG Application Cycle
  - A match waiver can be requested for up to \$50,000 of \$50,000 award

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## Match Incentive

- ❖ Incentives for additional match
  - 2019 ESG Notice of Funding Availability provides additional points for 110% or more of match provided per Application


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## Match Expenditure Ratios

- ❖ Match is not subject to expenditure limits
  - Match does not have to meet the 12% limit on HMIS
  - Match does not have to meet the 3% limit on administration

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## Match Program Components

- ❖ Match does not need to be in the same ESG components for which you are funded
- ❖ For example:
  - ❖ ESG Applicant is awarded for rapid re-housing
  - ❖ ESG Applicant can provide Match in:
    - ❖ Street outreach
    - ❖ Emergency shelter\*
    - ❖ Rapid re-housing
    - ❖ Homelessness Prevention
    - ❖ HMIS
    - ❖ Admin

\*If local government approval is submitted

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## Match Time Frame

- ❖ Provided during the Contract Period
  - 2019 Contracts anticipated to be October 1, 2019 to September 30, 2020

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## Match Used Once

- ❖ Match sources can be used only once as match
  - Match cannot be used to match any other federal program before used for ESG match
  - Match cannot be used to match any other federal program after used for ESG match
  - Match cannot be used to match two ESG Programs

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## HUD Guidance

❖ What sources of funds can be used as cash match for ESG:

- <https://www.hudexchange.info/faqs/1086/what-sources-of-funds-can-be-used-as-cash-match-for-esg/>

❖ HUD ESG FAQ:

- <https://www.hudexchange.info/faqs/program/s/emergency-solutions-grants-esg-program/>

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## Match Uses

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## Match Eligible Activities

- ❖ Matching contributions must be spent on eligible ESG activities:
  - Street Outreach, Emergency Shelter, Rapid Rehousing, Homelessness Prevention, Homeless Management Information System (HMIS), Administration
- ❖ ESG Basics:  
<http://www.tdhca.state.tx.us/home-division/esgp/video-library.htm>

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## Match Eligible Clients

- ❖ Persons assisted with match must meet:
  - Definitions of homeless
  - Definition of at-risk of homelessness and income qualify
- ❖ Homeless Definitions, Homeless Definitions Recordkeeping, Income Eligibility Training at <http://www.tdhca.state.tx.us/home-division/esgp/video-library.htm>

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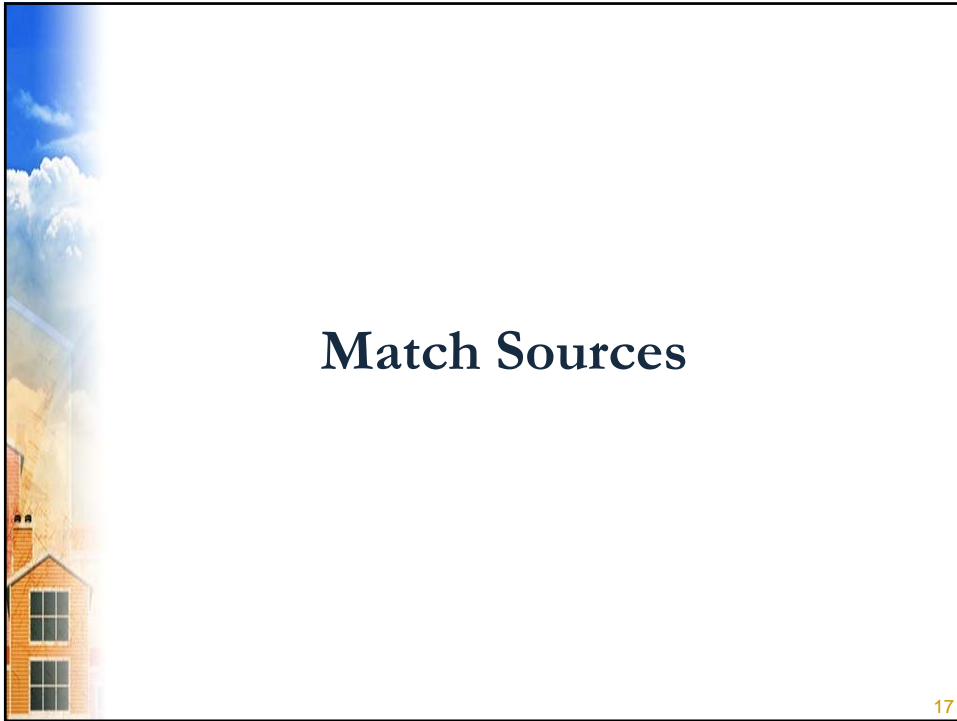


## Match Ineligible Costs

- ❖ ESG ineligible costs include:
  - Acquisition of real property/New construction
  - Legal services for immigration and citizenship matters, and issues relating to mortgages
  - Inpatient detoxification/inpatient drug treatment
  - Payment of temporary storage fees in arrears
  - Rehabilitation of structures to the extent that those structures are used for inherently religious activities
  - Mortgage payments

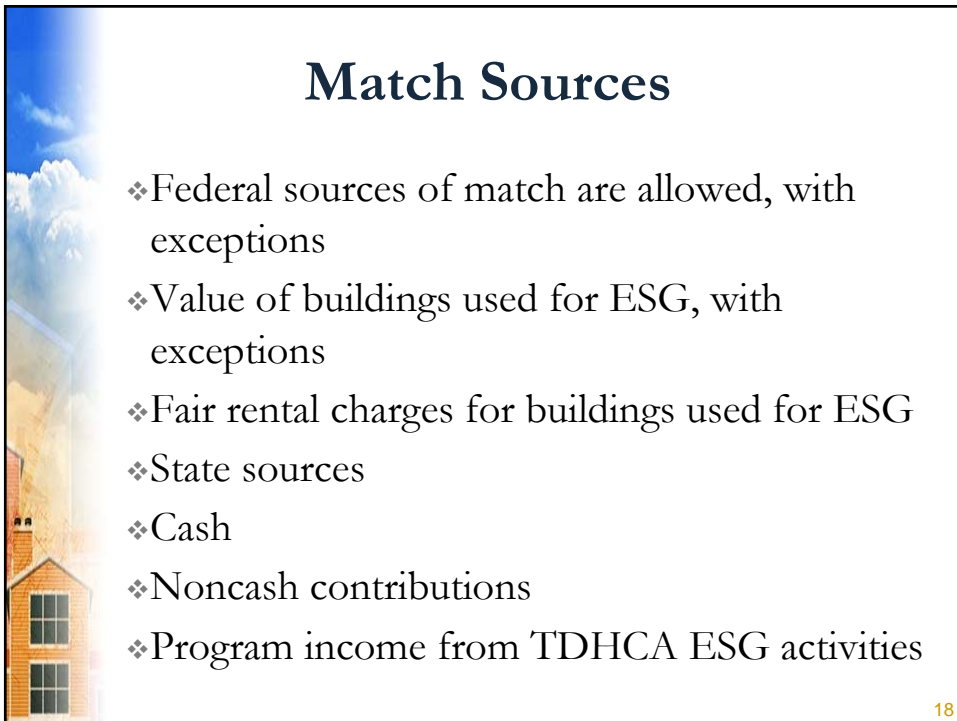
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## Match Sources

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## Match Sources

- ❖ Federal sources of match are allowed, with exceptions
- ❖ Value of buildings used for ESG, with exceptions
- ❖ Fair rental charges for buildings used for ESG
- ❖ State sources
- ❖ Cash
- ❖ Noncash contributions
- ❖ Program income from TDHCA ESG activities

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## Match – Federal sources

- ❖ Match may be provided from federal sources, unless
  - The federal Appropriations Act prohibits the use as match
  - Federal program rules prohibit the use of those funds as match
  - The funds are ESG funds from other fiscal years

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## Match – Federal sources (con't 1)

- ❖ Eligible sources of federal match
  - ❖ Community Service Block Grants (CSBG) per HUD's FAQ:
    - <https://www.hudexchange.info/faqs/1846/can-community-services-block-grant-csbg-funds-be-used-as-match-for-esg/>
  - ❖ Projects for Assistance in Transition from Homelessness (PATH) per HUD answer

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## Match – Federal sources (con't 2)

❖ Program rules generally prohibit the use of these funds as match:

- Supplemental Nutrition Assistance Program (SNAP)
- Housing Choice Vouchers
- Tenant's portion of the rent
- HOME Tenant Based Rental Assistance\*
- HUD's Supportive Housing Program\*

\*Rare exceptions to use as match. Contact TDHCA before proceeding with match from these sources.

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## Match – Rent or Building

❖ Donated Rent

- ❖ The fair rental value of donated rental space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality.
- ❖ Match is limited to rental value donated during the term of the contract.

❖ Donated Building

- ❖ Buildings donated outright to ESG cannot be used if counted as match for previous ESG Contracts.

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## Match – Donated Rent: Fair Market Rent

- ❖ Obtain a letter from a licensed real estate salesperson, broker or appraiser:
  - Location of the building
  - Habitable/usable square footage
  - Value per square foot
  - Total fair market rent for the building
  - Space utilization for ESG
  - Total lease or rent value based on 12-month occupancy
  - Current as of 2019

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## Match – Donated Building

- ❖ Count the lesser of:
  - The value of the remaining life of the property at the time of the donation, or
  - The current fair market value.

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## Match – Donated Building: Life of the property

- ❖ Life of property found in:
  - Latest Single Audit
  - If no Single Audit, use the Audited Financial Statements
- ❖ Show the calculation on how a portion of the value was estimated to be used by ESG

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## Match – Donated Building: Fair Market Value

- ❖ Letter from a licensed real estate salesperson, broker, appraiser
- ❖ Letter must state:
  - Location of the building
  - Habitable/usable square footage
  - Value per square foot
  - Space utilization for ESG
  - Total fair market value for the building
  - Current as of 2019


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## Match – State Sources

- ❖ Must meet Match Basics Requirements, such as client eligibility and activity eligibility
- ❖ Examples:
  - Some clients in Homeless Housing and Services Program
  - Some clients in Healthy Communities Collaborative

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## Match – Cash

- ❖ Raised or on hand cash used to support ESG Program

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## Match – Non-cash

### ❖ Volunteers

- Value at rates consistent with paid persons for similar work at the Applicant's organization or labor market
- Donated labor rates found at 2 CFR §200.306(e)

### ❖ Donations

- Estimated value for all donated goods

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## Match – Program Income

### ❖ Program Income

- 2 CFR §200.80
- Can include a security or utility deposit returned to the Subrecipient during the Contract term
- Note that the updated ESG rules at 10 TAC Chapter 7 require rental or utility deposits to be returned to the Program Participant. These should not be retained by the Subrecipient, and the Subrecipient should not be listed as the party to whom deposits should be returned.

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## Match Allocation

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## Considerations for an Allocation Method

- ❖ Allocate costs in proportion to the benefits received
- ❖ Similar costs allocated by same methodology.
- ❖ **Examples:**
  - Using the percent of square footage utilized by each program to allocate rent, utility bills, and building maintenance costs
  - Using the percentage of full time employees to allocate administrative salaries
  - Using a mileage log to allocate the cost of a van

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## Budget Percentages

- ❖ Budgeted percentages **cannot** be used
- ❖ Must use actual activity or an allowable and reasonable cost allocation methodology



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## Direct Allocation of Salary

- ❖ Time sheets for direct program staff must identify:
  - which program an employee is working on
  - the number of hours worked by program
- ❖ If an employee works on multiple programs, an employee's time sheet must show:
  - how much time was spent on each program (i.e. hourly distribution if from multiple sources)

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## Allocating Building and Maintenance Costs

- ❖ Building costs
  - e.g., rent, equipment, depreciation, utilities, insurance and maintenance
- ❖ Use proportion of full time employees to allocate building costs if use of space is similar
- ❖ Space utilization allocation method must be used if use of space varies

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## Allocating Building and Maintenance Costs – Space Utilization

Example: Organization XYZ administers 4 different federal programs, one of which is ESG. However, documentation confirms that ESG requires 50% of the building space and the remainder of the space is shared by the other 3 smaller programs. Therefore, 50% of the building rent, utilities, insurance and maintenance costs could be allocated to ESG as match.

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## Allocating Supplies and Other Costs

- ❖ Best method: charge supplies to a particular program
- ❖ It is acceptable to allocate the cost of supplies based on FTEs
- ❖ Copier costs can be allocated with a log or by direct salaries



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## Match Reporting and Recordkeeping

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## Match Reporting

❖ Matching contributions must meet all requirements that apply to the ESG funds including:

- Reporting in HMIS
- Reporting of performance in TDHCA's Monthly Performance Report (MPR)
- Reporting of type of match in TDHCA's Monthly Expenditure Report (MER)
- Applicable recordkeeping requirements depending on the type of match

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## Documenting Costs

**Evidence that costs were:**

- ❖ Incurred during the grant period
- ❖ Actually paid (or properly accrued)
- ❖ Expended on allowable activities
- ❖ Expended on allowable items for eligible participants
- ❖ Approved by a responsible official


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## Documenting Costs (con't)

- ❖ A purchase request must:
  - identify which program(s) benefited from an item purchased
  - show the percentage of costs charged to each program
- ❖ If purchase requests are not used, a distribution spreadsheet should support how costs were allocated

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## Examples of Match Documentation

| Type                      | Documentation  |
|---------------------------|--|
| Donated Supplies          | Source and Value   |
| Cash Donations            | Source and Value   |
| Fair Market Rent          | Location, Value, and Realtor Letter                                |
| Value of Donated Building | Location, Value, and Realtor Letter if not used previously for ESG |
| Salaries                  | Timesheets   |
| Volunteers                | Timesheets   |
| Program Income            | Source and Value   |

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# Questions?



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## Contact Information

### TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

221 E. 11th Street, Austin, TX 78701

P.O. Box 13941, Austin, TX 78711-3941

ESG: <http://www.tdhca.state.tx.us/home-division/esgp/>

Program Assistance: [esg@tdhca.state.tx.us](mailto:esg@tdhca.state.tx.us)



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| # | Topic             | Question Asked During the Webinar  | TDHCA Staff Answers   |
|---|-------------------|--|---|
| 1 | Allocation        | Are allocated benefits, such as FICA, allowable?   | Yes. Benefits are allocable Match.  |
| 2 | Allocation        | How do you show a volunteer used for match is for ESG?   | You may create a document showing their ESG-eligible duties and complete timesheets for the volunteers in order to allocate their time as Match.  |
| 3 | Allocation        | Would a general office donation of help qualify, so long as they help was given where ESG is handled? In relation to the first question, we have volunteers who come in and file or shred or answer phones, that sort of thing. It isn't easily broken into individual programs so is there a formula that can be used?                                      | General office support may be used for match as long as you justify the proportion of the support contributing to ESG. One example of how to allocate administrative salaries is to use the percentage of full time employees working on ESG. |
| 4 | Allocation        | We allocate by program already for our Family Services, would we then need to reduce it to the percentage of ESG handled to come up with the ESG eligible rent, utility and maintenance?   | If you have more than one program in your office space, you would determine how much of your office is used by ESG in order to calculate the percentage of match provided. This can be determined by a square footage calculation.            |
| 5 | Match Eligibility | In re: to slide #8, Match Expenditure Ratios, I need a clarification. Using the following example<br>a. FOR EXAMPLE: If I have \$100 in ESG operating and then \$12 in HMIS and \$3 in Admin, Does that mean I only need to match \$100 or does it mean I still need to match \$115, but could use \$50 in Admin, if I had appropriately allocated expenses. | ESG Subrecipients need to match 100% of their entire ESG award, not just the Program Participant services portion. The ESG expenditure limits on the Homeless Management Information System and Administrative funds do not apply to Match.   |
| 6 | Match Eligibility | I'm pretty sure I read somewhere that food is an eligible shelter cost. So if we have a feeding program along with our shelter program, but we don't ask ESG to pay for that, can we still use allocated value of donated food for a match?  | It depends if the "feeding program" is an eligible ESG activity. Note that food pantries are not included as an eligible activity under 24 CFR 576.   |

| # | Topic             | Question Asked During the Webinar  | TDHCA Staff Answers  |
|---|-------------------|--|--|
| 7 | Match Eligibility | <p>Slide 30 – The note says deposits should now be returned to program participants. We think that is great. Could you help me locate that in the 10 TAC Chapter 7? I seem to be missing it and I wanted to share that with my staff – and also see the date that became effective.</p>  | <p>10 TAC §7.43(c) states that “Security and utility deposits paid on behalf of a Program Participant should be treated as a grant to the Program Participant. The deposit must remain with the Program Participant, and if returned, is to be returned only to the Program Participant. If the deposit is returned to the Subrecipient, it is program income, and must be treated as described in this subsection.” This would be effective with the 2019 ESG Contracts. In addition, the rental assistance agreement was updated to include this provision at <a href="https://www.tdhca.state.tx.us/home-division/esgp/docs/ESG-RentalAgreement.docx">https://www.tdhca.state.tx.us/home-division/esgp/docs/ESG-RentalAgreement.docx</a>.</p> |
| 8 | Match Eligibility | <p>If applicant is not a community action org but a community action org collaborates on case management with the applicant organization, may the applicant organization count as match cdbg funds that are spent on ESG recipients (i.e. payment of utility bills). To be more clear, I should have asked: can another organization, working with same client, provide match for applicant?</p> | <p>Yes. Match may be provided by organizations other than the Subrecipient; note that the source of funds used to pay for the services must be available for use as ESG Match. The Subrecipient must maintain records showing the source and use of Match just as if it was provided by the Subrecipient.</p>  |
| 9 | Match Eligibility | <p>Are federal EFSP funds allowed as match?</p>  | <p>You would need to make sure that the Emergency Food and Shelter Program (EFSP) funds meet the requirements to count as match. Please see the HUD FAQ for ESG match here: <a href="https://www.hudexchange.info/faqs/1086/what-sources-of-funds-can-be-used-as-cash-match-for-esg/">https://www.hudexchange.info/faqs/1086/what-sources-of-funds-can-be-used-as-cash-match-for-esg/</a> Especially make sure to note this criteria: “If the matching funds are from another federal program, there is no specific statutory prohibition on using those funds as match.”</p>  |



| #  | Topic             | Question Asked During the Webinar  | TDHCA Staff Answers   |
|----|-------------------|--|---|
| 10 | Match Eligibility | Regarding non-cash donations – may donated items used to assist ESG clients, such as donated food given through our Food Pantry and clothing and housewares given through our Resale Shops qualify as eligible activities? I do not specifically see these types of assistance mentioned in CFR Part 576, but they are essential services to our ESG client. | You are correct that the food pantry and resale shops are not listed in 24 CFR 576 and, therefore, not eligible for Match.  |
| 11 | Match Reporting   | Does matching documentation need to be provided in MER/MPR monthly reports?  | The supporting documentation for the Match is not required to be uploaded with the Monthly Expenditure Report or Monthly Performance Report. However, any uploaded supporting documentation may be helpful during the monitoring process. |
| 12 | Resources         | I get "Page not found" error with both links   | You may copy the links to the US Department of Housing and Development (HUD) Frequently Asked Questions for ESG: <a href="https://www.hudexchange.info/esg/faqs/">https://www.hudexchange.info/esg/faqs/</a>                              |