The North Carolina Department of Health and Human Services, Division of Aging and Adult Services (DHHS, DAAS) has prepared the amendments to the 2011 NC Consolidated Plan, One Year Action Plan in accordance to the citizen participation plan and requirements of 24 CFR part 91, as amended by the Emergency Solutions Grants (ESG) Interim Rule.

**1. SF-424**

A signed SF-424 is attached.

**2. Summary of Consultation Process**

*Describe how the recipient consulted with the Continuum(s) of Care on:*

- *determining how to allocate ESG fund for eligible activities;*
- *developing the performance standards for activities funded under ESG; and*
- *developing funding, policies, and procedures for the operation and administration of the HMIS.*

The DAAS hosted informational conference calls on March 2, and March 9, 2012. ESG grantees, CoC staff, 10-Year Plan Coordinators and State-level mainstream staff were invited to participate. The conference calls provided a summary of Federal ESG rules. In addition, conference call participants were advised that DASS would accept nominations of persons to serve on an advisory committee to provide input regarding proposed State ESG Program policies. Persons selected to serve on the advisory group consisted of individuals representing various systems, services, and professions including, but not limited to:

- ✓ Health and Social Services
- ✓ Fair Housing
- ✓ Aging
- ✓ Children, Adult and Victim
- ✓ Disability Agencies
- ✓ CoCs
- ✓ Employment
- ✓ Veterans
- ✓ Housing
- ✓ Civic and Community Leaders

Upon the selection of the advisory committee members, the 63 member group convened on March 15, 2012 in Raleigh, NC. DAAS staff and a representative from the NC Coalition to End Homeless presented proposed State ESG Program policies to the Committee, including how ESG funds would be allocated for eligible activities; performance standards for activities; policies and procedures for the operation and administration of the HMIS. On that day, before and throughout the public comment period Committee members offered input to clarify and strengthen the proposed policies to ensure that ESG funding best meet the challenging needs of North Carolina's vulnerable homeless population.

Ideas for ESG activities were also solicited at several regional meetings held in April. On April 10, 2012 State staff presented proposed NC ESG polices in Raleigh and subsequently in Durham on April 10, Hickory on April 12, Asheville on April 13, Greenville on April 16, Wilmington on April 17, and Winston-Salem on April 20.

| | | |
|---|---|---|
| Date: April 10, 2012 | Location: Durham, NC | Number of Participants: xx |
| Key Input from Participants: | | |
| Date: April 12, 2012 | Location: Hickory, NC | Number of Participants: xx |
| Key Input from Participants: | | |
| Date: April 13, 2012 | Location: Asheville, NC | Number of Participants: xx |
| Key Input from Participants: | | |
| Date: April 16, 2012 | Location: Greenville, NC | Number of Participants: xx |
| Key Input from Participants: | | |
| Date: April 17, 2012 | Location: Wilmington, NC | Number of Participants: xx |
| Key Input from Participants: | | |
| Date: April 20, 2012 | Location: Winston-Salem, NC | Number of Participants: xx |
| Key Input from Participants: | | |

**3. Summary of Citizen Participation Process**

- *Summarize citizen participation process used;*
- *Summarize the public comments or views received; and*
- *Summarize the comments or views not accepted and include the reasons for not accepting those comments or views.*

The Department of Commerce – Community Investment and Assistance, Department of Health and Human Services – DAAS, and the NC Coalition to End Homelessness posted the proposed polices governing the ESG program on their websites on April 4, 2012 with instructions to the public to provide written public comments by May 4, 2012.

In conjunction with the Department of Commerce – Community Investment and Assistance, DAAS held a public hearing on April 30, 2012 regarding the proposed amendment to the FY 11 Annual Action.

**Add public comments & responses after public comment period closes**

## 4. Match

*Describe:*

- *Types of cash and/or non-cash resources used as match*
- *Specific amounts of resources used as match*
- *Proposed uses of match resources*

Each grantee must match all ESG funds received at least dollar for dollar within the period of the grant. Eligible matching funds are those received by the grantee organization from other sources such as local and/or state government, foundations, church donations, and/or individual donations. The value of time donated by volunteers (valued at $5.00/hour) may also be used to meet this requirement as long as such time is documented and maintained appropriately by the grantee. Work time required of clients by the applicant organization in return for shelter and/or services may not be counted as volunteer time or towards match. Rent paid by program participants may be counted towards match.

For the purposes of this supplemental allocation and future ESG rounds, the State has developed a process through which Continuums of Cares (CoCs) will submit a funding plan that will serve as one application covering their CoC region. CoCs will determine if each funded agency will provide their own match, if the CoC will use a single matching source for all agencies receiving funding with that CoC, or if match will be met by a combination of these two approaches.

The value of any donated material or building, or of any lease, using a method reasonably calculated to establish a fair market value may also be used as a source of match for ESG funding as long as appropriate documentation is submitted and accepted by DAAS. Funds used to match ESG funds may not be used to match other funding received by the grantee during the grant period. When a cash match is used, the matching funds must be for eligible ESG activities.

## 5. Proposed Activities and Overall Budget

### a. Proposed Activities

- *All recipients must include the following details for each proposed activity:*
  *1) corresponding priority needs from recipient's Annual Action Plan*
  *2) concise description of the activities, including the number and types of persons to be served*
  *3) corresponding standard objective and outcome categories*
  *4) start date and completion date*
  *5) ESG and other funding amounts*

- *Local governments and territories are required, and State are encouraged, to include the following details for each proposed activity:*
  *6) one or more performance indicators*
  *7) projected accomplishments, in accordance with each indicator, to be made within one year*
  *8) projected accomplishments, in accordance with each performance indicator, to be made over the period for which the grant will be used for that activity*

**b. Discussion of Funding Priorities**

*The State of North Carolina plans to use the FY11 Second Allocation to Fund:*
a. Rapid Re-housing Programs (approximately 80 % of allocation)
  - Housing Relocation and Stabilization Services
  - Tenant Based Rental Assistance

b. Prevention Programs (approximately 20% of allocation)
  - Housing Relocation and Stabilization Services
  - Tenant Based Rental Assistance

1. Rapid Re-housing:
- *Housing Relocation and Stabilization Services*
- *Tenant Based Rental Assistance*

*Corresponds with the following priorities from the 2011 State Annual Action Plan:*

a. Rapid Re-housing will serve two High Priority populations: Homeless Families and Individuals, and Households between 0 – 30% of Area Median Income.

b. Housing relocation and stabilization services will include:

- Stabilization Services: will include housing search and placement, case management, mediation, legal services, credit repair, counseling, information and referral, monitoring and evaluation of progress. Staff providing these stabilization Services will be known as Housing Stability Teams.
- Financial Services: will include payments to housing owners, utility companies and other third parties for the following costs: rental application fees, security deposits that equal no more than two month's rent, last month's rent, utility deposits, utility payments including up six months of utility arrears to support homeless individuals and families in moving as quickly as possible into permanent housing and to achieve stability in that housing.

- Tenant Based Rental Assistance: Providing tenant based rental assistance will assist homeless individuals and families to move as quickly as possible into permanent housing and to achieve stability in that housing.

The State anticipates funding 18 organizations to assist an estimated 822 persons in 410 households with rapid rehousing assistance statewide over the course of the award term. This estimate is based on an average rent of $500 per unit, with $1570 in rental arrears when arrears are paid, and that 60% of rapid re-housing is used for rental assistance while 40% is reserved for housing relocation and stabilization services. The average household will receive between three and six months of rental assistance, excluding rental arrears. These estimates are based on the experience in the state's HPRP program data. With the new method for distributing funding by CoC, the State's ESG program will serve more urban areas than the HPRP program did. The State anticipates that average rent, and thus average per person/per household costs, will be slightly higher than the costs associated with HPRP. Per HUD's program rules, households at 30% or less of Annual Median Income will be targeted.

Rapid Re-Housing corresponds to the following Annual Objectives:

Activity Type: Rental Assistance
Need Type: Homeless
High Priority: Homeless Families & Individuals; Households between 0 – 31% Area Median Income.

Rapid Re-Housing meets two HUD uniform performance objectives: Suitable Living Environment and Decent Housing.

Rapid Re-Housing meets all three uniform performance outcomes: Availability/Accessibility; Affordability; and Sustainability.

a. The anticipated start date for the rapid re-housing program is August 2012, completion date of June 2013. The award term will be 11 months. Beneficiaries of the program can receive up to 11 months of rental assistance and 11 months of housing relocation and stabilization services out of the FY11 allocation. However, the State will allow programs to serve households for up to 24 months of rental assistance and 24 months of housing relocation and stabilization services, pending future year's allocation.

b. Because of the importance of rapid rehousing in efforts to end homelessness approximately 80%, or $1,160,796, of the second round Emergency Solutions Grant allocation will be used directly for rapid re-housing activities.

2. Prevention:
   - *Housing Relocation and Stabilization Services*
   - *Tenant Based Rental Assistance*

   a. Corresponds with the following priorities from the 2011 and 2012 State Annual Action Plan:

      Prevention will serve two High Priority populations: Homeless Families and Individuals, and Households between 0 – 30% of Area Median Income.

b. Housing relocation and stabilization services will include:

- Stabilization Services: will include housing search and placement, case management, mediation, legal services, credit repair, counseling, information and referral, monitoring and evaluation of progress. Staff providing these stabilization services will be known at Housing Stability Teams.
- Financial Services: will include payments to housing owners, utility companies and other third parties for the following costs: rental application fees, security deposits that equal no more than two month's rent, last month's rent, utility deposits, utility payments including up six months of utility arrears to support homeless individuals and families in moving as quickly as possible into permanent housing and to achieve stability in that housing.
- Tenant Based Rental Assistance: Providing tenant based rental assistance will assist homeless individuals and families to move as quickly as possible into permanent housing and to achieve stability in that housing.

The State anticipates funding 18 organizations to assist an estimated 39 people, or 16 households with housing relocation and stabilization services statewide over the course of the award term. This estimate is based on an average rent of $500 per unit and that 60% of prevention is used for rental assistance while 40% is reserved for housing relocation and stabilization services. The average household will receive between three and six months of rental assistance, excluding rental arrears. These estimates are based on the state's HPRP program data. Since the State's ESG program will serve more urban areas than the HPRP program, the State anticipates that average rent, and thus average per person/per household costs, will be slightly higher than the costs associated with HPRP. Per HUD's program rules, households at 30% or less of Annual Median Income will be targeted.

c. Prevention corresponds to the following Annual Objectives:
Activity Type: Rental Assistance
Need Type: Homeless
High Priority: Homeless Families & Individuals; Households between 0 – 31% Area Median Income.

Prevention meets two HUD uniform performance objectives: Suitable Living Environment and Decent Housing.

Prevention meets all three uniform performance outcomes: Availability/Accessibility; Affordability; and Sustainability.

d. The anticipated start date for the rapid re-housing program is August 2012, completion date of June 2013. The award term will be 11 months. Beneficiaries of the program can receive up to 11 months of rental assistance and 11 months of housing relocation and stabilization services out of the FY11 allocation. However, the program will allow households to receive up to 24 months of rental assistance and 24 months of housing relocation and stabilization services pending future year's allocation.

e. Approximately 20%, or $290,199, of the second round Emergency Solutions Grant allocation will be used directly for prevention activities.

**5b. Discussion of Funding Priorities**

*Explain why the recipient chose to fund the proposed activities at the amounts specified (recommended: if available, use locally-relevant data to support the funding priorities, and explain how the funding priorities will support the national priorities established in Opening Doors: Federal Strategic Plan to Prevent and End Homelessness.)*

The State of North Carolina chose to prioritize rapid re-housing activities with its second round of Emergency Solutions Grant funding based on the experience of administering the Homeless Prevention and Rapid Re-housing Program (HPRP), demonstrated effectiveness of rapid re-housing programs and HUD's recommendations.

Rapid re-housing was given priority over the homelessness prevention activity in an effort to use the funds as efficiently as possible to create a more impactful reduction in homelessness. The addition of this rapid re-housing component allows HPRP programs to maintain some capacity and allows shelter systems the resources needed to assist households in addressing barriers to getting and keeping housing. it is much more difficult to reliably measure outcomes and effectiveness of homeless prevention programs, as well as to target households with the greatest need. By using ESG funds to retool the homeless response system, homeless services will be transformed to crisis response systems that rapidly return people who experience homelessness to stable housing. The State is committed to using ESG funds to assist communities in implementation of the Federal Strategic Plan to End Homelessness Strategy 10: Transform the Crisis Response System.

*Identify any obstacles to addressing underserved needs in the community*

Based on the statewide response to the HPRP program, the State anticipates that the demand for services will far outweigh the availability of funds.

The State also anticipates a significant need for ongoing training related to the new ESG eligible activities of Rapid Re-Housing and Prevention. In addition, some communities will be engaging in Rapid Re-Housing and Prevention activities for the first time. In those regions this first year of a new program will require additional technical assistance.

**5c. Detailed Budget**

- *Include detailed budget of planned activities and funding levels accounting for entire second allocation and any reprogrammed funds from the first allocation (may use Table 3 in this Notice.)*

***See Attachment A***

6. Written Standards for Provision of ESG Assistance

*If the recipient is a state: include written standards for providing the proposed assistance or describe the requirements for subrecipients to establish and implement written standards.*

*The written standards must include:*

**a.** Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG.

- Rapid Re-housing Program participants must be homeless as defined by HUD.
- The program participant must have an annual income below 30 percent of median family income for the area, as determined by HUD.
- The funded local provider or provider team must complete an initial assessment of the household's current situation, strengths and housing barriers. This assessment will be used not only to determine basic eligibility but also to being the programs of developing a Housing Stability Plan. CoC's will be expected to use a standard assessment form, and will be encouraged to use the same assessment process as adjoining CoC's. The State will provide a sample assessment form based on its HPRP experience for CoC's to consider as a template.
- Participants must agree to meet with a case manager not less than once per month to assist the program participant in ensuring long-term housing stability, unless prohibited by the Violence Against Women Act of 1994 or the Family Violence Prevention and Services Act. At the discretion of the case worker, some meetings may be done via phone or teleconference/webcam when appropriate.
- Participants must agree to participate with the funded local provider in developing a Housing Stability Plan to assist the program participant to retain permanent housing after the ESG assistance ends, taking into account all relevant considerations, such as the program participant's current or expected income and expenses; other public or private assistance for which the program participant will be eligible and likely to receive; and the relative affordability of available housing in the area.
- CoC's that develop additional eligibility criteria must have those criteria approved by the State prior to implementation. Criteria may be used to narrow the eligibility requirements, but not broaden them Communities will be cautioned against targeting only those persons who are considered "easiest to serve" and likely able to obtain and maintain stable housing without needing the Rapid Re-Housing services. Communities will be encouraged to target households needing the level of services and assistance possible with the Rapid Re-Housing program.

**b**. Policies and procedures for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers.

The State partners with CoCs to facilitate coordination between all homeless stakeholders, including homeless service providers, mainstream services and housing providers. CoC plans submitted to the State for the ESG supplemental allocation will include information about any partnerships between Housing Stability services providers included in the application and other housing providers including public housing, Section 8, HUD-VASH, S+C, SHP Permanent Housing, and Low Income Housing Tax Credit units as well as privately owned housing listed on nchousingsearch.com. CoCs will be encouraged to develop MOAs between permanent housing providers and the ESG-funded Housing Stability Teams. These agreements should include, but not be limited to:

- how referrals will be made
- which agency is responsible for which tasks
- how agencies communicate about household eligibility and household progress
- how agencies will be held accountable to implementing the agreements (ex. regular meetings, data reports, etc.)
- requirements data collection and reporting
- any permanent housing preferences being established for ESG-served households.

in order to facilitate greater coordination and targeting of limited homeless assistance resources, CoCs will also be asked to document partnerships between emergency shelters or transitional housing programs and the Housing Stability Teams. These MOAs, MOUs, or contracts should include:

- each agency's responsibilities to the other and their joint program participants
- how will programs communicate with each other (point person, confidential communications, etc.)
- how agencies will determine program participant eligibility
- any priorities the crisis system agencies have for who they refer to the Housing Stability Teams
- how these partners will communicate about household progress
- data collection and reporting.

In rural areas, these partnerships may cross jurisdictions, as some communities have no shelters within their borders and rely on shelter providers in another jurisdiction. The State wishes to encourage strong partnerships between regional shelter providers and local housing stabilization organizations or teams.

In addition, CoCs are encouraged to develop MOAs, MOUs, or contracts between key mainstream services providers and Housing Stability Teams. Agreements with mainstream services could include, but not be limited to:

- how referrals will be made
- which agency is responsible for which tasks
- how do agencies communicate about household eligibility and household progress

- how will agencies be held accountable to implementing the agreements (ex. regular meetings, data reports, etc.)
- data collection and reporting
- any mainstream service preferences being established for ESG-served households.

**c.** Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.

The State encourages CoCs to use 100% of their program funds for Rapid Re-Housing. However, the State will allow for prevention funding in the following manner:

Category A: A county that has a shelter(s) that accepts men, women, and families will be limited to using 20% of their program funds for Prevention.

Category B: A county that has shelter for some ESG eligible households, but not all, will be allowed to use up to 30% of their funds for Prevention.

Category C: A county that has no shelter for the ESG eligible households will be allowed to use up to 50% of their funds for prevention. Communities with no shelter are still able to provide rapid re-housing and prevention services.

Category D: A CoC that has multiple counties and has counties that fall into more than one of the above categories will develop a formula to document a fair method for determining the percentage of funds that will go for Prevention Services. This formula must be reasonably based on the category funding restrictions named above. The State will have to approve the formula.

Households receiving Rapid Re-Housing service will meet all HUD eligibility requirements as outlined in 24 CRF Parts 91 and 575 [Docket No. FR-5474-I-01]. Similarly, households receiving Prevention services will meet all HUD eligibility requirements as outlined in 24 CRF Parts 91 and 575 [Docket No. FR-5474-I-01].

Each CoC will develop their own standards for prioritization of eligible households. These criteria may include threshold requirements as well as other factors that might be linked to a numeric value or rating on a preference scale. Priorities should be based on local needs and when appropriate, be tied to local 10 Year Plans to End Homelessness, and must be approved by the State. The following list of Potential Priority Criteria is presented to give communities some ideas of factors they may wish to consider when determining local priorities for prevention and/or rapid re-housing. Communities are not required to use this list.

**Potential Priority Criteria**

**Targeting or priority setting Criteria that may lend themselves to numeric or threshold values -**

- Persons coming out of institutions/recent public system history
- Families
- Age and/or number of children
- Singles
- Recent working history, as defined by – within last year? 6 months? 3 months?
- Work history ended due to lay-off
- Persons with disabilities (must remain disability neutral)
- Veterans
- Identification of housing stability as a priority as documented by signing a statement about willingness to assertive participate in housing stability plan
- Sleeping in cars
- Sleeping on streets
- Sleeping in campsites
- In homes/buildings not fit for human habitation
- In shelters
- Being evicted from rental homes that have been foreclosed
- # of years of previous housing stability

*Other Potential Criteria*
Geographic distribution with multi-county sub-grantees

CoC's may use additional targeting criteria but must be able to make the case for why the criteria are likely to serve a purpose that targets the limited resources most effectively to households with greatest need. Particularly for Prevention resources, communities are encouraged to evaluate the characteristics of their population that does enter shelter and to target prevention resources to those types of households (such as those doubled up with family and friends, who in many communities have higher subsequent rates of shelter entry.)

**d.** Standards for determining the share of rent and utilities costs that each program participant must pay, if any, while receiving homelessness prevention or rapid re-housing assistance.

The State recognizes that while HUD has established 30% of a household income as the affordability standard, many low-income households do pay more than that. It is likely that after exiting the ESG program, many re-housed families will be paying more than

30% of their income for housing costs. Therefore, limiting them to payments of 30% of their income for housing during the program may not adequately prepare the household for maintaining their rent payments after they leave the program. If during the housing relocation process the Housing Stabilization Team and program participants jointly agree that a unit that will ultimately cost the household more than 30% of the households' income, it is appropriate that the household pay the full amount of rent for at least one month, if not more, prior to program exit.

However, households that pay more than 30% of their income on housing are at increased risk of homelessness. It is incumbent on the Housing Stabilization Services to assist households in finding housing that will be affordable for an extended period of time. CoCs will be expected to place as many households as reasonably possible into housing where the tenant rent is no more than 30% of the household's income.

Requiring households to pay more than 40% of their income for rent must be approved at the State level on a case by case basis.

Participating households may be required to pay 100% of their utilities but may be allowed to pay less. Housing Stability Teams are encouraged to individualize the share of rent and utilities to each household's unique circumstances. Housing Stability Teams are encouraged to assess all expenses the household faces, how those expenses are connected to long term housing stability, and set rent and utility payments accordingly. Similarly, Housing Stability Teams are encouraged to not over-subsidize any household so that the available funds can be used to serve as many households as possible.

The total amount of rent paid for any housing unit will be the lesser of FMR or an average of 3 comparisons as established in a rent reasonableness test, adjusted for bedroom size. Exceptions may be approved by the State.

Households may receive up to 6 months of utility and/or rent arrears. Utility arrears are capped at 6 specific months regardless of the type of utility payments being made. For example, paying a past due water bill for January and a past due electric bill in February counts as two months of utility arrears.

Sub-grantees are asked to assess all expenses and income when determining what percentage of any deposit funds the household will pay. Sub-grantees are allowed to pay 100% of rental and utility deposits but are encouraged to do so only if necessary to secure the housing and the household is unable to contribute.

ESG funds may pay for moving costs, such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving housing location assistance and/or housing stability case management under the program and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.

Traditionally the State’s ESG contracts are based on the State’s fiscal year of July – June. Due to the timeline associated with submission and approval of the Substantial Amendment, the State anticipates signing contracts with ESG grantees in July or August of 2012. These grantees must expend their FY11 funds by June 30, 2013. Therefore, the length of Housing Stability services a household will receive with FY11 funds will be limited to a period no greater than 11 months, not including arrears. [When combining FY11 funds with funding from future years, eligible households will receive a maximum of 24 months assistance during a 3 year period, including arrears]

**e.** Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time.

The maximum amount of FY11 assistance a program participant will be eligible to receive will be 11 months subsidy plus up to 6 month arrears. However, participants who are enrolled with FY11 funds may receive a total of 24 months of assistance, including the 6 months arrears, during a 3 year period with a combination of FY11 and future year’s funding, provided they remain eligible and in need of assistance

Housing Stability Programs will be required to document decisions made about how long a household is provided with rental and utility assistance, and whether or how the amount of that assistance is adjusted over time based on the relationship between those decisions and the household’s goal of housing stability. Housing Stability Programs should base decisions on all of the household’s barriers to housing stability including income, experience in maintaining a stable household, experience in meeting budget goals, and non-housing issues that impact housing stability – such as transportation, debt and cyclical employment.

Furthermore, Housing Stability Teams are encouraged to use a progressive engagement approach, not committing more than one or two months of assistance at any time, even if the Team expects the household may require assistance for up to the full 24 months. Extension of rental and utility support should be based on the household’s ongoing actions that express a desire to maintain stable, independent housing.

CoC’s and their partners will be required to give have very clear policies and materials for clients regarding what is expected from the program participants in order for the household to continue to receive assistance from the Housing Stability Teams.

As stated above, Housing Stabilization Teams are encouraged to spend the least amount of funds they consider required to move a household into housing stability. Households who are exited from the program and become homeless in the future should be allowed to re-engage the program for the remainder of their 24 months of eligibility during a three year period.

Finally, when a household is eligible for and able to receive rental assistance from another source, such as Section 8, HUD-VASH or Shelter Plus Care, ESG rental assistance should not be used.

**f.** Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participants receives assistance; or the maximum number of times the program participants may receive assistance.

Many of the standards have been addressed above.

Communities should be aware that housing stabilization services may be provided to households not receiving ESG rental assistance. In some cases, the household may require no financial assistance, but still benefit from services provided by the Housing Stabilization Team. In other cases, other sources of rental assistance may be identified and accessed by the household, such as Section 8, Shelter Plus Care or HUD-VASH vouchers, yet the household can still be served be the Housing Stabilization Team for up to 24 months. As with rental assistance, communities are encouraged to not provide housing stabilization services any longer than necessary.

**7. Process for Making Sub-Awards**

The State of North Carolina ESG Office will determine an amount that each Continuum of Care (CoC) is eligible to apply for. The State will use the pro rata percentage for each CoC as determined by HUD for the Continuum of Care NOFA process to divide up the State allocation fairly across CoCs. ESG Entitlement jurisdictions will be eligible to also receive ESG funding from the State and their entitlement funding will be taken into account when dividing State ESG funds across CoCs. The most recent pro rata amounts that are available at the time the State creates the RFP will be used.

There are twelve CoCs operating in North Carolina. Each Continuum of Care will be responsible for setting local funding priorities, working with community members and applicants to establish local recommendations, and submitting a single community-wide application for funding. Each CoC will be required to select a Lead Agency that will submit the recommendation for ESG funds to the State on behalf of the entire CoC. The CoC Lead Agency will be expected to create and implement a local decision-making process for the distribution of funds that is fair and minimizes conflict of interest. The CoC application is expected to reflect the community’s Ten-Year Plan to End Homelessness (if applicable), the CoC Strategic Plan, HEARTH performance measures, the Federal Strategic Plan to Prevent and End Homelessness and local documented homeless needs.

In the past, ESG applicants applied directly to the State. The State is creating a new application process that will require ESG applicants to apply through their CoC. This will allow the CoC to improve coordination and have meaningful oversight on what is funded in their area.

The State will not accept applications directly from grantees. However, it will establish an appeals process for agencies that were not included in their CoC's recommendations to the State. This process may include a local and/or state level review.

The State is also creating a new process for identifying a CoC Fiscal Sponsor, which must be approved by the State. The State will approve a Fiscal Sponsor based on established capacity and oversight standards. The State's goal is to streamline contracts and eventually have one Fiscal Sponsor in each CoC. The Fiscal Sponsor will contract with the State, sub-contract with any other agencies receiving funds within their CoC, distribute funds to sub-contractors, submit reimbursement requests to the State and act as the central point of contact for all reporting requirements. Each CoC can endorse one Fiscal Sponsor to serve the CoC and all funded projects within the CoC. The Fiscal Sponsor must be a unit of local government or 501(c)3 Non-profit. The CoC may choose the same agency to serve as the CoC Lead Agency and the Fiscal Sponsor, but they can be different agencies. Should the State need to discuss anything with a sub-contractor, the CoC Lead Agency and Fiscal Sponsor will be advised and asked to participate in the conversation. The Fiscal Sponsor may by more than a pass-thru agency for funds; they may provide some of the ESG funded services directly. The Fiscal Sponsor will be expected to work in partnership with the CoC Lead Agency. The Fiscal Sponsor will be responsible for reimbursing any sub-contracted agencies for ESG eligible expenses covered in the contractual budget. The Fiscal Sponsor has the option of advancing funds to a sub-contracting agency, but the State will not advance funds to anyone. The Fiscal Sponsor will be responsible for ensuring that client data related to any reimbursement has been entered into HMIS before requesting reimbursement. The State will share a reasonable portion of administrative funds with the Fiscal Sponsor.

The State will not require a Fiscal Sponsor for the second allotment of FY11 or FY12 funds, but will allow communities to select to use a Fiscal Sponsor for these funds if they wish. In CoCs where  fiscal sponsor is not identified, or does not have the capacity to administer all sub-contracts to participating local agencies within the CoC, the State will continue to administer contracts with the local agencies. In those cases, the CoC will still be making recommendations about how funds will be used, the State will approve those recommendations and the State will contract with those agencies.  This option is why the State believes it will likely an average of more than one contract per CoC.

## 8. Homeless Participation Requirement

A minimum of three Homeless and formerly homeless persons participated in the March 15, 2012 CoC & ESG Planning Session.  In addition, homeless and formerly homeless persons were invited to participate in webinars and regional meetings and to provide verbal or written feedback to the State's Substantial Amendment.

**9. Performance Measures**

The State will expect CoC's to measure and report on the outcomes of the rapid rehousing and prevention assistance, using the statewide HMIS system

Performance Measures for both prevention and rapid rehousing will include:

- Percentage of program participants who live in permanent housing at program exit
- Changes in income from benefits or employment Documented linkages to mainstream services such as SSI/SSDI, TANF, food stamps, mental health services, medical care services, prescriptions, child care, employment programs, education programs
- Rates of return (for rapid rehousing) or subsequent entry (for prevention)to the homeless emergency system

For Rapid Rehousing, The State will also measure

- Impact on average length of stay in the homeless emergency system
- Rate of movement between shelters prior to placement in permanent housing

**10. Certification**

**C. Written standards required for recipients who are eligible and decide to use part of the second allocation of FY2011 funds for emergency shelter and street outreach activities.**

The State will not be using any of the second allocation of FY 2011 funds for emergency shelter and street outreach activities.

**D. Requirements for recipients who plan to use the risk factor under paragraph (1)(iii)(G) of the "at risk of homelessness" definition.**

Program participants deemed eligible for Prevention services based on having "characteristics associated with instability and an increased risk of homelessness" must demonstrate threat of immediate loss of housing due to eviction as well as significantly limited social and financial supports. The assessment form provided for CoC's consideration will provide guidance on how these factors might be determined and documented.

In keeping with HUD's preferences, communities will be encouraged to target their funding towards persons already experiencing homelessness rather than those who are at risk.