FY 2027 ESG Addendum

Emergency Solutions Grant Program

A. Purpose and Governing Requirements

This Addendum identifies the ESG-specific requirements that supplement the FY2027 CDBG Operating Manual. It is not intended to serve as a complete ESG policies and procedures manual or to restate every HUD program requirement.

The San Diego Housing Commission (SDHC) is the City's ESG Subrecipient under the applicable memorandum of understanding, as amended. The ESG project is governed by the executed Agreement, the City's approved Annual Action Plan, applicable provisions of 24 CFR Part 576 and 2 CFR Part 200, City-approved ESG written standards, and written City instructions.

The CDBG-specific program requirements in the Operating Manual do not apply to ESG solely because they appear in the Manual. General City administrative procedures related to reporting, reimbursement, financial management, procurement, monitoring, records access, and closeout apply to ESG when incorporated into the ESG Agreement, this Addendum, or written City direction. CDBG National Objective requirements, CDBG-specific income and demographic procedures, CDBG timeliness requirements, and the NCIP/Construction Addendum do not govern ESG activities. The ESG Agreement and applicable ESG requirements control when they differ from a CDBG-specific procedure.

SDHC is responsible for tracking and documenting applicable ESG component expenditure limits, matching contributions, program income, and federal obligation and expenditure requirements under 24 CFR Part 576.

B. Participant Eligibility and Re-Evaluation

SDHC and its ESG-funded providers shall maintain written intake and eligibility procedures applicable to every person or household seeking ESG assistance. Participant records shall identify the evidence used to establish homeless or at-risk-of-homelessness status, the eligibility decision, the date of the determination, and the staff reviewer. Determinations of ineligibility and any notice or appeal required by the ESG Agreement or written standards shall also be documented.

Initial evaluations shall be completed in accordance with 24 CFR 576.401, the applicable coordinated-entry process, the City-approved ESG written standards, and applicable City or SDHC procedures. The type, amount, and duration of assistance shall be determined based on participant need and applicable program limits.

For homelessness prevention, eligibility and need shall be re-evaluated at least once every three months. For rapid re-housing, re-evaluation shall occur at least annually. Each re-evaluation shall establish that annual income does not exceed 30 percent of area median family income and that the participant lacks sufficient resources and support networks to retain housing without ESG assistance.

Annual income shall be calculated using 24 CFR 5.609 and documented in accordance with 24 CFR 576.500(e) and current ESG guidance. When SDHC or an ESG-funded provider becomes aware of a relevant change in income, household composition, resources, or other circumstances affecting the need for assistance, eligibility and the amount and type of assistance shall be re-evaluated as required by 24 CFR 576.401.

C. Required Program and Provider Records

SDHC and its ESG-funded providers shall maintain records sufficient to demonstrate participant eligibility, eligible activities and costs, services and assistance provided, and compliance with the ESG Agreement. At a minimum, records applicable to the funded component shall include:

- Intake, homeless or at-risk status, income, eligibility, re-evaluation, ineligibility, and required participant demographic records.
- Participant service plans, housing-stability case management, services provided, termination, grievance, and appeal records.
- Street outreach, emergency shelter, homelessness prevention, rapid re-housing, rental assistance, utility assistance, security deposit, and housing relocation or stabilization records, as applicable.
- HMIS participation or a comparable database when permitted under HUD requirements, together with written confidentiality and data-security procedures.
- Housing standards, inspections, rent reasonableness, utility allowance, lead-based-paint, habitability, and environmental records, when applicable.
- Documentation of coordination with the Continuum of Care, coordinated entry, mainstream programs, and other homelessness resources.
- Documentation related to match, program income, conflicts of interest, homeless participation, faith-based activities, nondiscrimination, affirmative outreach, relocation, and other applicable federal requirements.
- Financial records supporting costs, expenditure limits and deadlines, payment requests, procurement, contracts, provider monitoring, sanctions, and corrective action.
- Other records required by HUD, the City, SDHC procedures, or the ESG Agreement.

D. Rapid Re-Housing and Rental Assistance Records

For each participant receiving rental assistance, SDHC or the applicable ESG-funded provider shall retain the legally binding written lease required by 24 CFR 576.106(g). When assistance is provided solely for rental arrears, the alternative leasehold documentation permitted by that section may be retained. Records shall also include the rental-assistance agreement between the ESG provider and owner, records of assistance paid, dates of participant occupancy, and supporting documentation for each payment.

Applicable files shall include documentation of housing standards and required inspections, rent and utility calculations, and the participant's responsibility for utility payments. Utility assistance records shall demonstrate that the participant or another household member is responsible for the applicable account or payment.

Participant files shall also include a plan describing how permanent housing will be retained after ESG assistance ends, together with required case-management contacts, reassessments, referrals, and termination or appeal documentation.

E. Confidentiality and Access to Records

SDHC and its ESG-funded providers shall maintain written procedures protecting personally identifying information for every applicant and participant. The location of a domestic-violence, dating-violence, sexual-assault, or stalking shelter shall not be publicly disclosed without written authorization from the person responsible for the shelter. Participant housing addresses shall be protected consistent with applicable law and privacy policies.

The City, HUD, and other authorized representatives shall have access to ESG records for monitoring, audit, inspection, and evaluation, subject to the confidentiality protections in [24 CFR 576.500]. Records maintained by providers, contractors, databases, or other third parties remain subject to applicable access requirements.

F. Reporting and Reimbursement

SDHC shall submit the ESG programmatic report and reimbursement request required by the Agreement by the 30th calendar day after each reporting month, unless the City provides a different written deadline. When required by the Agreement or ED Grants workflow, a no-claim reimbursement request shall be submitted for reporting periods in which no eligible costs were paid.

Programmatic and fiscal submissions shall cover the same reporting period and reconcile with participant, service, provider, accounting, and payment records. The City may return incomplete or inaccurate reports, request additional documentation, or hold reimbursement until the corresponding programmatic report and compliance questions are resolved.

SDHC shall report material delays, provider performance issues, questioned costs, complaints, suspected noncompliance, and changes to activities, budgets, documentation methods, locations, contractors, or providers as they occur. Matters requiring prior City approval or immediate direction shall be reported without waiting for the next monthly reporting period.

The applicable ESG year-end or closeout report shall be submitted by July 31 for a June 30 project period, or within thirty (30) calendar days after a later termination date, unless the ESG Agreement or written City instruction establishes another deadline.

G. Monitoring, Corrective Action, and Changes

SDHC shall monitor ESG-funded providers and contractors, document monitoring activities and any sanctions, and ensure timely corrective action. The City may conduct remote or on-site reviews, inspect source records, test participant and fiscal files, interview staff, and conduct follow-up activities after closeout.

SDHC shall coordinate with the assigned Project Manager before implementing changes to an ESG activity, provider, budget, reporting method, eligibility procedure, or documentation standard. Written City approval shall be obtained whenever required by the ESG Agreement or City instructions. Verbal direction does not amend the Agreement or authorize an otherwise ineligible cost.

H. Records Retention

SDHC and its ESG-funded providers shall retain ESG records for the periods required by 24 CFR 576.500(y), the Agreement, and other applicable law. Records shall be retained for a longer period when an audit, monitoring review, litigation, claim, investigation, or corrective action remains unresolved.

Participant eligibility and other participant records shall be retained for five (5) years after all funds from the grant under which the participant was served have been expended. When ESG-funded renovation costs exceed 75% of the building's value before renovation, or conversion costs exceed 75% of the building's value after conversion, applicable shelter records shall be retained for ten (10) years after ESG funds are first obligated for the work.

Confidential ESG records shall not be destroyed until the applicable retention period has ended and all outstanding matters have been resolved. Records shall be disposed of securely and in accordance with any applicable City notice or approval procedure contained in the Agreement.

I. Key Legal References

Authority	Subject
McKinney-Vento Homeless Assistance Act, 42 U.S.C. 11371-11378	Statutory authority for ESG.
24 CFR Part 576, Subpart A	General provisions and definitions.
24 CFR Part 576, Subpart B	Program components, eligible activities, expenditure limits, and indirect costs.
24 CFR Part 576, Subpart C	Award, match, obligation, expenditure, and payment requirements.

24 CFR Part 576, Subpart E	Written standards, coordinated entry, eligibility, termination, shelter and housing standards, conflicts, participation, faith-based activities, other federal requirements, relocation, and VAWA.
24 CFR Part 576, Subpart F	Recordkeeping, reporting, monitoring, and enforcement.
24 CFR 5.609	Annual-income calculation.
24 CFR Part 5, Subparts A and L	Equal opportunity and VAWA protections.
2 CFR Part 200	Uniform administrative requirements, cost principles, procurement, records, audits, and closeout.
24 CFR Part 50	HUD environmental review for ESG.
24 CFR Part 75	Section 3, when applicable.
24 CFR Part 35	Lead-based-paint requirements.
49 CFR Part 24	Uniform Relocation Act requirements.
City Annual Action Plan, Agreement, and written standards	City-approved activities, local priorities, administrative procedures, and project-specific requirements.

Regulations, HUD notices, data standards, waivers, and award conditions may change after publication. The current applicable authority and written City direction control over an outdated summary or citation in this Addendum.