

Update to Iowa Emergency Solutions Grant CARES Act Plan Summary

August 2021

Updated plan posted online for stakeholder notification, as per the requirements of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and U.S. Department of Housing and Urban Development (HUD)

Update: On July 19, 2021, HUD issued Notice CPD-21-08, that supersedes the previous Notice CPD-20-08, issued on September 1, 2020. The new Notice is titled “Waivers and Alternative Requirements for the Emergency Solutions Grants (ESG) Program Under the CARES Act,” also known as the ESG-CV Notice. This new ESG-CV Notice added new flexibilities and eligible activities to ESG-CV, in addition to other updates such as extending the deadline for Shelter activities.

One new eligible activity is paying for Coordinated Entry; specifically, “the additional costs needed to update, enhance, and operate the applicable centralized or coordinated assessment system under 24 CFR 576.400(d) to prevent, prepare for, and respond to coronavirus....”

IFA intends to make ESG-CV funds available for Coordinated Entry and for any of the other additional activities and flexibilities permitted by the new Notice, subject to written approval from the Authority in advance to any subgrantee agencies wishing to utilize funds for new activities.

Iowa Emergency Solutions Grant CARES Act Round 2 (ESG-CV2) Plan Summary

September 2020

Plan posted online for stakeholder notification, as per the requirements of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and U.S. Department of Housing and Urban Development (HUD)

Overview: The Iowa Finance Authority (IFA) received two allocations of Emergency Solutions Grant CARES Act (ESG-CV) funding to respond to, prepare for, or prevent the spread of the COVID-19 virus in the State of Iowa. The first allocation (ESG-CV1) was in the amount of \$9,574,948, and a plan summary was provided with a Substantial Amendment to the Annual Action Plan submitted to HUD for review as required. The second allocation (ESG-CV2) is in the amount of \$11,318,794 and is the subject of the plan summary presented here.

Funds will support a combination of all activities normally eligible under ESG, including Street Outreach, Shelter, Homelessness Prevention, and Rapid Rehousing. Funds may also support the additional activities described in the HUD Notice CPD-20-08, Waivers and Alternative Requirements for the Emergency Solutions Grants (ESG), issued on September 1, 2020. Such additional possible uses include temporary emergency shelters, training, hazard pay, handwashing stations and portable bathrooms, landlord incentives, and volunteer incentives.

Progress since ESG-CV1: In planning ESG-CV2, it may be helpful to review the progress of ESG-CV1. In Iowa, ESG-CV1 funds were subgranted to service agencies in July, 2020, with the bulk of funds allocated for a network of Rapid Rehousing and Homelessness Prevention throughout 17 regions of the state. As of this submission in September 2020, agencies are still in the early stages of making these funds available for households in need, including hiring and training additional staff, updating policies and

procedures, finalizing agreements with subcontractors and other partners, and providing information and outreach to the community and potential program participants regarding the availability of assistance. Smaller amounts of CV1 funds supported Shelter and Street Outreach activities.

Since earlier in the summer when ESG-CV1 funds were distributed, policy changes have continued to impact both ESG-CV program development and the overall landscape of housing needs. The issuance of HUD's ESG-CV Notice as referenced above is one major example, with its associated additional eligible activities, waivers, and alternative requirements. Another example is the September 4, 2020, Federal Register Notice: Temporary Halt in Residential Evictions to Prevent the Further Spread of COVID-19 (known as the CDC Eviction Moratorium). The new moratorium appears to significantly impact the eligibility of households for ESG-CV Homelessness Prevention assistance, which in turn impacts how we prioritize Prevention assistance versus other eligible activities.

ESG-CV2 overall structure: For ESG-CV2, IFA intends to continue to subgrant funds to nonprofit agencies and units of local governments, while retaining flexibility to carry out some activities directly as needed. Agencies will be encouraged to make full use of the regulatory waivers that HUD has granted already for ESG-CV, and IFA will continue to apply for any applicable waivers. IFA will work closely with stakeholders to determine the best uses of funds, while retaining as much flexibility as possible to adjust plans according to the evolving needs and conditions of the ongoing pandemic. IFA has an existing online application structure in place for agencies to apply for funds. Details of the process, eligible activities, and scoring criteria will be found on IFA's COVID-19 housing webpage at www.iowahousingrecovery.com and regular ESG webpages at www.iowafinance.com.

ESG-CV2 funding priorities: Current funding priorities and rationale for ESG-CV2 include:

1) Increase support for Shelters. Shelters have continued to incur additional expenses in response to COVID-19, such as facility modifications to support social distancing, additional sanitary supplies and PPE, additional staff to supplement staff that are on pandemic leave and to replace volunteers such as college students that have been unavailable during the pandemic, and temporary sheltering in hotels and motels for social distancing and quarantine. At the same time, sources of private funding that shelters typically rely for ongoing operations, such as individual and corporate donations and fundraising event revenue, have also been more limited during the pandemic. Shelters will thus be prioritized for funding through ESG-CV2 to ensure communities can continue to offer shelter as safely as possible.

This includes Shelter Operations and Shelter Essential Services. It also includes Shelter Renovation and similar costs, to the extent allowable by the ESG Interim Rule, the ESG-CV Notice, and Iowa Administrative Rules for ESG. Shelter Renovation activities may be most clearly supported by the ESG-CV Notice if they are for temporary emergency shelters. Additional information will be sought from HUD to clarify if similar activities will be permitted for permanent or non-temporary shelters, and if so, a priority is also to support these to the extent possible. Additional eligible activities per the HUD ESG-CV Notice that may be most relevant to Shelters include hazard pay and volunteer incentives.

2) Continue regional support for Rapid Rehousing and Homelessness Prevention. This includes retaining flexibility between the two as much as possible and filling in needs where most pressing. Funds will likely be awarded to regions that are spending down ESG-CV1 funds most quickly and that also demonstrate the capacity to handle additional funds while remaining in compliance with program rules. Additional eligible activities per the HUD ESG-CV Notice that may be most relevant to Rapid Rehousing and Homelessness Prevention include hazard pay and landlord incentives. Support for legal services will also

be included in the categories of Rapid Rehousing and Homelessness Prevention, especially legal services to help program participants navigate the complex current laws to avoid eviction and homelessness.

3) Street Outreach: This will be a lesser priority but still allowed to the extent service agencies and regions demonstrate a need for ESG-CV funds to address unsheltered homelessness. An additional eligible activity per the HUD ESG-CV Notice related to Street Outreach is handwashing stations and portable bathrooms to improve health and safety, with other possible additional activities including hazard pay and volunteer incentives.

4) Training: As per the HUD ESG-CV Notice, funds may be used for the additional eligible activity of training on infectious disease prevention and mitigation for staff working directly to prevent, prepare for, and respond to coronavirus among persons who are homeless or at risk of homelessness. Such costs will be charged as a standalone activity separate from other activities above, as directed by HUD.

Period of Use: Both ESG-CV1 and ESG-CV2 may reimburse allowable costs incurred by an agency before the award of funding (including prior to the signing of the CARES Act) to prevent, prepare for, and respond to COVID-19, as allowed by HUD. The HUD ESG-CV Notice contains overall deadlines and deadlines for specific activities, such as January 31, 2022 for Emergency Shelter. Agencies may be required to demonstrate a minimum rate of expenditure, with funds reduced and reallocated to other agencies when necessary.