

CD&H PRACTITIONERS

ALERTS & UPDATES

Emergency Solutions Grant CARES Act Round 1 (ESG CV 1) HUD Entitlement Grantees Allowable Activities ESG CV 1 Grantees March 11, 2021

Please be advised that effective immediately ESG CV 1 HUD Entitlement Grantees will be permitted to amend their contracts and reallocate funds to any ESG program activity. Recognizing that ESG CV 1 HUD Entitlement Grantees were only permitted to apply for Rapid Rehousing and Homelessness Prevention and the difficulty grantees are having spending funds in these areas, we will allow reallocation of funds to Emergency Shelter and Street Outreach. It is our hope this will provide the flexibility for grantees to best use these funds and expend the funds.

If you would like to reallocate funds to these activities, it will require an amendment to your current contract. When submitting the request for the budget amendment, the grantee must submit the proposed request in writing. DCED will review and accept the changes, provided there are no issues with the request. If issues are noted during the review, DCED will contact you. A new budget summary which includes the original approved budget compared to the new proposed budget and a budget narrative must accompany this request. The changes will require the grantee to meet public participation requirements and provide documentation as verification. Lastly, approval by the local governing body must be included with all budget amendments.

Please email your official request, new budget summary including the original approved budget compared to the new proposed budget and a budget narrative to Stacy Hawthorne at shawthorne@pa.gov. Please DO NOT mail hard copies to the office. They will not be received and processed.

Please remember that we have an expenditure deadline that HUD has mandated that will also apply to grantees. Please refer to the statement below taken from the CPD Notice 20-08. Not adhering to this expenditure timeline could result in recapturing of funds.

Progressive Expenditure Deadlines and Recapture Provisions. To ensure ESG-CV funds are spent quickly on eligible activities to address the public health and economic crises caused by coronavirus, the following alternative requirements are established:

- (i) HUD may recapture up to 20 percent of a recipient's total award, including first and second allocation amounts, if the recipient has not expended at **least 20 percent of that award by September 30, 2021.**
- (ii) HUD may recapture up to 80 percent of a recipient's total award, including first and second allocation amounts, if the recipient has not expended at **least 80 percent of that award by March 31, 2022.**