

To: Nonprofit Organizations Funded for Homeless Services in FY 2020-2021

From: Chuck Mottern, Homeless Services Funding Coordinator

CC: Barbie Robinson, Interim Executive Director  
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Subject: Program Design Variance Request

Date: June 23, 2020

Revised: August 6, 2020

Revisions: Page 4 – Variance Request Example  
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The Federally derived Emergency Solutions Grant (ESG) regulations describe the set of allowable expenditures for homeless services projects for Street Outreach, Rapid Re-housing (RRH), Homelessness Prevention (HP), and Emergency Shelter (ES). At this time, State and Local funds allow homeless service projects more latitude in program design, eligible activities, and allowable costs. The use of these dollars provides the opportunity to assist homeless and at-risk homeless persons in unique and creative ways. If a project budget contains any amount of Federal dollars, the ESG regulations will apply despite any flexibility offered by State or Local dollars included in the Funding Agreement.

The Sonoma County Community Development Commission (SCCDC) understands that funded organizations will be at different stages of the implementation of ESG standards. Agencies may, or may not have existing policies and procedures in place to meet ESG regulations. Given the fluctuation in the availability of State and Local funds, organizations funded for Street Outreach, Rapid Re-housing, Homeless Prevention, and Emergency Shelter must anticipate receiving Federal ESG funds at a near-future date, and regardless of the funding source received, should work toward meeting the ESG requirements.

During Fiscal Year 2020-2021, the SCCDC will monitor projects based on the ESG standards to assist programs to be competitive for all funding sources. The SCCDC will work with organizations by offering technical assistance throughout the fiscal year aimed at increasing organizational capacity to incorporate the ESG standards. However, it remains the organization's responsibility to be knowledgeable of, create, and implement program designs and policies that meet these regulations.

If your organization's project **does not** receive funds through a Federal funding source, you may request variances from the ESG regulations, based on the program design. Agencies must submit requested variances in writing, noting any evidence-based practices behind the request, and attach the policies and procedures relating to the requested variance(s). The SCCDC will review all requests and make a final determination of approval or denial.

Variance requests may not change the Scope of Work, measurable outcomes, or the primary purpose of the project. Any submissions requesting such variances will receive an automatic denial.

Agencies will not be permitted to implement any of the Variances requested unless SCCDC has approved in writing. The Exhibit A-1 Scope of Work of the Funding Agreement will be amended to state the inclusion of approved Variances.

No variances requests will be accepted after September 30, 2020.

**Examples of proposed variances:**

*Example Situation: A Street Outreach or Emergency Shelter Project may see an opportunity to move people from the streets (for Street Outreach projects) or the shelter (for emergency shelters) directly into a housing opportunity, with minimal assistance, but would require flexible funds to support this outcome. Requests should include specific uses (eligible costs) of flexible funds, relevant information that would change the program design, and contain a description of how these funds would support the individuals' entry into housing. Other factors, such as recordkeeping requirements, and back-up documentation kept in the participant file should be included in the policies and procedures.*

*Example Situation: A Rapid Re-Housing project may want to use master leasing to house individuals and families. Projects may request this be allowed instead of participants needing to have a lease directly with the owner of the property.*

*Requests should include Program policies and procedures that address: how units will be identified, terms around the lease and master lease, how participants will move towards having a lease with the owner, planning for reduced or no funding for the project, and what the agency's responsibility will be once the Funding Agreement has ended. Included policies should address the distinction between the owner's responsibility and agency as leaser, damage occurrence, and conditions of the deposit, rental assistance agreements, agency procedures around the eviction of a participant (dual relationship), conflict of interest, etc.*

**To be Completed by the Agency**

- Our project will not be requesting any variances, additions, or changes to the SCCDC project requirements.
- Our project is requesting the variances listed below (add additional lines if needed):

Request 1:

\_\_\_\_\_ Request 2:

Request 3:

\_\_\_\_\_

For each request listed above agency must attach corresponding policies and procedures.

Name of Person completing form: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

**FOR SCCDC STAFF ONLY**

SCCDC approves the follow requests:

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SCCDC approves the following requests with modifications and/or requires additional information:

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SCCDC denies the following requests:

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## EXAMPLE VARIANCE REQUEST

### **Restriction of Rental Assistance to Units with Rent at or Below FMR**

**Requirement:** Restriction of rental assistance to units with rent at or below FMR.

**Citation:** 24 CFR 576.106(d)(1)

**Explanation:** Under 24 CFR 576.106(d)(1), the provision of rental assistance cannot occur unless the total rent is equal to or less than the FMR established by HUD, as provided under 24 CFR Part 888, and complies with HUD's standard of rent reasonableness, as established under 24 CFR 982.507.

**Justification:** Quickly moving people into permanent housing is especially critical in preventing the spread of COVID-19. Waiving the limit on rental assistance to rents that are equal to or less than the FMR, established by HUD, will assist in the ability to more quickly locate additional units to house individuals and families experiencing homelessness.

**Applicability:** [Project Name] is requesting a variance for the FMR restriction to be waived for any individual or family receiving Rapid Re-housing or Homelessness Prevention assistance who executes a lease for a unit during the [Time Frame and End Date]. [Project name] will still ensure that the units in which assistance is provided to these individuals and families meet the rent reasonableness standard.

**Attachments:**

1. Variance Recordkeeping policies and procedures;

Sample policies and procedures:

Staff will maintain a copy of the participant's lease clearly displaying the date of execution in the participant file (lease date should be within the variance request time frame).

Staff will maintain a note in the participant file of this variance request approval and its application to the participant's lease.

Staff will maintain a completed rent reasonableness comparison of the unit in the participant file. If the unit does not meet rent-reasonableness, staff will assist the participant in obtaining a new unit that qualifies under rent reasonableness standards.

\*Note this is from example is from a HUD waiver related to COVID. Requested Variances do not need to be associated with COVID; however, there needs to be a justification for the need for the variance request.

## **VARIANCE REQUEST TEMPLATE**

**Requirement** – Statement of the project requirement per ESG.

**Citation** –

Use ESG Code of Federal Regulations: <https://www.govinfo.gov/content/pkg/CFR-2018-title24-vol3/xml/CFR-2018-title24-vol3-part576.xml#seqnum576.409>

Use the Code of Federal Regulations Recordkeeping Requirements: <https://www.law.cornell.edu/cfr/text/24/576.500>

**Explanation** – Explanation of the requirement.

**Justification** – Reason the variance is being requested, what need is being identified that this variance would address.

**Applicability** – Name the variance, how the variance will be implemented into the project, specific time frame/end date for the variance, limits to the variance, and/or other requirements that would need to be met.

**Attachments** –

1. Policies and Procedures
2. Recordkeeping requirements
3. Other relevant information