

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

HOMELESS ASSISTANCE GRANTS

PROGRAM HIGHLIGHTS

	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002	INCREASE + DECREASE - 2002 vs 2001
(Dollars in Thousands)				
<u>Program Level: (Obligations)</u>				
Homeless Assistance Grants	\$882,066	\$2,257,306	\$1,022,745	-\$1,234,561
Shelter Plus Care Renewals .....	...	<u>\$99,780</u>	<u>\$99,780</u>	...
Subtotal	\$882,066	\$2,357,086	\$1,122,525	-\$1,234,561
<u>Appropriations: (Enacted or Proposed)</u>				
Homeless Assistance Grants	\$1,020,000	\$1,025,000	\$1,022,745	-\$2,255
Rescission .....	...	-\$2,255	...	+\$2,255
Shelter Plus Care Renewals .....	...	\$100,000	\$99,780	-\$220
Rescission .....	...	<u>-\$220</u>	...	<u>+\$220</u>
Subtotal	\$1,020,000	\$1,122,525	\$1,122,525	...
<u>Budget Outlays</u>				
Homeless Assistance Grants	\$885,245	\$1,000,000	\$1,200,000	+\$200,000
Shelter Plus Care Renewals .....	...	<u>\$11,000</u>	<u>\$57,000</u>	<u>+\$46,000</u>
Subtotal	\$885,245	\$1,011,000	\$1,257,000	+\$246,000

SUMMARY OF BUDGET ESTIMATES

The fiscal year 2002 Budget proposes \$1.123 billion for Homeless Assistance, including \$1.008 billion for Homeless Assistance Grants, \$100 million for Shelter Plus Care Renewals, and \$500 thousand for the Interagency Council on the Homeless. Grant funds will provide support for an estimated 40,000 transitional beds and permanent beds in new and renewal projects. Renewal funds will fund contracts on an annual basis. This Budget request also includes \$2.5 million for technical assistance and \$11.7 million (or up to \$15 million, if necessary) for the Working Capital Fund and Management Information Systems. The requested overall grant funding of \$1.023 billion, the same level as the fiscal year 2001 Budget, continues to reflect the still significant unmet need for this vital assistance.

The mission of HUD's homeless assistance programs is to help homeless persons and families break the cycle of homelessness and to move to permanent housing and self-sufficiency. The Continuum of Care (CoC) strategy seeks to more effectively deliver the broad range of housing services needed to move people out of homelessness. The Continuum of Care has been found to help more homeless people find stable homes at a significantly lower cost per person. To build on this success, over the next 5 years, the Department intends to accomplish two overarching objectives: to hold communities fully accountable to implement and deliver their continuum of care systems; and, to help every homeless individual and family assisted by these programs to achieve permanent housing and self-sufficiency.

The fiscal year 2002 funds will be used for renewing a portion of the vital housing and supportive services projects already established, as well as for providing funding for new projects that will fill housing and services gaps in local communities. The

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demand for renewal assistance--to ensure that homeless persons are not forced back onto the streets and into emergency shelters--is growing and significant. For instance, Supportive Housing Program (SHP) renewals were awarded \$340 million in 1999. In 2000, that figure grew to \$619 million, 79 percent of all SHP funds awarded in 2000. HUD homeless assistance funds will also be used for "Supportive Services Only" projects that are linked to housing provided by other organizations. The 2001 Appropriations Act required a 25 percent match for all HUD-funded services. Further, these funds are expected to leverage other public and/or private funds at a 1:1.5 ratio, or more. These requirements will be continued in fiscal year 2002. HUD will also continue to reserve 30 percent of the total funding for permanent housing.

HUD remains unable to meet the significant demand for either housing or supportive services for the homeless. In each year since the McKinney-Vento Act programs were created, there has been a substantial gap between requested and awarded homeless assistance grants. The \$850 million awarded during the 2000 competition represented only 63 percent of the funds requested. Similarly, only 62 percent of the projects requesting assistance were awarded funding. Furthermore, these numbers do not take into account the number of agencies who did not submit grant proposals, knowing their programs would not likely be funded given the keen competition for limited funds.

This large demand outweighing funding availability reflects the continuing need for homeless-related assistance. However, the fiscal year 2002 request in homeless assistance funding would keep HUD at the forefront of addressing the nation's homelessness problems, and would help to reduce the gap between supply and demand in homeless assistance funding.

In addition to the \$1.008 billion for grants, \$100 million is proposed for Shelter Plus Care Renewals. These funds will be utilized for the renewal on an annual basis of contracts expiring, or, if previously extended, projected to run out of funds during fiscal year 2003 under the Shelter Plus Care program.

The Budget request for \$500 thousand for the Interagency Council on the Homeless (ICH) will allow the Council to continue work begun in fiscal year 2001. The ICH will carry out specific functions to be performed as directed by the Congress.

The Senate Appropriations Committee Report (S.R. 106-410) on the fiscal year 2001 HUD Appropriation Act directed HUD to "convene a group of experts, including academics, practitioners, national organization representatives, local and state government officials, and Federal officials" to make recommendations by June 1, 2001 on alternatives to the current formula approach for determining need for assistance in the Continuum of Care competition. The goal of the conference will be to assist the Department to develop recommendations to Congress on alternatives to the present method for scoring "need" in the McKinney-Vento Continuum of Care competition.

This Budget also requests \$2.5 million for Management Information System support. Funding for the development, implementation, operation and refinement of management information systems is critical to establishing and maintaining a national database on local needs and programs performance, as well as providing localities and other community members with the necessary guidance to plan and track performance as requested by the Congress.

These funds will specifically assist metropolitan cities, urban counties, consortia, and States in preparing information to be submitted to Department's information systems; and will be used for the analysis and evaluation of that data in managing and operating their CPD programs. The funds will be used for operational support work including:

- providing training and related customer support services to grantees using Departmental information systems related to Special Needs Assistance Program (SNAPS);
- developing and maintaining a web site containing guidance on Departmental Systems' information and guidance for grantees on HUD's web site; and
- extracting information from SNAPS and other sources and analyzing that information to assess program performance. CPD contractors will identify,

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collect, and analyze quantitative and qualitative information and prepare written assessments to ensure that grantees are meeting statutory and regulatory requirements of CPD programs. IDIS and DGMS and other data efforts will expand our performance monitoring and reporting capability for Government Performance Results Act purposes. Improving the economic development potential of governmental units and increasing the participation of the private sector in community and economic development assisted under Title I.

Working Capital Fund transfers. The contributions from the Community and Planning Development (CPD) program funds (HOME, HOMELESS and CDBG) to the Working Capital Fund (WCF) will help cover the increased cost of the IT portfolio. The fiscal year 2002 Working Capital Fund increase is largely due to the development and planning to award a new contract to support the operation of HUD's IT infrastructure - the HUD Integrated Information Processing Service (HIPIS). The recompetition of the HIPS contract is in addition to HUD's ongoing and new initiatives to upgrade its IT infrastructure. It is critical that HUD stay abreast of emerging technology to allow efficient interface access for its many business partners and improved service to the general public. Appropriate funding is necessary to support existing CPD systems while the Department Grants Management System is under development.

EXPLANATION OF INCREASES AND DECREASES

This Budget proposes \$1.123 billion for Homeless Assistance in fiscal year 2002, including \$1.008 billion for Homeless Assistance Grants, \$100 million for Shelter Plus Care Renewals, \$500 thousand for the Interagency Council on the Homeless, the same levels as the enacted fiscal year 2001 Budget and \$2.5 million for technical assistance and \$11.7 million (or up to \$15 million) for the Working Capital Fund and management information systems. The anticipated decrease of \$1.234 billion in obligations from 2001 to 2002 represents the assumption that all unobligated funds in 2001 (including carryover) will be obligated by the end of 2001. Outlays will increase by \$246 million, reflecting the spend out of recent increases in appropriation levels.

PROGRAM DESCRIPTION AND ACTIVITY

1. Legislative Authority. The Supportive Housing, Shelter Plus Care, Section 8 Moderate Rehabilitation (Single Room Occupancy), and Emergency Shelter Grants homeless assistance programs are authorized under the McKinney-Vento Homeless Assistance Act of 1987, as amended.

2. Program Area Organization. Reducing homelessness is one of HUD's top priorities. Comprehensive community-based efforts are necessary to address homelessness. The Consolidated Plan serves as the community's basis for applying for homeless assistance, identifying its needs and inventory, assessing the needs of homeless citizens, and linking efforts to address homelessness together with other housing and community development resources. Under the Continuum of Care strategy, localities and States are encouraged to develop and maintain assistance systems which integrate programs and services for the homeless or potentially homeless. These programs facilitate the effective and efficient management of HUD's homeless assistance programs by:

- reducing and preventing homelessness by supporting the creation and maintenance of community-based, comprehensive systems dedicated to returning families and individuals to self-sufficiency;
- assisting States and local governments, in partnership with private nonprofit service providers, to use homeless funding more efficiently and effectively;
- simplifying and making more flexible the provision of Federal homeless assistance;
- maximizing a community's ability to implement a comprehensive system for providing assistance to homeless families and individuals;
- enhancing the efficient and equitable distribution of homeless assistance;
- reducing the Federal role in local decision making for homeless assistance programs;

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- reducing the costs to governmental jurisdictions and private nonprofit organizations in applying for and using assistance; and
- advancing the goal of meeting the needs of the homeless population through mainstream programs and establishing continuum of care systems necessary to achieve that goal.

Macro-economic factors such as increases in unemployment, the lack of low-skilled jobs for persons leaving welfare, and increases in the cost of housing impact the incidence of homelessness. In addition, factors such as rates of domestic violence, substance abuse, and the incidence of disabilities, which are associated with homelessness, also impact the number of homeless persons and families at any given time. Moreover, HUD's ability to transition people into permanent housing is constrained by local housing markets, by the ability to place people in employment, and the availability of financial support for these individuals.

The 2000 survey of 25 major cities by the U.S. Conference of Mayors indicated that requests for emergency shelter increased by 15 percent, the highest 1-year increase of the decade. Seventy-six percent of the cities reported that demand had increased, the highest increase since 1994. Requests for shelter by homeless families alone increased by 17 percent, with 72 percent of the cities reporting an increase.

Clearly, the need for homeless assistance remains acute. Of the total homeless population--an estimated 600,000 are literally homeless on any given night--some suggest that the percentage of total homelessness represented by families with children now exceeds 30 percent, increasing the need for stable, long-term housing with access to day care, decent education, and other family support. Other homeless persons are single adults. Some homeless persons suffer from mental illness or substance abuse, and need a variety of services beyond immediate shelter. HUD's Continuum of Care system, which coordinates Federal, State and local resources and services for homeless people, assists a growing number of homeless families and individuals in moving into transitional and permanent housing. Nevertheless, there remains a significant shortfall between the scope of the homeless population's need for assistance and the level of resources that are available.

The CoC system addresses the issues that lead to homelessness through a community-based process that provides a comprehensive response to the different needs of homeless individuals and families. The CoC process encourages and helps ensure the creation of linkages to other housing and community development programs (public housing, Section 8, CDBG, HOME, HOPWA and State and local programs), as well as to the mainstream social service programs critical to the success of homeless assistance efforts (Medicaid, State Children's Health Insurance Program, Food Stamps, Temporary Assistance for Needy Families (TANF) and services funding through the Mental Health and Substance Abuse Block Grant, Workforce Investment Act, and the Welfare-to-Work grant program). A comprehensive and coordinated housing and service delivery approach helps communities plan for and provide a balanced response to homelessness. Communities establish cost-effective continuums that identify and fill gaps in housing and services that are needed to move homeless families and individuals into permanent housing. The CoC system attempts to serve the specific needs of all homeless sub-populations within a particular community. It is an inclusive process that is coordinated with non-profit organizations, State and local governmental agencies, housing developers and service providers, private foundations, local businesses and the banking community, neighborhood groups, and homeless or formerly homeless persons.

A typical CoC would include components such as outreach and assessment to identify an individual's or family's needs and connect them to appropriate facilities and services; immediate shelter as a safe, decent alternative to the streets; transitional housing with appropriate supportive services, such as job training, job placement, child care, substance abuse treatment, mental health services and instruction in independent living skills; and permanent housing or permanent supportive housing arrangements. With a CoC approach, the community can design a strategy that works best to assist homeless persons and families achieve permanent housing and self-sufficiency. The CoC model is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of unmet needs--physical, economic, and social.

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HUD will continue to foster and support (CoC) systems in communities with significant homeless populations throughout the United States. This has been accomplished by including such a strategy within the framework of the Consolidated Plan and by encouraging joint applications and coordinated approaches when issuing Notices of Funding Availability for homeless assistance under the competitive programs. Columbia University's December 1996 study found that substantial progress has been made in getting communities to adopt a more coordinated and comprehensive approach to addressing the needs of homeless persons. It also found that with twice the amount of funds than had previously been available, the (CoC) system helps as many as 14 times the number of homeless persons with assistance as were previously assisted.

The U.S. Conference of Mayors released the 16th annual survey on "Hunger and Homelessness in American Cities" in December 2000. Many of the cities surveyed reported that the Federal Government's Continuum of Care policy has made a difference in their community's effort to address homelessness. Some examples of what some City officials said are:

- Charleston. The Continuum funding opportunities have greatly impacted hundreds of individuals in our community. It has facilitated tighter collaborative efforts resulting in better coordinated services.
- Denver. This financial support has led to a significant increase in the development of transitional housing and permanent supportive housing to homeless families, individuals and youth. In addition, resources were used to develop and increase case management and supportive services needed to ensure that homeless persons had access to mental health, substance abuse treatment, child care, basic living skills, employment and job training activities needed to become self-sufficient. In conclusion, the CoC policy has helped the Denver area improve the way housing and services are provided to homeless persons. The resources provided by HUD have been instrumental in developing additional housing and services.
- Phoenix. HUD resources have been invaluable in addressing homelessness and have been the major funding source for the countywide CoC.
 - a. Program Purpose. HUD's homeless assistance programs provide Federal support to one of the nation's most vulnerable populations. These grants assist localities in establishing systems that can address the needs of different homeless populations while providing coordinated CoC systems that ensure the support necessary to help those who are homeless attain permanent housing and move toward self-sufficiency.
 - b. Eligible Applicants/Participants. While eligibility for the individual programs varies, in general, eligible applicants/participants are States, units of local government, nonprofit organizations and public housing authorities. Broad community participation in the development and implementation of a homeless strategy is encouraged to facilitate comprehensive, effective and coordinated approaches to homelessness.
 - c. Eligible Activities. Recipients are authorized to carry out activities to benefit homeless individuals and families, including acquisition, rehabilitation, new construction, operations, real property leasing, tenant assistance, supportive services, and administration. These activities support the following types of projects: Emergency Assistance (prevention, outreach and assessment, and emergency shelter); Safe Haven Housing; Transitional Housing; Supportive Services Only; Permanent Housing and Permanent Supportive Housing for Homeless Persons with Disabilities; Single Room Occupancy Housing; or other projects that the Secretary determines will further the purposes of this Program.
 - d. Program Allocation. Emergency Shelter Grants are distributed by formula; all other program funds are distributed by competition. This Budget proposes \$2.5 million be appropriated for technical assistance and \$11.7 million (or up to \$15 million) for Working Capital Fund and management information systems support.

Until 1998, technical assistance was available only for the Supportive Housing Program. HUD's 1999, 2000 and 2001 proposals and Congress's agreement to expand the availability of technical assistance will enable grantees of all homeless assistance

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programs to better handle and overcome a variety of problems that hinder successful completion and implementation of projects. These include difficulties with capital financing for initial acquisition and rehabilitation; resistance from residents to homeless shelters in their neighborhoods; and coordination of project development, project operations, and ongoing service delivery. Technical assistance improves the ability of grantees to develop and maintain CoC systems and to effectively and efficiently provide assistance to those in need.

The 1999 Appropriations Act and subsequent Appropriation Acts directed and authorized the use of funds by HUD to require information from grantees, aggregate this and other data, and work with a representative sample of jurisdictions to collect information on the unduplicated number of clients serviced and the disposition of the client exiting homeless programs. Additional funds for management information systems are needed to continue the development, implementation, operation and refinement of management information systems. It is anticipated that these systems will eventually be integrated with other Departmental systems currently under development in order to integrate homeless assistance with other housing and community development programs.

STATUS OF FUNDS

1. Authorization. Homeless assistance programs are authorized under the McKinney-Vento Homeless Assistance Act of 1987, as amended.

2. Balances Available

a. Unobligated Balances. The following table compares the program obligations with funds available by year for the Homeless Assistance Grants and Shelter Plus Care Renewals:

	ACTUAL <u>2000</u>	ENACTED <u>2001</u>	ESTIMATE <u>2002</u>
	(Dollars in Thousands)		
Unobligated balance, start of year . . .	\$1,071,768	\$1,234,561	...
Appropriation:			
Homeless Assistance Grants	1,020,000	1,022,745	\$1,022,745
Shelter Plus Care Renewals . . . . .	...	99,780	<u>99,780</u>
Recovery of Prior Year Amounts	<u>24,859</u>	...	...
Total Available	2,116,627	2,357,086	1,122,525
Obligations incurred	<u>-882,066</u>	<u>-2,357,086</u>	-
Unobligated balance, end of year	1,234,561	...	<u>1,122,525</u>
...			...

b. Obligated Balances. The status of obligated balances for the Homeless Assistance Grants and Shelter Plus Care Renewals is as follows:

	ACTUAL <u>2000</u>	ENACTED <u>2001</u>	ESTIMATE <u>2002</u>
	(Dollars in Thousands)		
Obligated balance, start of year	\$1,867,064	\$1,839,026	3,185,112
Obligations incurred	<u>882,066</u>	<u>2,357,086</u>	<u>1,122,525</u>
Subtotal	2,749,130	4,196,112	4,307,637
Outlays	-885,245	-1,011,000	-1,257,000
Adjustment in unexpired accounts	<u>-24,859</u>
Obligated Balance, end of year	1,839,026	3,185,112	3,050,637

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STRATEGIC GOALS AND OBJECTIVES: RESOURCES REQUESTED (\$ AND FTE) AND RESULTS

Some of the tracking measurements for the Homeless indicators for fiscal year 2002 have been revised to more accurately reflect how the funds are being utilized and the homeless population assisted. Specifically, outcome indicator 3.1.2 will now track the number of persons moving into HUD McKinney-Vento permanent housing instead of the number of beds funded. Similarly, programmatic output indicator 3.1.c will track the number of persons moving into HUD transitional housing instead of increasing the number of transitional housing beds funded. These revisions will give a more comprehensive picture of the population being served since one bed is utilized more than once. A new indicator comparing the employment status of people entering and exiting transitional housing will be established in fiscal year 2002.

SELECTED PERFORMANCE MEASURES

	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002
Strategic Goal 3: Promote housing stability, self-sufficiency and asset development of families and individuals.			
Discretionary BA (Dollars in Thousands)	1,020,000	1,122,525	1,122,525
FTE	143	140	140
Strategic Objective 3.1: Homeless families and individuals achieve housing stability.			
Outcome Indicator 3.1.1: The share of those homeless persons leaving HUD transitional housing who move to permanent housing increases by 0.5 percentage point.	Estimated 34%	35%	35.5%
Outcome Indicator 3.1.2: At least 20,000 formerly homeless persons move into HUD McKinney-funded permanent housing.	Not Available	Not Available	20,000
Output Indicator 3.1.a: The share of the population living in communities with a Continuum of Care system increases by 0.5 percentage point to 89.0 percent.	88%	88.5%	89%
Output Indicator 3.1.c: At least 115,000 people move into HUD-funded transitional housing.	Not Available	Not Available	115,000
Strategic Objective 3.2: Poor and disadvantaged families and individuals become self-sufficient and develop assets.			
Output Indicator 3.2.f: At least 50 % of people who leave HUD transitional housing are employed.	Not Available	Not Available	50%
Strategic Goal 5: Ensure public trust in HUD.			
Discretionary BA (Dollars in Thousands)	...	...	...
FTE	16	16	16
Strategic Objective 5.1: HUD and HUD's partners effectively deliver results to			

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	ACTUAL 2000	ENACTED 2001	ESTIMATE 2002
customers.			
Output Indicator 5.1.d: HUD reviews 35 percent of Consolidated Plan Grantees and 10 percent of competitive grants on site for compliance with their plans.	Grantees Grants-Not Available	Grantees 20% Grants-Not Available	Grantees 35% Grants 10%