

COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
2006 Summary Statement and Initiatives
(Dollars in Thousands)

HOMELESS ASSISTANCE GRANTS	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2004 Appropriation	\$1,267,000	\$1,760,786	-\$7,475	\$3,020,311	\$1,346,374	\$1,238,285 ^c
2005 Appropriation	1,250,515	1,707,864 ^a	-10,004	2,948,375	1,382,500	1,299,600
2006 Request	<u>1,440,000</u>	<u>1,615,875^b</u>	...	<u>3,055,875</u>	<u>1,451,188</u>	<u>1,431,429</u>
Program Improvements/Offsets	+189,485	-91,989	+10,004	+107,500	+68,688	+131,829

- a/ Carryover includes recaptures totaling \$52.283 million (\$46,908 for the HAG account and \$5,375 for Shelter Plus Care Renewals), it does not include expired funds of \$18.356 million.
- b/ Carryover includes estimated recaptures totaling \$50 million.
- c/ There is no separate justification for the one-time Shelter Plus Care Renewal account. Outlays include \$6.192 million for this activity.

Summary Statement

The fiscal year 2006 Budget proposes \$1.440 billion for the Homeless Assistance Grants (HAG) program, of which \$238 million will be used for Shelter Plus Care Renewals and \$25 million for HUD's contribution to the \$300 million 4-year Prisoner Re-Entry Initiative. The \$25 million will be transferred to "Training and Employment Services", Employment and Training Administration at the Department of Labor, and shall be for the Prisoner Re-Entry Initiative as established in that Department. The overall funding will also support up to \$200 million for a Samaritan permanent housing initiative. This funding level represents a significant increase of \$200 million from fiscal year 2005.

This funding level will provide for 160,000 beds. HUD proposes that its various current competitive homeless assistance programs be consolidated into a single competitive program. This request provides significant support for the Department's ongoing Strategic Objective to end chronic homelessness and move homeless families to permanent housing, as well as to meet the needs of the entire homeless population. The consolidated legislation proposal which combine the Supportive Housing, Shelter Plus Care and Section 8 SRO programs, will significantly streamline homeless assistance in this nation. This will enable communities to both reduce homelessness in general, and to end chronic homelessness by 2012. (See further discussion of the consolidated program under the initiative section.)

The current Continuum of Care (CoC) system is a community-based process that provides a comprehensive response to the different needs of homeless individuals and families. A coordinated housing and service delivery approach enables communities to plan for and provide a comprehensive response to homelessness. Communities have worked to establish more 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, service providers, private foundations, faith-based organizations, law enforcement, local businesses, and homeless or formerly homeless persons.

Homeless Assistance Grants

A typical local CoC includes such components 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 obtained from various sources; and permanent housing or permanent supportive housing. With a coordinated local approach, the community can design a strategy that works best to assist homeless persons and families in achieving permanent housing and self-sufficiency. This planning 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.

For fiscal year 2006, HUD seeks to substantively strengthen the Continuum approach by consolidating the three grant programs in order to both reduce homelessness overall and, particularly, to end chronic homelessness. The comprehensive program would replace the:

- Supportive Housing Program (SHP), with its five sub-programs (Transitional Housing, Permanent Housing for Persons with Disabilities, Supportive Services Only, Safe Havens, and Innovative);
- Shelter Plus Care, with its five sub-programs (Tenant-based, Sponsor-based, Project-based without Rehabilitation, Project-based with Rehabilitation, and Single Room Occupancy (SRO));
- Section 8 SRO Program;
- Safe Havens for Homeless Individuals Demonstration Program; and
- Rural Homeless Housing Assistance program.

The following tables summarize the funding request and distribution of the fiscal years 2004 appropriations excluding the formula Emergency Shelter Grants program. Funding includes appropriated amounts and recaptures.

FY 2004 Requests

(Dollars in Millions)

Program	Total Projects Requested	Total Amount Requested	New Applicants	Requested Amount	Renewal Applicants	Requested Amount
SHP	4,071	\$1,116.8	883	\$386.9	3,188	\$729.9
SPC	852	359.7	240	172.2	612	187.5
SRO	14	14.9	14	14.9	0	0.0
Total	4,937	\$1,491.4	1,137	\$574.0	3,800	\$917.4

FY 2004 Awards

(Dollars in Millions)

Program	Total Projects Funded	Total Amount Funded	New Applicants	Awarded Amount	Renewal Applicants	Awarded Amount
SHP	3,552	\$906.9	489	\$218.9	3,063	\$688.0
SPC	795	322.8	186	135.9	609	186.9
SRO	12	12.9	12	12.9	0	0.0
Total	4,359	\$1,242.6	687	\$367.7	3,672	\$874.9

Pursuant to the 2005 Appropriations Conference Report, the Department is providing, as part of the 2006 Budget Justifications, projected costs for renewing projects funded through the Shelter Plus Care Program and the Supportive Housing Program-Permanent Housing for Persons with Disabilities (SHP-PH) component. As required, projections for both programs are provided for each of the next 5 years, beginning with 2005. To appreciate the basis of these estimates, the following caveats are provided.

Homeless Assistance Grants

Shelter Plus Care (S+C) Renewals

The estimates of total 1-year Shelter Plus Care renewal needs as shown below are based primarily on two factors: (a) the amount of renewals from the prior year, which will be expected to renew again (this covers all ongoing, accumulating renewals from prior years); and (b) the amount of new S+C awards made 5 years prior to the year for which renewal demand is being estimated which will now be renewed for the first time (the term of new S+C projects by law is 5 years). Based on HUD's experience that not all S+C grants eligible to seek renewal actually seek renewal in any given year, the renewal estimates from known factors (a) and (b) above are contained within a range to accommodate the unknown percentages of projects that should renew in a given year but do not.

On the basis of this approach, the following chart displays the estimated range of S+C renewal need for the year in which the S+C projects will request renewals. One-year renewal terms are assumed:

<u>Fiscal Year</u>	<u>Estimated S+C Renewal Need</u>
2005	\$198 - 213 million
2006	223 - 238 million
2007	245 - 260 million
2008	274 - 289 million
2009	312 - 327 million

Supportive Housing Program—Permanent Housing for Persons with Disabilities component

While estimating future renewal costs for Shelter Plus Care is difficult, projecting the cost of renewal SHP-PH renewals is even more challenging.

First, the law allows for varying SHP grant terms—1, 2 or 3 years are used. As such, some grantees will be requesting to renew an SHP-PH project for 1 year, whereas other grantees will opt for a 2- or 3-year grant period. With over 450 communities receiving HUD McKinney competitive funds and well over 6,000 currently operating projects, HUD cannot know with any certainty how many funds in the future will be requested for each grant term in order to estimate future renewal demand. However, for purposes of this requirement, HUD assumes that from 2005 through 2009, a significant share of SHP-PH funds will be for 1-year terms.

Second, new SHP-PH project funding from 2005 through 2009 will also be requested to meet the 30 percent requirement for permanent housing. Many new projects develop housing through acquiring, rehabilitating, and newly constructing facilities. Their progress often varies, depending on Not-In-My-Backyard (NIMBY) concerns, financing, etc. As the SHP grant term does not begin until the facility is finished and clients begin to be served, any delays can directly impact when a new grant will need to be renewed. Moreover, grantees often but not always renew projects for a shorter term than the original grant to comply with local planning process, further complicating the ability to accurately estimate renewal demand.

Third, unlike S+C, there are numerous eligible SHP activities, some of which are renewable (e.g., operating costs) and some of which are not (e.g., acquisition). HUD cannot know in advance to what extent new SHP-PH projects will be funded for non-renewable activities in order to accurately reflect the actual amount of the grant that is renewable.

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Notwithstanding these various cautionary notes, HUD provides the following range of estimates for SHP-PH renewal demand for each of the next 5 years:

<u>Fiscal Year</u>	<u>Estimated SHP Renewal Need</u>
2005	\$190 - 205 million
2006	\$215 - 230 million
2007	\$255 - 270 million
2008	\$280 - 295 million
2009	\$300 - 325 million

Initiatives

The proposed consolidation of HUD's array of competitively awarded homeless assistance programs into a single program will make several significant and systemic improvements. First, HUD will be able to provide needed funding more efficiently and effectively. Second, HUD's method of providing homeless assistance will be greatly simplified. Third, HUD's approach will be more comprehensive. Fourth, funds will be available for planning and to serve persons more comprehensively, effectively and in a more timely fashion. Additionally, the new consolidated program will incorporate the Samaritan Initiative. The Samaritan Initiative will focus on the chronic homeless and will combine housing subsidies paired with quality case management.

The Prisoner Re-Entry Initiative is a 4-year \$300 million Initiative to help individuals exiting prison (i.e., non-homeless persons) make a successful transition to community life and long-term employment. For fiscal year 2006, HUD funding for this Initiative is \$25 million, which will be transferred to "Training and Employment Services", Employment and Training Administration at the Department of Labor. HUD will remain actively involved in the development and implementation of the housing component of this Initiative. Research has shown that this is a population with a high vulnerability to becoming homeless. In addition, past studies on recidivism suggest a compelling need to help these individuals re-enter society and stay away from crime. Given their close connection to the communities they serve, faith-based and community organizations are well situated to help those making a re-entry to a new life. Many of these organizations already serve this population with promising results. This Initiative will help explore and develop successful means to prevent homelessness amongst this targeted population. Because this Initiative would serve persons exiting prison, it is the only program using McKinney-Vento funds that can serve a non-homeless population.

Homeless Assistance Grants

COMMUNITY PLANNING AND DEVELOPMENT
 HOMELESS ASSISTANCE GRANTS
 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Budget Authority</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2004 Obligations</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2006 Request</u>
Grants	\$1,245,031	\$1,721,297	\$2,966,328	\$1,326,876	\$1,226,623	\$1,678,016	\$2,904,639	\$1,402,326
Technical Assistance/Data Analysis	7,953	11,416	19,369	11,369	11,408	9,285	20,693	11,674
Working Capital Fund ..	2,565	984	3,549	3,548	2,480	...	2,480	1,000
National Homeless Data Analysis Project	3,976	11,018	14,994	4,367	...	10,628	10,628	...
Homeless Demonstration Project .....	...	9,935	9,935	...	...	9,935	9,935	...
Shelter Plus Care Renewals .....	...	6,136	6,136	...	...	[11,297]	[11,297]	...
Prisoner Re-Entry Initiative .....	...	...	...	...	...	...	...	<u>25,000</u>
Total Homeless Assistance Grants ..	1,259,525	1,760,786	3,020,311	1,346,160	1,240,511	1,707,864	2,948,375	1,440,000

<u>FTE</u>	<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Estimate</u>
Headquarters	43	46	54
Field	<u>139</u>	<u>109</u>	<u>145</u>
Total	182	155	199

Homeless Assistance Grants

COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Program Offsets
(Dollars in Thousands)

Grants	<u>Amount</u>
2004 Appropriation	\$1,245,031
2005 Appropriation	1,226,623
2006 Request	<u>1,402,326</u>
Program Improvements/Offsets	+175,703

Proposed Actions

The proposed consolidation of HUD's array of competitively awarded homeless assistance programs into a single program will make several significant and systemic improvements. First, HUD will be able to provide needed funding more efficiently and effectively. Second, HUD's method of providing homeless assistance will be greatly simplified. Third, HUD's approach will be comprehensive. Fourth, funds will be available for planning and to serve persons even more comprehensively, effectively and in a more timely fashion. The following features describe the program in more detail.

More Housing. Any solution to homelessness must emphasize housing. In keeping with Congressional direction that a portion of HUD's homeless funds be used for permanent housing, HUD's consolidated proposal specifies that at least 30 percent of funds be used for permanent housing. The proposal would also reduce match requirements for housing costs and contain other housing incentives to ensure more of HUD's funds are used for housing and less for supportive services. The new consolidated program will incorporate the Samaritan permanent housing initiative.

In the 2003 competition, 52.69 percent of the funds were used for Housing/Operations, 41.7 percent for services, 2.13 percent for Homeless Management Information System (HMIS) and 3.48 percent for administrative costs. In the 2004 competition, 54.76 percent of the funds were used for Housing/Operations, 39.95 percent for services, 1.96 percent for HMIS and 3.33 percent for administrative costs. In fiscal year 2004, there were 156,047 beds funded compared to 118,936 in fiscal year 2003.

Simplification. HUD's current array of homeless assistance programs can be made even less prescriptive and less complex. Since each has a different set of eligible clients, applicants, activities, projects, match requirements and term length, it is possible for communities through streamlining to more creatively and effectively use HUD homeless resources to address their local needs. The new program will provide communities significant flexibility. The program will serve all homeless subpopulations, not just particular ones. The program will have a single menu of eligible activities, not different menus of activities for different types of projects. The new program will have a single 25 percent match requirement for all activities instead of different match requirements for each activity and program. Finally, while HUD currently oversees the administration of over 7,000 individual grants, the proposal would award future funds to approximately 500 Continuums. Continuums would then administer grants in their communities. These features will allow each community to more effectively and creatively address their local needs.

Comprehensive. HUD's current programs can be further improved to provide a complete continuum of assistance. In particular, none of HUD's current competitive programs can be used to prevent homelessness. This is a significant weakness in the current approach. The only funding available for prevention is through the Emergency Shelter Grants program. Prevention would be one of the eligible activities of the new program. Moreover, preventing homelessness among persons being discharged from public institutions would be emphasized.

Homeless Assistance Grants

Better Use of Funds. Although HUD currently partners through technical assistance and other means to help reduce homelessness in a strategic manner, the current programs provide no funding for strategic local planning, administration of the Continuum process, and oversight of homeless projects. As a result, many communities are not able to strategically develop effective long-term plans to reduce homelessness and end chronic homelessness. HUD would provide a relatively small portion of the funds to Continuums for planning, administration, and monitoring to help ensure HUD funds are used effectively. Finally, the use of funds will be more systematically assessed before projects are renewed. Periodic outcome-based performance evaluations will be required of each project.

In addition, in order to make the current grant efforts more targeted and more effective, the following steps have been undertaken: (1) bonus funds to communities proposing new permanent housing projects serving chronically homeless and other disabled homeless persons; (2) additional rating points in the annual competition to communities that have developed a local strategy to end chronic homelessness and that are effectively addressing the problem; (3) additional rating points in the annual competition for communities that have actively enrolled homeless persons in mainstream supportive service programs (e.g., Medicaid, Food Stamps, TANF, SSI) so that HUD's dollars can be better focused on housing; and (4) a performance section linking the Government Performance Results Act performance measurement requirements to local project operations.

Homeless Assistance Grants

**COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Program Offsets
(Dollars in Thousands)**

Technical Assistance/Data Analysis	<u>Amount</u>
2004 Appropriation	\$7,953
2005 Appropriation	11,408
2006 Request	<u>11,674</u>
Program Improvements/Offsets	+266

Proposed Actions

The Department proposes to use up to \$11.7 million in total for technical assistance and data analysis in fiscal year 2006. The technical assistance funding will be used to educate communities and recipients on how the new program will work, to address local issues such as capital financing for initial acquisition and rehabilitation, to assist communities with their use of the Homeless Management Information Systems (HMIS), and to assess the effectiveness of grantees' program performance.

Some funds will be used to implement any revisions to the Consolidated Plan, as required by the President's Management Agenda. Communities use the Consolidated Plan to identify community and neighborhood needs, the actions that will address those needs, and the measure to gauge their performance. In March 2002, HUD convened a meeting of State and local government grantees, interest groups and advocates to commence an effort to both streamline the Consolidated Plan, and make it more results oriented, and useful to communities in assessing their own progress in addressing the problems of low-income areas.

During fiscal year 2006, the Office of Community Planning and Development will be implementing the regulatory changes to the Consolidated Plan, tracking the use of the Consolidated Plan Management Process (CPMP) tool by grantees and assessing their satisfaction with the tool, developing a performance measurement framework for all grantees, and implementing the first phase of the modernization of the Integrated Disbursement and Information System and the Consolidated Plan.

Data analysis funding supports several key information systems that are critical for the Department in measuring and meeting its Strategic Objectives related to homelessness. First, the funding is used to develop and operate a management information system that is reflective of each year's Continuum of Care NOFA. The CoC competitive database is used to rate, rank, and select all new and renewal projects. This past year, over 4,900 projects were submitted and entered into the system and over 4,400 projects are expected to be awarded funding. The data analysis funds include maintaining prior year systems for essential program management, evaluation and reporting purposes. Secondly, the funds are used to develop and manage a database of grantee performance reports, or Annual Progress Reports (APR), to be submitted by every active Supportive Housing, Shelter Plus Care and Section 8 SRO program--over 7,000 in all. Finally, at the direction of Congress, these funds have been used to provide assistance to communities nationwide in implementing Homeless Management Information Systems (HMIS) for the collection of accurate information on homelessness at the local and national levels.

Homeless Assistance Grants

COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Program Offsets
(Dollars in Thousands)

Working Capital Fund	<u>Amount</u>
2004 Appropriation	\$2,565
2005 Appropriation	2,480
2006 Request	<u>1,000</u>
Program Improvements/Offsets	-1,480

Proposed Actions

The Department proposes a transfer of \$1,000,000 to the Working Capital Fund in fiscal year 2006. These funds have been and will be used for the development and maintenance of CPD systems.

Homeless Assistance Grants

COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Program Offsets
(Dollars in Thousands)

National Homeless Data Analysis Project	<u>Amount</u>
2004 Appropriation	\$3,976
2005 Appropriation .....	...
2006 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

Funding justification found under Technical Assistance section.

Homeless Assistance Grants

COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Program Offsets
(Dollars in Thousands)

Homeless Demonstration Project	<u>Amount</u>
2004 Appropriation
2005 Appropriation
2006 Request	<u>...</u>
Program Improvements/Offsets

Proposed Actions

In fiscal year 2003, the Congress appropriated \$9.935 million for a 2-year homeless assistance grant demonstration program. The 2003 Conference Report indicated this program would be used to provide for the housing portion of innovative and effective programs. The Conferees requested that the Department report to the Congress on the demonstration. This section responds to that request.

The funds are being competed in a 2005 NOFA for "Housing for People who are Homeless and Addicted to Alcohol" and will be obligated by the end of fiscal year 2005. This will help ensure promising and successful approaches are awarded. Once awarded, HUD would closely monitor and assess the selected grants.

The Department proposes to use these funds to serve homeless persons who have substance abuse issues. Research indicates the high prevalence of substance abuse among homeless persons and the need to find effective solutions. The demonstration funds would be used to provide housing. Other resources would be leveraged to provide needed supportive services, including substance abuse treatment. Applicants could either provide these services directly or collaborate with an organization that would deliver them. In either case, the HUD grantee would ensure the various service needs of clients are addressed. Research has shown that addressing these problems simultaneously should improve retention of housing tenancy and work toward fulfilling the President and the Department's goal of ending chronic homelessness.

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COMMUNITY PLANNING AND DEVELOPMENT
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Program Offsets
(Dollars in Thousands)

Shelter Plus Care Renewals	<u>Amount</u>
2004 Appropriation
2005 Appropriation
2006 Request	<u>...</u>
Program Improvements/Offsets

Proposed Actions

In the fiscal year 2001, \$100 million was appropriated for Shelter Plus Care Renewals as a separate account. Funds were for the renewal of contracts expiring during fiscal years 2001 and 2002 under the Shelter Plus Care Program, as authorized under subtitle F of title IV of the Stewart B. McKinney Homeless Assistance Act. The fiscal year 2005 Budget transferred all remaining balances totaling \$11.3 million, from this account to the Homeless Assistance Grant account to be available for Shelter Plus Care Renewals in fiscal year 2005. Also any funds that are recaptured in fiscal year 2005 may be used for Shelter Plus Care Renewals in fiscal year 2006. The Shelter Plus Care renewal and other renewal activity for fiscal year 2003 and after are reflected in the Homeless Assistance Grants section.

Homeless Assistance Grants

COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Program Offsets
(Dollars in Thousands)

Prisoner Re-Entry Initiative	<u>Amount</u>
2004 Appropriation .....	...
2005 Appropriation .....	...
2006 Request	<u>\$25,000</u>
Program Improvements/Offsets	+25,000

Proposed Actions

The President's Budget is proposing a 4-year \$300 million "Prisoner Re-Entry Initiative," including HUD's portion of \$25 million which will be transferred to "Training and Employment Services," Employment and Training Administration at the Department of Labor, and shall be for the Prisoner Re-Entry Initiative as established in that Department. HUD will remain actively involved in the development and implementation of the housing component of this Initiative.

The focus of this Initiative is to help individuals exiting prison (i.e., non-homeless persons) make a successful transition to community life and long-term employment. The Initiative will be carried out through the collaborative efforts of the Departments of Labor, Housing and Urban Development, and Justice. Harnessing the resources and experience of faith-based and community organizations, the Prisoner Re-Entry Initiative will help ex-offenders find and keep jobs, secure transitional housing, and receive mentoring. This Initiative supplements existing DOL resources for ex-offenders. Research has shown that this is a population with a high vulnerability to becoming homeless. This Initiative will help explore and develop successful means to prevent homelessness amongst this targeted population.

Homeless Assistance Grants

**COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Performance Measurement Table**

Program Name: HOMELESS ASSISTANCE GRANTS					
Program Mission: End chronic homelessness and move homeless families and individuals to permanent housing.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2004 Plan	2004 Actual	2005 Plan	2006 Plan
The number of chronically homeless individuals declines by up to 50 percent by fiscal year 2008.	Homeless Management Information System	N/A	Establish baseline	Begin Assessment	Continue Measurement
The percentage of formerly homeless individuals who remain housed in HUD permanent projects for at least 6 months will be 70 percent for 2005 and 71 percent for 2006.	Annual Performance Plans	N/A	70%	70%	71%
The percentage of homeless persons who have moved from HUD transitional housing into permanent housing will be 60 percent for 2005 and 61 percent for 2006.	Annual Performance Plans	N/A	59%	60%	61%
The employment rate of persons exiting HUD homeless assistance projects will be 10 percent greater than the employment rate of those entering for 2005 and 11 percent greater for 2006.	Annual Performance Plans		45,066	+10%	+11%
At least 390 functioning CoC Communities will have a functional Homeless Management Information System by fiscal year 2006.	Grantee applications	75	284	386	390
Streamline the Consolidated Plan	Consolidated Plan	Finalize decisions	Developed regulations	Revise regulations	Implement decisions

N/A = Not Applicable.

Homeless Assistance Grants

Explanation of Indicators

HUD's Homeless Assistance Grants program provides Federal support to one of the nation's most vulnerable populations while working to reduce overall homelessness and end chronic homelessness in 10 years. 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 to attain permanent housing and move toward self-sufficiency.

For Homeless Assistance Grants, the Department requests \$1.44 billion to support Strategic Goal C: Strengthen communities. Funding for this program has been increased in recent years commensurate with the Presidential priority of reducing overall homelessness and ending chronic homelessness in 10 years. Additional resources are also integrated into the overall homeless efforts through other HUD programs as well as coordination with other departments and agencies.

Eliminate chronic homelessness in 10 years. By streamlining HUD's array of different programs into a single program, communities will be able to both receive the funds in a more timely manner and focus attention on that portion of the homeless population that tends to cycle in and out of the homeless system. Anecdotal evidence indicates persons with disabilities who are homeless for extended periods of time, often referred to as the chronically homeless, consume a disproportionate share of available resources (psychiatric facilities, jails, detox centers, hospitals, emergency shelters, etc.) without having their basic needs appropriately addressed. In an effort to achieve this long-term goal, HUD is working towards reducing the number of chronically homeless by 50 percent by fiscal year 2008. To accomplish this goal, the resources of various HUD programs are key. The Deputy Secretary has established a Departmental task force to identify mainstream HUD resources to help end chronic homelessness.

HUD's efforts to combat homelessness and eliminate chronic homelessness also reflect a substantially strengthened interagency collaboration in the reconstituted United States Interagency Council on Homelessness. In fiscal year 2003, HUD, Health and Human Services (HHS), and Veterans Affairs (VA), announced the award of a jointly administered grant to reduce chronic homelessness. The fiscal year 2006 Budget builds on this effort with the Samaritan Initiative. A key ingredient to the overall success of these efforts is to effectively access mainstream health, social services and jobs resources so that HUD's homeless assistance resources can be increasingly devoted to housing.

The proposal also supports the objective to end chronic homelessness by ensuring that at least 30 percent of the grant funds be dedicated to providing permanent housing, many of those housed will be chronically homeless. By providing a permanent solution, chronically homeless persons will not need to continue to cycle from the streets to shelters, receiving stop-gap assistance that does not address their primary need, permanent housing and supportive services.

Finally, the proposal would provide for a portion of the grants to be used to implement and operate HMIS. These systems will allow communities to, among other things, measure the incidence, reduction and eventual elimination of chronic homelessness. The coordination of housing and supportive services is crucial to breaking the cycle of homelessness. HUD's proposal allows grantees to use a percentage of their grant to implement and operate an HMIS that can help facilitate a coordinated set of housing and service resources for homeless persons within the community.

While the chronically homeless are often the most visible of the homeless population, there are a substantial number of families and individuals who experience temporary crises and then become homeless. The factors that lead to their homelessness include a lack of affordable housing, high unemployment and low wages, and the presence of domestic violence, substance abuse, or health problems.

The proposal's provision to ensure that at least 30 percent of the grant funds are used for permanent housing provides a significant amount of resources for meeting the objective of moving persons to permanent housing.

Homeless Assistance Grants

The proposed program would significantly improve communities' ability to prevent homelessness. Currently, the only avenue through HUD's homeless assistance programs to prevent homelessness is through the Emergency Shelter Grants (ESG) Program. The law limits the amount of ESG funds that can be used for prevention to 30 percent. As such, only about 4.5 percent of the current overall HUD homeless funding account can be used for homeless prevention. The proposed homeless fund would allow communities to use a larger portion of the overall grant for prevention. Moreover, the proposal emphasizes that these funds be used to prevent discharge from publicly funded institutions into the homeless system. This increased flexibility will allow communities to better target resources to prevent homelessness so that the much higher human and financial costs associated with a family falling into homelessness can be avoided.

Homeless Assistance Reporting and Program Evaluation

The proposal would improve reporting and evaluation in several ways. Continuums would administer all grant funds and monitor and assess its projects. As such, there would be enhanced accountability. Continuums would then report to HUD on the performance of its HUD-funded grants.

Finally, HMIS would enable communities to generate reports using client-based information that is richer and easier to analyze than the current project-level reporting now required of grantees.

Streamline the Consolidated Plan

Consolidated Plan Improvement Initiative, as required by the President's Management Agenda: Communities use the Consolidated Plan to identify community and neighborhood development needs, the actions that will address those needs, and the measures to gauge their performance. It is both an application for the formula grant programs as well as a planning document. During fiscal year 2004, the Office of Management and Budget approved a rule for publication. This rule would amend the Consolidated Plan regulations to make clarifying and streamlining changes that are expected to make the Consolidated Plan a more effective management tool for tracking results, and thereby achieving the President's Management Agenda goal. During fiscal year 2005, HUD will develop a reformed, results-oriented planning and reporting process nationally. During fiscal year 2006, HUD will be implementing the regulatory changes to the Consolidated Plan, tracking the use of the CPMP tool by grantees and assessing their satisfaction with the tool, developing a performance measurement framework for all grantees, and implementing the first phase of the modernization of the Integrated Disbursement and Information System and the Consolidated Plan.

**COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Justification of Proposed Changes in Appropriations Language**

The 2006 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the emergency shelter grants program as authorized under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act, as amended; the supportive housing program as authorized under subtitle C of title IV of such Act; the section 8 moderate rehabilitation single room occupancy program as authorized under the United States Housing Act of 1937, as amended, to assist homeless individuals pursuant to section 441 of the McKinney-Vento Homeless Assistance Act; and the shelter plus care program as authorized under subtitle F of title IV of such Act, [~~\$1,250,515,000~~]*\$1,415,000,000*, of which [~~\$1,230,515,000~~]*\$1,395,000,000* shall remain available until September 30, [~~2007~~]*2008*, and of which \$20,000,000 shall remain available until expended. Provided, That not less than 30 percent of funds made available, excluding amounts provided for renewals under the shelter plus care program, shall be used for permanent housing: Provided further, That all funds awarded for services shall be matched by 25 percent in funding by each grantee: Provided further, That the Secretary shall renew on an annual basis expiring contracts or amendments to contracts funded under the shelter plus care program if the program is determined to be needed under the applicable continuum of care and meets appropriate program requirements and financial standards, as determined by the Secretary: Provided further, That all awards of assistance under this heading shall be required to coordinate and integrate homeless programs with other mainstream health, social services, and employment programs for which homeless populations may be eligible, including Medicaid, State Children's Health Insurance Program, Temporary Assistance for Needy Families, Food Stamps, and services funding through the Mental Health and Substance Abuse Block Grant, Workforce Investment Act, and the Welfare-to-Work grant program: Provided further, That up to [~~\$11,500,000~~]*\$11,674,000* of the funds appropriated under this heading shall be available for the national homeless data analysis project and technical assistance: Provided further, That [~~\$2,500,000~~]*\$1,000,000* of the funds appropriated under this heading shall be transferred to the Working Capital Fund: Provided further, That all balances for Shelter Plus Care renewals previously funded from the Shelter Plus Care Renewal account and [shall be] transferred to this account, [to] be available if recaptured for Shelter Plus Care renewals in fiscal year [2005] *2006*. In addition, \$25,000,000 for fiscal year 2006, shall be transferred to "Training and Employment Services," Employment for the Prisoner Re-Entry Initiative as established under that heading.

Explanation of Changes

Added Prisoner Re-Entry Initiative.

Homeless Assistance Grants

COMMUNITY PLANNING AND DEVELOPMENT
 HOMELESS ASSISTANCE GRANTS
 Crosswalk of 2004 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Grants	\$1,252,420	-\$7,389	...	...	\$1,721,297	\$2,966,328
Technical Assistance/Data Analysis ..	8,000	-47	...	...	11,416	19,369
Working Capital Fund	2,580	-15	...	...	984	3,549
National Homeless Data Analysis Project	4,000	-24	...	...	11,018	14,994
Homeless Demonstration Project .....	...	...	...	...	9,935	9,935
Shelter Plus Care Renewals .....	...	...	...	...	6,136	6,136
Prisoner Re-Entry Initiative .....	...	...	...	...	...	...
Total	1,267,000	-7,475	...	...	1,760,786	3,020,311

Homeless Assistance Grants

COMMUNITY PLANNING AND DEVELOPMENT
 HOMELESS ASSISTANCE GRANTS
 Crosswalk of 2005 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 President's Budget Request</u>	<u>Congressional Appropriations Action on 2005 Request</u>	<u>2005 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Grants	\$1,236,515	\$1,236,515	-\$9,892	...	\$1,678,016	\$2,904,639
Technical Assistance/Data Analysis ..	11,500	11,500	-92	...	9,285	20,693
Working Capital Fund	2,500	2,500	-20	...	...	2,480
National Homeless Data Analysis Project .....	...	...	...	...	10,628	10,628
Homeless Demonstration Project .....	...	...	...	...	9,935	9,935
Shelter Plus Care Renewals .....	...	...	...	...	[11,297] ^a	[11,297]
Prisoner Re-Entry Initiative .....	...	...	...	...	...	...
Total Changes	1,250,515	1,250,515	-10,004	...	1,707,864	2,948,375

a/ Amount represents Shelter Plus Care Renewals appropriated in fiscal year 2001 as a separate account. Funds were transferred to Homeless Assistance Grants program.