

**COMMUNITY PLANNING AND DEVELOPMENT  
HOMELESS ASSISTANCE GRANTS  
2014 Summary Statement and Initiatives  
(Dollars in Thousands)**

HOMELESS ASSISTANCE GRANTS	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2012 Appropriation .....	\$1,901,190	\$2,227,063 <sup>a</sup>	...	\$4,128,253	\$2,078,448	\$1,954,493
2013 Annualized CR .....	1,912,825	2,043,467 <sup>b</sup>	...	3,956,292	1,994,684	1,718,000
2014 Request .....	<u>2,381,000<sup>d</sup></u>	<u>1,981,608<sup>c</sup></u>	...	<u>4,362,608</u>	<u>1,938,556</u>	<u>1,652,000</u>
Program Improvements/Offsets .....	+468,175	-61,859	...	+406,316	-56,128	-66,000

a/ This number includes \$35.4 million of funds recaptured from prior year obligations in fiscal year 2012.

b/ This number includes \$20 million in anticipated fiscal year 2013 recaptures.

c/ This number includes \$20 million in anticipated fiscal year 2014 recaptures.

d/ This number includes an estimated Transformation Initiative (TI) transfer that may be up to 0.5 percent of Budget Authority.

**1. What is this request?**

In fiscal year 2014, for the Homeless Assistance Grants account, the Department of Housing and Urban Development requests \$2.381 billion, which includes \$2.027 billion for the Continuum of Care program (CoC) and \$346 million for Emergency Solutions Grants (ESG), of which \$60 million will be set aside specifically for rapid re-housing projects in high-need communities. The request for CoC also includes \$8 million for Homeless Management Information System Technical Assistance. This represents an increase of \$480 million over fiscal year 2012, and will fund the increased competitive renewal demand for CoC in fiscal year 2014.

This request reflects the Administration's commitment to implementing *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* (Opening Doors) and will allow HUD to build on the progress made under the expiring Homelessness Prevention and Rapid Re-housing Program (HPRP). This commitment has already resulted in a decrease of the number of chronically homeless persons by 19.3 percent since 2007.

This request does not fully fund the McKinney-Vento Homeless Assistance Act, as amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH) as authorized, which HUD estimates would cost nearly \$4.8 billion in fiscal year 2014 (including meeting the requirement to spend 30 percent of funds on permanent supportive housing). The Administration proposes a budget that funds each of the priority areas identified in HEARTH, but does not propose funding the ESG program and

## Homeless Assistance Grants

Rental Housing Stability Program (RHSP) at the authorized levels. The funds requested for Homeless Assistance Grants (HAG) will help HUD to work towards the following:

- achieve the goals of *Opening Doors*, including ending chronic homelessness within 5 years, preventing and ending homelessness for veterans within 5 years, preventing and ending child, family, and youth homelessness within 10 years, and setting a path to ending all types of homelessness;
- serve vulnerable homeless and at-risk individuals and families through a wide variety of intervention types including homelessness prevention and emergency shelter, rapid re-housing, transitional housing, and permanent supportive housing;
- provide the supportive services necessary to address underlying causes of homelessness and barriers to instability, including mental health services and job counseling;
- provide the community structure for comprehensive and data-driven decision-making at the local level; and
- leverage significant investments from other public and private sector resources (in fiscal year 2011, outside sources provided \$3 to new projects for every dollar HUD awarded).

## **2. What is this program?**

### Emergency Solutions Grants

Emergency Solutions Grants, which replaced the Emergency Shelter Grants program, was implemented for the first time in fiscal year 2011. The new ESG program includes funds for a variety of established life-saving activities and for newer interventions, such as rapid re-housing (RRH) and homelessness prevention, which are proving to be successful in many communities at preventing and ending homelessness. Eligible activities such as emergency shelter, street outreach, and essential services are often a community's first defense in serving people in crisis and to engage people who are living on the streets. HUD is also conducting evaluations of both homeless prevention and RRH programs to identify the most successful community developed models, so HUD can replicate those models in other communities.

Fiscal year 2013 is the first year since 2009 that communities do not have access to the resources included as part of HPRP, and ESG will be an essential component of continuing the program infrastructure that was established through HPRP. HUD's experience with HPRP shows that RRH is an especially effective tool for intervening just as families become homeless. The increase in ESG funds in fiscal year 2014 represents a \$60 million set-aside that will specifically enable HUD to target RRH interventions that produced such positive outcomes to high-need areas. Without these funds, many communities would be forced to end these successful projects due to a lack of funding.

## Homeless Assistance Grants

### Continuum of Care Program

The CoC Program is HUD's largest and broadest targeted program to serve homeless men, women, and children. Funds for the CoC program are awarded through a national competition. HUD currently funds approximately 7,900 projects, with an average of 91 percent of those projects funded as renewals (see description of renewal demand in chart below). While existing projects are protected in the HEARTH Act, HUD encourages CoCs to carefully review the performance of each project in its portfolio and provides a mechanism to reallocate funds for underperforming or underutilized projects to new activities. Policy priorities for the CoC program are articulated through an annual Notice of Funding Availability (NOFA), which is driven by the priorities and goals described in *Opening Doors*, including the serving of chronically homeless persons, homeless veterans, and homeless families.

CoC funding also provides the infrastructure for the implementation of a comprehensive planning approach, data collection and analysis, and performance measurement. CoCs have the dual role of planning and operating programs, and use data collected through Homeless Management Information Systems (HMIS) to inform planning decisions and track performance at both the project and systems levels. Using data about their programs and homeless populations, communities can assess the effectiveness of the programs in their areas and determine how their resources can be best utilized to serve their homeless population. Through its annual NOFA, HUD encourages communities to reallocate funds from lower performing projects to new permanent supportive housing (PSH) projects. Eligible activities include: CoC planning, acquisition, rehabilitation and new construction for capital projects, leasing, rental assistance, housing operations, HMIS, supportive services, and administration.

CoC funds also provide for Technical Assistance (TA), which forms the foundation of the implementation of the HEARTH Act and CoC program. HUD uses TA resources to:

- develop and provide guidance to communities on critical compliance issues;
- work directly with communities to develop strategic plans and action steps to improve project and community level performance;
- develop tools and provide direct assistance to improve data collection and reporting to HUD; and
- increase the overall capacity of grantees to understand their own markets and manage their portfolios successfully.

Homeless Assistance Grants

The chart below details the number and type of renewal grants and new project grants in the most recent CoC competition. This chart does not include TA, which is allocated under a separate NOFA process.

**Fiscal Year 2011 Funding Requests**

(Dollars in Millions)

	<b>Total Projects Requested</b>	<b>Total \$ Requested</b>	<b>New Applicants</b>	<b>\$ New Applicant Request</b>	<b>Renewal Applicants</b>	<b>\$ Renewal Request</b>
<b>Supportive Housing Program</b>	6,590	\$1,164.2	690	\$151.7	5,900	\$1,012.4
<b>Shelter + Care</b>	1,383	521.2	123	62.3	1,260	459.0
<b>Single Room Occupancy</b>	3	4.0	3	4.0	0	0
<b>Total</b>	<b>7,976</b>	<b>1,689.4</b>	816	218.0	7,160	1,471.4

**Fiscal Year 2011 Funding Awards**

(Dollars in Millions)

	<b>Total Projects Funded</b>	<b>Total \$ Funded</b>	<b>New Applicants Funded</b>	<b>\$ New Applicant Funds</b>	<b>Renewals Funded</b>	<b>\$ Renewal Funds</b>
<b>Supportive Housing Program</b>	6,512	\$1,148.9	615	\$137.2	5,897	\$1,011.7
<b>Shelter + Care</b>	1,372	522.7	115	60.7	1,257	462.0
<b>Single Room Occupancy</b>	3	3.2	3	3.2	0	0
<b>Total</b>	<b>7,887</b>	<b>1,674.8</b>	733	201.1	7,154	1,473.7

*Renewal Demand:* The estimates for 1-year renewal demand are based primarily on three factors:

- 1) the number of previously renewed grants which are expected to seek renewal again;
- 2) the number of new awards made in the prior 1-5 years, which are now eligible for renewal for the first time; and,
- 3) the average rate of increase in renewal demand, including Fair Market Rent (FMR) updates, for the previous 5-year period.

## Homeless Assistance Grants

Historically, not all rental assistance grants eligible to seek renewal will actually do so in any given year. Therefore, HUD estimates renewal requirements within a range, in order to accommodate the unknown percentage of projects that will actually seek renewal. The following chart details HUD's estimates on renewal demand for 5 years.

<b>Fiscal Year</b>	<b>Estimated Renewal Need</b>
2013	\$1,787,625,688 - \$1,904,036,090
2014	\$1,881,748,390 - \$2,004,288,073
2015	\$1,973,694,922 - \$2,102,222,174
2016	\$2,009,380,516 - \$2,140,231,618
2017	\$2,042,962,193 - \$2,176,000,138
2018	\$2,063,297,268 - \$2,197,659,436

### Transformation Initiative

In fiscal year 2014, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent or \$15 million, whichever is less, of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the operation of a second-generation Transformation Initiative (TI2). More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

### Key Partners and Stakeholders

In 2010, the U.S. Interagency Council on Homelessness (USICH) published *Opening Doors*. *Opening Doors* employs a partnership between government and the private sector to reduce and end homelessness and maximizes the effectiveness of the federal government in contributing to the end of homelessness. The programs funded through the Continuum of Care competitive process provide the community structure for comprehensive and data-driven decision-making at the local level, and are an important component in meeting the goals of *Opening Doors*. The proposed fiscal year 2014 Budget enables HUD to continue the implementation of *Opening Doors*, which includes 10 objectives and 52 strategies in support of the four major goals to prevent and end homelessness outlined below:

1. Building on past progress, end chronic homelessness by 2015;
2. Prevent and end homelessness for veterans by 2015;

## Homeless Assistance Grants

3. Prevent and end family and youth homelessness by 2020; and
4. Set a path to ending all types of homelessness.

### *HUD Collaboration with Department of Veterans Affairs*

HUD and the VA have the joint goal of ending homelessness among veterans and work closely on the administration of HUD-VASH and the Veterans Homelessness Prevention Demonstration Program (VHPD). This work includes joint planning efforts related to data collection and reporting as well as joint planning to develop milestones and strategies to meet the goal of ending homelessness among veterans. As part of these joint efforts, HUD and the VA are collaborating in two studies: (a) the evaluation of the Veterans Homeless Prevention Demonstration, that will identify better outreach strategies and improved service delivery for this population; and (b) the HUD-VASH Evaluation and Exit Study, that will provide information about the reasons for exiting the program, the barriers to accessing housing, and the long-term stabilization of participants.

### *HUD Collaboration with Health and Human Services*

HUD and HHS share the joint goal of ending homelessness among families and youth. Currently, HUD and HHS are collaborating with the Interagency Council on Homelessness to provide guidance on implementing an effort to both improve counting youth in HUD's Point-in-Time count and to study housing models for youth aging out of foster care to identify best practices and strategies to mitigate the risk of homelessness for this young population. In addition to these efforts, HUD will work to create efficiencies for our programs that currently expend nearly \$35 million per year on health-related costs for homeless individuals and families being served. Due to the implementation of the Affordable Care Act, fiscal year 2014 will be a key year to build capacity at the grantee level to ensure that eligible health care costs can be reimbursed by Medicaid for homeless persons being served.

## **Staffing and Key Functions**

### Salaries and Expenses (S&E) and Full-Time Equivalents (FTE) Request

A total of 241 FTE are requested for Homeless Assistance Grants, which is an increase of 4 FTE from the 2012 request. The additional 4 FTE will be used to improve oversight of CPD's grant programs and the implementation of the HEARTH Act. For fiscal year 2014, the total S&E funding is approximately \$31.64 million, an increase of \$1.11 million from fiscal year 2012. For personnel services, Homeless Assistance Grants is requesting \$30.87 million, an increase of approximately \$1.03 million due to 4 additional FTE and the rising cost of salary and fringe benefits.

The Homeless Assistance Grants fiscal year 2014 NPS budget request is \$768 thousand, an increase of \$43 thousand compared to fiscal year 2012. The majority of the increase is for training and technical assistance relating to the implementation and management

## Homeless Assistance Grants

of the HEARTH Act. Furthermore, for fiscal year 2014, the Department has identified training HUD's workforce as a priority. A portion of the training fund will be used to strengthen core and specialized skills of CPD staff.

### Workload by Function

For the fiscal year 2014 HAG account, HUD is requesting 4 additional FTE as compared to fiscal year 2012. The majority of the 4 new FTE will be focused on new workload requirements relating to implementing and administering the HEARTH Act.

The below workload by function FTE allocation is an estimate for HAG as the majority of CPD employees work on several programs. They are as follows:

- 106 FTE are allocated for Competitive Grant Management for the CoC to support CPD's competitive grant recipients.
- 34 FTE are allocated to Customer Service. CPD must provide customer service to its public and institutional entities about our varied programs. CPD programs involve several stakeholders beyond our grantees than have an invested interest in the Community. Because CPD is at the forefront of community planning and economic development and addressing homelessness, interest in CPD's programs is high.
- 20 FTE are allocated to Compliance: Monitoring and Risk Assessment. The monitoring of grants that CPD administers is a fundamental function of CPD business. Yearly, CPD monitors thousands of competitive grantees.
- 24 FTE are allocated to Competitive Awards. Homeless program administers the Continuum of Care competitions.
- 14 FTE are allocated to Program Administration: Technical Assistance and Training. Technical assistance consists of grants through the OneCPD program.
- 43 FTE are allocated to other critical functions such as Program Administration: Information Management, Consolidated Plan, Audits, Compliance: Standards and Guidance, Formula Grant Management, Environmental Review, Cross Program Collaboration, and Operations.

### **3. Why is this program necessary and what will we get for the funds?**

The requested increase in funding for Homeless Assistance Grants programs in fiscal year 2014 reflects the priority and effectiveness of HUD's homeless programs, which have developed nearly 97,000 PSH beds since 2001, and have achieved a 19.3 percent reduction in chronic homelessness since 2007. The requested increase in funds would allow HUD to fund existing levels of

## Homeless Assistance Grants

permanent supportive housing in addition to creating over 5,000 new beds. These beds would be targeted to serving chronically homeless persons and are critical to the Nation's goal to end chronic homelessness.

### Understanding Need

Each year, HUD publishes its *Annual Homeless Assessment Report to Congress (AHAR)*. This report provides valuable information on the scope of homelessness and the needs of the persons served. It provides critical data to HUD and other policymakers so they can make informed decisions, and also provides the data that is the basis for the targets and goals set for *Opening Doors*. The data itself is collected by communities and reported to HUD in the CoC competition. It includes Point-in-Time data collected as a "snapshot" of the number and characteristics of persons who are homeless on a given night annually, as well as a longitudinal view of persons being served in emergency shelter, transitional housing, permanent housing, and HPRP. It also allows HUD to track trends in homelessness and make appropriate adjustments to its programs and policies to fit the current needs.

The most recent AHAR shows that, while the total number of homeless has remained relatively steady, the composition has begun to change. The number of people experiencing homelessness on a single night decreased by slightly less than 1 percent between 2011 and 2012: from 636,017 in January 2011 to 633,782 in January 2012. Over 1.5 million people spent at least 1 night in an emergency shelter or transitional housing program during the 2011 AHAR reporting period, a 3.6 percent decrease from 2009. However, the report showed some concerning trends in sheltered homelessness:

- Since 2007, the annual number of people using homeless shelters in principal cities has *decreased 14.7 percent* (from 1.22 million to 1.042 million), and the annual number of people using homeless shelters in suburban and rural areas has *increased 24.8 percent* (from 367,000 to 460,000).
- The number of homeless persons in families has *increased by 20 percent* from 2007 to 2010 – the share of the sheltered population currently made up of families has reached unprecedented levels.

While the exact reasons for these changes have not yet been determined, the data point to a few potential causes. First, the recession has had an impact on families and those living in suburban and rural areas that may not have experienced homelessness before. It is clear that most homeowners who lose their homes to foreclosure do not go directly into homelessness, but exhaust other resources before they present for homeless assistance. Therefore, there is a time lag between foreclosure and an increase in homelessness in the hardest hit areas. Also, the chronic homeless initiative has been highly successful in urban areas where the majority of homeless people are located.

*The 2011 Point-in-Time Estimates of Homelessness Report* (2011 PIT Report) allows HUD to understand how the homeless population is distributed geographically – specifically, where high-need areas are located. Forty percent of people counted as



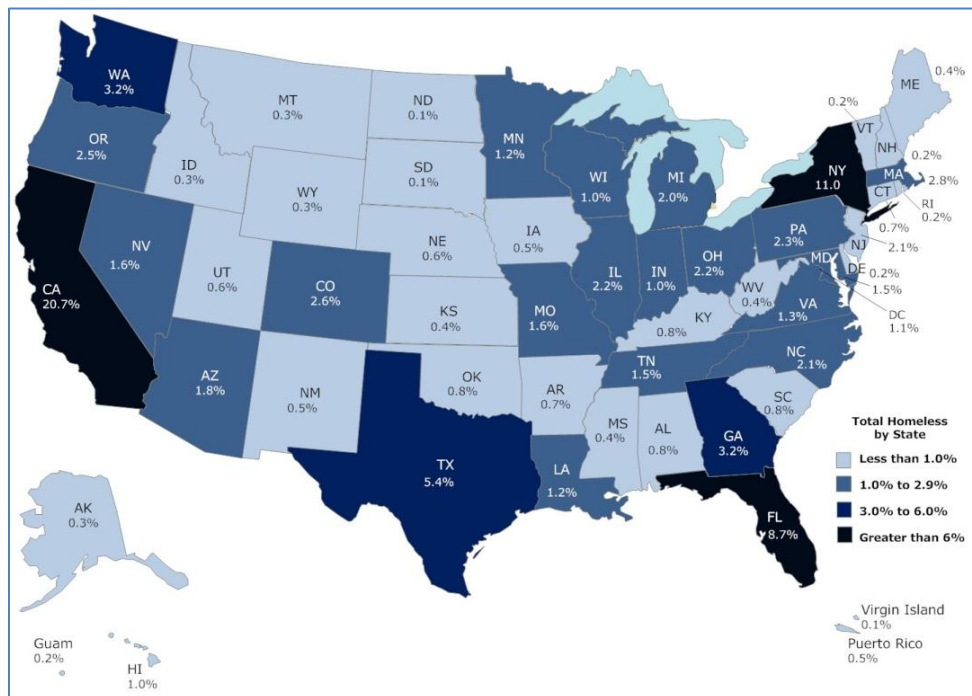
## Homeless Assistance Grants

homeless on the night of the Point-in-Time count were located in California, New York, or Florida. These three states account for 25 percent of the total U.S. homeless population.

### Percentage of National Homeless Population by State

In addition to trends and geographic distribution, understanding the needs of persons who are homeless is essential to making sound policy decisions and designing programs that work. For example, the 2011 AHAR data shows that a typical sheltered homeless person is a male adult, a member of a minority group, between the ages of 31 and 50 and presenting for services alone. When compared with the U.S. and poverty populations, a homeless person is also more likely to be disabled.

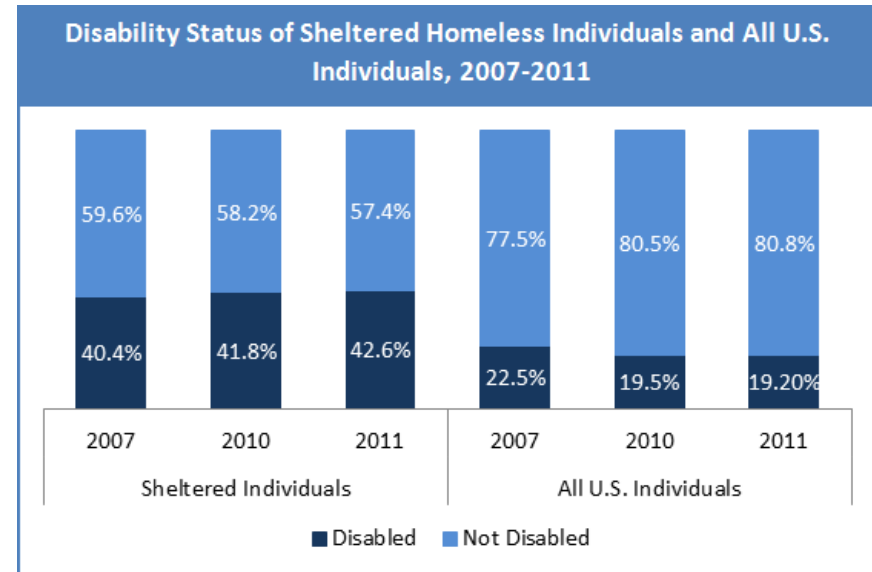
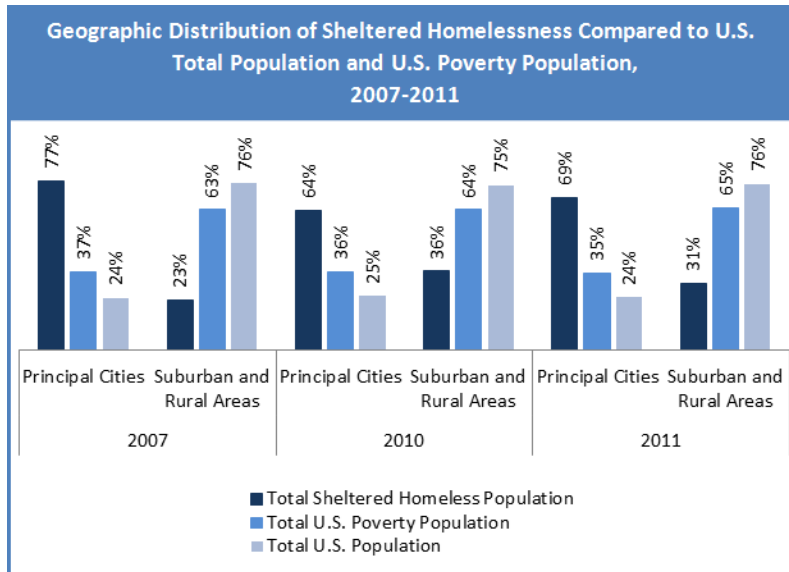
Homeless households with children, however, look different from the population as a whole. As of the 2011 AHAR, about 60 percent of persons in sheltered homeless families are children, and the adults in these families tend to be younger (age 30 or younger). Persons in families are also more likely to be headed by a woman and less likely than other homeless individuals to be disabled.



Finally, in order to implement the goals as outlined in Opening Doors, HUD tracks specific subpopulations in addition to families, including persons who are chronically homeless and veterans.

- According to the 2012 PIT Report, there are approximately 62,619 veterans who are homeless on any given night. HUD further estimates that 141,449 veterans use emergency shelter or transitional housing in a year. Veterans are over-represented in the homeless population when compared to the total U.S. population.

## Homeless Assistance Grants



- The January 2012 count described in the 2012 PIT Report found that 99,894 homeless persons met HUD's definition of chronically homeless. While the count between 2011 and 2012 remained relatively steady, the number of chronically homeless has decreased by 19.3 percent between 2007 and 2012.

### Existing Resources

In addition to tracking the number and characteristics of persons who are homeless, HUD closely tracks the nationwide inventory of homeless programs and beds, including those that are not HUD-funded. The purpose of tracking this inventory is to understand where there are potential gaps in the national landscape and to ensure that communities are tracking those gaps and making strategic resource allocations. HUD also tracks the utilization rates of beds by type in order to understand the flow of homeless persons in and out of the homeless services system and to help communities to improve program models. In the fiscal year 2011 CoC competition, HUD funded nearly 225,000 beds that are projected to serve 377,000 people per year.

The chart below shows the number of beds in each category that were reported as McKinney-Vento funded in the 2012 Housing Inventory Count.

## Homeless Assistance Grants

<b>McKinney-Vento Funded Bed Inventory</b>			
<b>Program Type</b>	<b>Beds - Families</b>	<b>Beds - Individuals</b>	<b>Total Beds</b>
Emergency Shelter	29,515	35,810	65,325
Transitional Housing	68,643	33,707	102,350
Permanent Supportive Housing	65,429	96,252	161,681
Safe Havens		1,992	1,992
<b>TOTAL BEDS</b>	163,587	167,761	331,348

### *Program Types and Interventions*

The HAG programs fund a variety of program types that address the needs of individuals and families who are homeless as described in the previous section. Communities are required to conduct a gaps analysis each year, and fund or reallocate projects based on the gaps identified.

A typical CoC includes at least emergency shelter to house persons in crisis; street outreach and other essential services to engage people who may be living on the streets and/or be service-resistant; transitional housing to help individuals and families move to stability within 2 years; PSH for homeless disabled persons; and a variety of support services to help identify and maintain permanent housing. More recently--as best practices have emerged--communities have implemented newer, more cost-effective intervention models like RRH for families who may have fewer barriers to permanent housing.

Development of PSH has been a policy priority for HUD since 2005. This ensures that HAG funds are targeted to the homeless persons with the highest level of need. This type of intervention is designed for the most difficult to serve population – persons who are chronically homeless and homeless individuals and families with significant disabilities. They are often serving people who have been living on the streets or in shelters for many years. Research conducted by the University of Pennsylvania and others shows that these programs have proven to be cost effective. Before housing placement, research showed that this disabled population accumulated, on average, \$40,451 per person per year in public service use. After placement, savings in public service use was estimated at \$12,146 per placement in housing.<sup>1</sup> A randomized trial of homeless adults with chronic mental illness in Chicago found

<sup>1</sup>Culhane, Dennis P., Stephen Metraux, and Trevor Hadley. 2002. "Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing." *Housing Policy Debates* 13(1): 107-63. See also, Cunningham, Mary. 2009. "Preventing and Ending Homelessness-Next Steps." *Metropolitan Housing and Communities Center*. Washington, DC: Urban Institute; Martinez, Tia, and Martha R. Burt. 2006. "Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless Adults." *Psychiatric Services* 57(7): 992-99.

## Homeless Assistance Grants

that case management and housing assistance reduced hospitalization and hospital days by 29 percent and emergency department visits by 24 percent and it generated an average annual cost savings of \$6,307 per person.<sup>2</sup> Another study of homeless people with chronic mental illness in Seattle found that total cost offsets for Housing First participants relative to controls averaged \$2,449 per person per month after accounting for housing program costs.<sup>3</sup> In fiscal year 2011, HUD allocated over \$1 billion--over 60 percent of its competitive funds--towards new and renewal PSH projects. Recently, HUD conducted a literature review of studies related to cost effectiveness of PSH projects. The map on the following page details the findings of several of these studies, which clearly indicate cost savings and increased positive outcomes for program participants. HUD continues to conduct its own research projects on the efficacy of program models and to work with top researchers to understand what program types and policies it should prioritize through the competitive process. It is clear from the outcomes on chronic homelessness as stated above that focused federal attention can make a difference in the homeless population. Current research projects underway include a broad-range study on what types of interventions are most effective for homeless families, a study on youth homelessness, an evaluation of the RRH model, and an evaluation of homelessness prevention.

### Key Initiatives: Goals and Outcomes to Date

HUD has undertaken several policy and administrative initiatives that have resulted in positive outcomes for the program and for those being served by HUD's homeless programs. Several initiatives are briefly described below and include the purpose of the initiative itself and the outcomes to date.

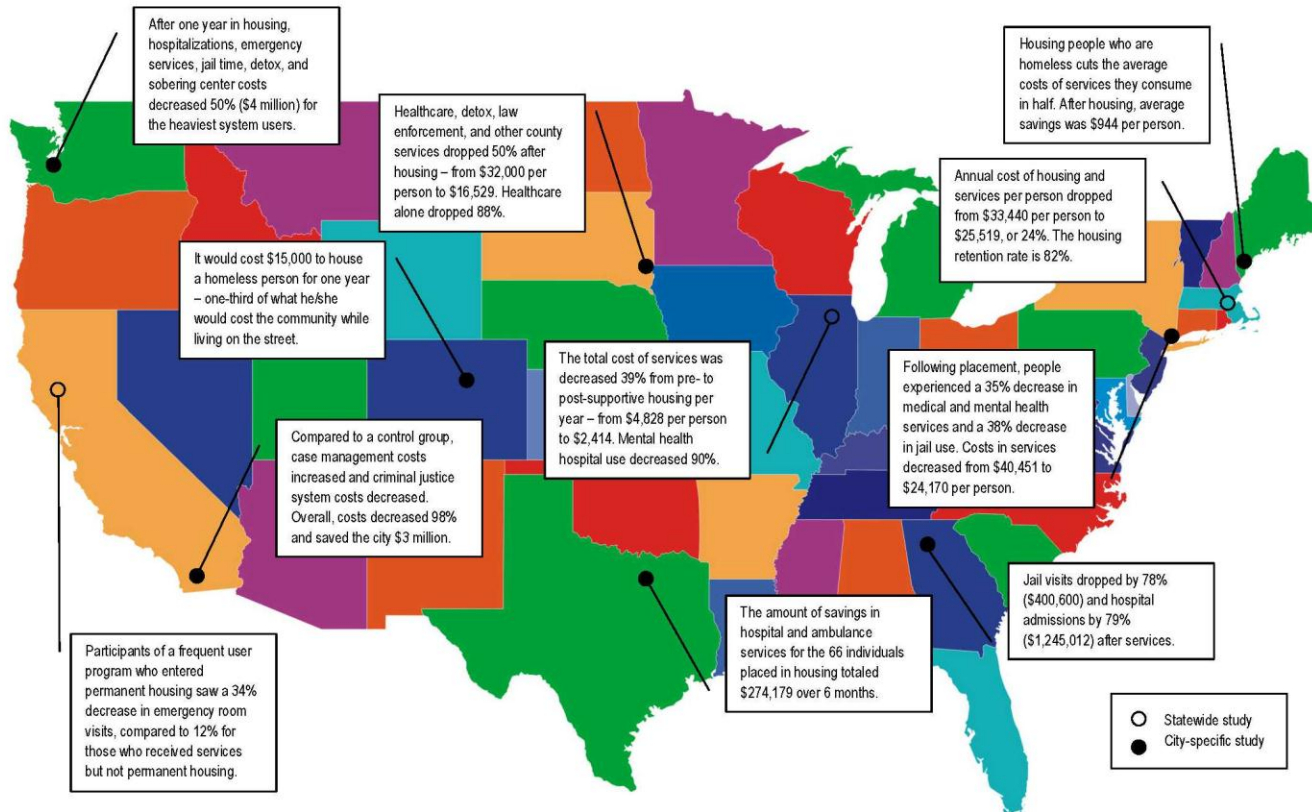
*The Homelessness Prevention and Rapid Re-Housing Program:* HPRP, a \$1.5 billion program, was funded as part of the American Reinvestment and Recovery Act of 2009 and was intended to mitigate the effects of the housing and economic crisis by preventing homelessness for at-risk individuals and families and opening resources inside of over-taxed homeless services systems through rapid re-housing. From its launch in July 2009 through June 2012, the program served approximately 1.3 million people. Eighty-eight percent of households that exited the program reported exiting to permanent housing. In the first 2 years of the program, 76 percent of persons were served through homelessness prevention, while the other 24 percent were homeless at the time of program entry and re-housed through HPRP. In many communities HPRP was leveraged as a key resource for homeless veterans entering HUD VASH, since it could provide a security deposit and first month's rent – activities not eligible under HUD-VASH. Over 32,000 veterans were served in HPRP, nearly 10,000 of whom exited to HUD-VASH. HPRP allowed many communities to implement homelessness prevention and RRH programs for the first time, and helped to build capacity at the local level for these emerging

<sup>2</sup> Basu, Anirban, Romina Kee, David Buchanan, and Laura S. Sadowski. 2012. "Comparative Cost Analysis of Housing and Case Management Program For Chronically Ill Homeless Adults Compared to Usual Care." *HSR* 47(1): 523-543; Sadowski, Laura, Romina Kee, Tyler VanderWeele, David Buchanan. 2009. "Effect of a Housing and Case Management Program on Emergency Department Visits and Hospitalizations Among Chronically Ill Homeless Adults: A Randomized Trial." *JAMA* 301(17): 1771-8.

<sup>3</sup> Larimer, Mary, Daniel Malone, Michelle Garner, et al. 2009. Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons With Severe Alcohol Problems." *JAMA* 301(13): 1349-57.

# Homeless Assistance Grants

## COST-BENEFIT ANALYSES OF PERMANENT SUPPORTIVE HOUSING



## Homeless Assistance Grants

practices and for advanced data collection and reporting. These successes are the basis for the activities that will be continued in 2013 through increased funding for ESG.

*Permanent Supportive Housing and Chronic Homelessness:* Since 2005 HUD has focused its resources on the hardest to serve population by making development of PSH a key policy priority in its annual NOFA. For several years the HAG appropriation has required that HUD expend at least 30 percent of its funding on PSH, and HUD has consistently exceeded this target. Since 2009, the number of PSH beds has exceeded either the number of emergency shelter or transitional housing beds. This trend towards PSH inventory supports HUD's efforts towards fulfilling *Opening Doors* goals, as the target populations generally need access to permanent housing resources. PSH projects generate a \$3 to \$1 leveraging ratio, which demonstrates that grantees are using sophisticated financing mechanisms to fund PSH projects, no longer relying solely on targeted programs. HOME program funds have proven to be a key source of financing, representing 20 percent of the leveraging amount for new projects in 2011. A result of this focus has been a 19.3 percent decrease in the number of chronically homeless persons between 2007 and 2012.

*Homeless Veterans:* The Administration's goal, as described in *Opening Doors* is to end homelessness among veterans by 2015. The targeted programs funded through the HAG account play an important role in achieving this goal.

<b>Characteristics of All Sheltered Veterans by Geography, 2011</b>		
<b>Characteristic</b>	<b>Principal Cities</b>	<b>Suburban and Rural</b>
Number of Sheltered Veterans	101,537	39,816
<b>Gender of Adults</b>		
Female	10.0%	9.3%
Male	90.0%	90.6%
<b>Ethnicity</b>		
Non-Hispanic/non-Latino	89.8%	96.6%
Hispanic/Latino	10.2%	3.4%
<b>Race</b>		
White, non-Hispanic/non-Latino	45.7%	64.4%
White, Hispanic/Latino	7.7%	2.5%
Black or African American	38.5%	28.0%
Other One Race	4.3%	1.7%
Several races	3.8%	3.4%
<b>Age</b>		
Under Age 18	9.1%	9.1%
18 to 30	38.7%	40.2%
31 to 50	42.8%	41.3%
51 to 61	9.5%	9.4%
62 and older	3.2%	2.3%
<b>Disabled (adults only)</b>		
Yes	53.7%	55.3%
No	46.4%	44.7%

## Homeless Assistance Grants

First, data collected by CoCs and reported to HUD provides the baseline for enumerating homelessness among veterans and understanding their characteristics. In 2011, the VA agreed to allow its housing and service providers to participate in local

Homeless Management Information Systems (HMIS) so that CoCs can more accurately count and determine service needs for veterans in their geographic area. Beginning in 2010, HUD and VA have issued annual joint reports on homeless veterans as a supplement to the AHAR. This data is used to determine the allocations for HUD-VASH, which is administered jointly by HUD and VA.

Second, in fiscal year 2012, over 11,000 homeless veterans entered HAG PSH programs.

Third, use of RRH programs (CoC and ESG) to allow homeless veterans to more rapidly gain access to permanent housing through HUD-VASH will continue to be a message jointly issued by HUD and VA.

Finally, HUD continues to partner with the VA to serve homeless veterans under the Veteran Homelessness Prevention Demonstration program (VHPD), a \$10 million project aimed at preventing homelessness for veterans returning from deployment in Iraq and Afghanistan.

*Homeless Management Information Systems (HMIS):* Implementation of HMIS began in the late 1990s by sophisticated communities that understood the power of gathering and using good data in the effort to prevent and end homelessness. HUD incentivizes participation in HMIS, as well as high-quality data and high bed coverage, through its annual CoC application. Communities that have implemented successful HMIS data systems and that submit their data for use in the AHAR receive additional points in the NOFA competition. HUD also provides significant technical assistance for HMIS – including needs assessments, on-site assistance to improve data quality, community participation, and data analysis. As a result of both technical assistance and incentives, participation in the AHAR went from 63 CoCs in 2005 to 361 – approximately 84 percent of funded CoCs - in 2011. The successful HMIS Initiative has changed the way that HUD and CoCs do business, moving from using often anecdotal or inconsistent evidence to using quality data for policy decisions.

HMIS has also grown to include other federal partners. In 2011, both VA and HHS committed to allowing HMIS to be used by their grantees – thereby continuing to improve the collective knowledge about homelessness and improve the programs that serve individuals experiencing homelessness. In addition to allowing HUD and CoCs to understand the needs of homeless persons, HMIS is a critical component to understanding project and system level performance.

*e-snaps Grants Management System:* In 2008, HUD launched the *e-snaps* program, a grants management system designed to move HUD from a paper-based competition system to an electronic-based system. Since then, *e-snaps* has revolutionized the CoC competition, taking a paper-based process that required at least 6 months of staff time down to 60 days or less, and reducing



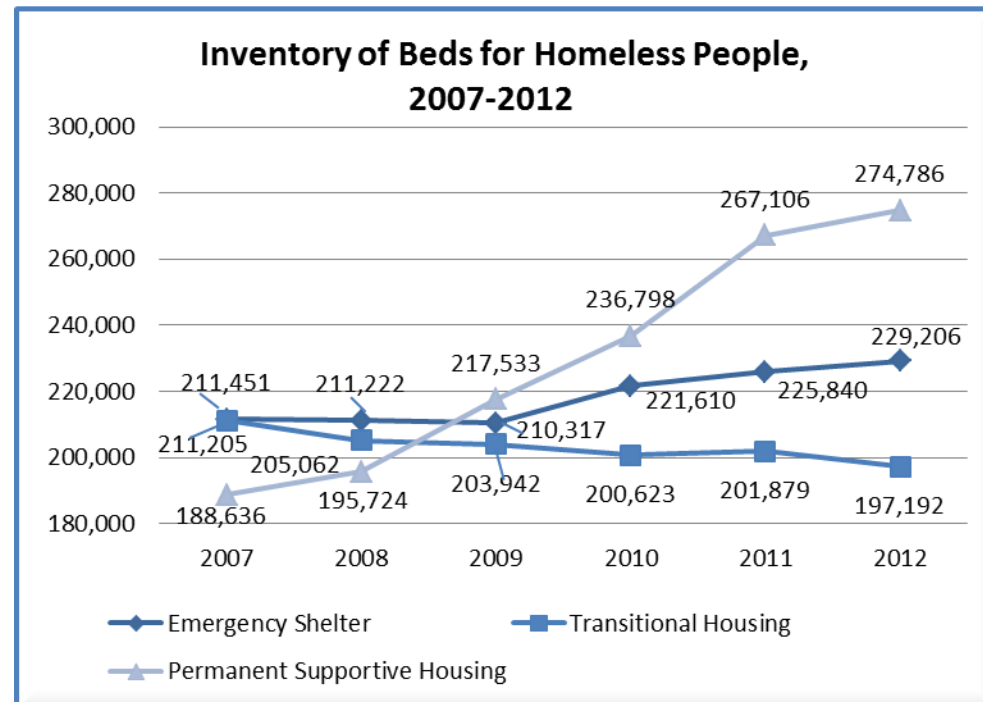
## Homeless Assistance Grants

administrative and financial burden for HUD and its grantees. HUD continues to build *e-snaps* into a life-cycle grants management system by launching modules designed to enable field staff to automate the grant agreement process and improve reporting.

*HEARTH Act Implementation:* In 2009, Congress passed and the President signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act (which amended the McKinney-Vento Homeless Assistance Act). In fiscal year 2014, HUD will continue the implementation of the HEARTH Act programs and requirements. HUD anticipates that most grantees will have completed their transition from HUD’s legacy programs to the new ESG and CoC, programs. Grants for CoC planning provided under the HEARTH Act in fiscal year 2014 will be an essential resource for communities working to improve their homelessness efforts and maximize the effectiveness of Federal funding and matching resources.

*Federal Strategic Plan to Prevent and End Homelessness:* HAG programs play a major role in the implementation of *Opening Doors* strategy. The fiscal year 2014 Budget for HAG includes costs for RRH and PSH interventions that will build upon the HEARTH Act implementation to provide communities with the tools needed to meet these aggressive national goals. In addition, the request fully funds renewals of existing contracts and maintains funding for the ESG formula grant program.

HUD has worked over the last 10 years to better understand the scope of homelessness, the needs of those who present for homeless services, and the outcomes of its programs. Outcomes are tracked and measured in several ways, and the implementation of the McKinney-Vento Act as amended by the HEARTH Act has provided both HUD and its grantees with new goals and with new tools to measure and improve performance. This continues and further strengthens the successful history of data driven policy making for the HAG programs, which has resulted in a 19.3 percent reduction in chronic homelessness between 2007 and 2012 and the development of nearly 97,000 permanent supportive housing beds between 2001 and 2011. *Opening Doors* has provided a clear vision and





## Homeless Assistance Grants

community strategies that can be used to ensure continuous improvement in HUD's programs and increased positive outcomes for the people served by them.

*Leveraging Other Resources:* Renewal competitive projects leveraged nearly \$861 million in cash and in-kind resources against HUD's CoC awards in fiscal year 2011. The CDBG or HOME programs provide critical rent subsidies or operating funds for homeless projects in many communities. At least 140 individual projects serving homeless men, women, and children rely on HOME and CDBG funds to operate. New projects also leverage significant investment from other public and private sector resources. For example, new projects funded in HUD's fiscal year 2011 CoC competition leveraged over \$632 million in other cash and in-kind resources against the \$216 million that was awarded – a \$3 dollar investment from other sources for every dollar of HAG funds. Approximately 20 percent of leveraged funds were from the HOME program. Competitive renewal projects and ESG recipients also are required to provide match – cash and in-kind – which often exceeds the statutory requirement.

Overall, HUD's policies as detailed in the annual NOFA regarding permanent supportive housing have been effective in increasing not just those units funded by HUD, but units funded through other sources. Since 2009, the national inventory of permanent supportive housing has been greater than either emergency shelter or transitional housing. This can, at least in part, explain the annual declines in the number of chronically homeless persons.

### *Carryover Funds*

Funds carried over into fiscal year 2013 totaled \$2 billion, which is primarily due to the timing of the CoC NOFA. As the funds appropriated in any given fiscal year cover renewal grants whose terms end at the end of the following calendar year, the CoC program has an extremely large carryover balance every year.

## **4. How do we know this program works?**

There is a large body of literature that provides evidence of positive outcomes and cost-savings gained from housing and supportive services for homeless people. Studies have found that supportive housing improves housing stability and reduces emergency department and inpatient services.<sup>4</sup> GAO reports find high levels of collaboration between HUD and the VA in improving data on supportive services for homeless veterans and relevant initiatives to improve coordination across federal agencies working on

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<sup>4</sup> Cunningham, Mary. 2009. "Preventing and Ending Homelessness-Next Steps." *Metropolitan Housing and Communities Center*. Washington, DC: Urban Institute; Martinez, Tia, and Martha R. Burt. 2006. "Impact of Permanent Supportive Housing on the Use of Acute Care Health Services by Homeless Adults." *Psychiatric Services* 57(7): 992-99; Tsemberis, Sam, Leyla Gulcur, and Maria Nakae. 2004. "Housing First, Consumer Choice, and Harm Reduction for Homeless Individuals with Dual Diagnosis." *American Journal of Public Health* 94:651; Culhane, Dennis P., Stephen Metraux, and Trevor Hadley. 2002. "Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing." *Housing Policy Debate* 13(1): 107-63.

## Homeless Assistance Grants

homelessness programs.<sup>5</sup> Conversely, GAO reports indicate opportunities to improve outreach to women veterans and to improve coordination across federal agencies in the U.S. Interagency Council on Homelessness.<sup>6</sup>

More rigorous research is needed to strengthen the base of evidence on the effectiveness of homelessness prevention and RRH and to identify best practices to serve special populations, such as families with children, youth aging out of foster care, and veterans. HUD is engaged in several evaluations and demonstrations to address these research needs.

Three ongoing HUD studies will provide more evidence on homeless prevention and RRH outcomes. The *Homelessness Prevention Study* will survey communities implementing prevention programs using HPRP funding and will propose alternative research designs for an empirical study of homeless prevention. The *Evaluation of the Veterans Homeless Prevention Demonstration* will study best outreach and service provision models to meet the specific needs of homeless veterans. Finally, the *Evaluation of the Rapid Re-housing for Homeless Families Demonstration* will provide process and outcome evaluation of the twelve grantees that participated in the demonstration, and will help identify best models to stabilize targeted families with small amounts of housing assistance and services.

There are several studies contracted for by HUD that will provide additional evidence of the effectiveness of housing assistance and services for special populations. The study of *The Impact of Housing & Services Interventions on Homeless Families* will compare how four different housing interventions affect housing stability, family preservation, child and adult well-being, and self-sufficiency. The results from this study will be complemented by the *Homeless Families Demonstration Small Grant Research Program*, which is the largest study of homelessness to date using experimental design and will provide additional evidence of the outcomes of homelessness assistances for families with children. The study on *Housing Models for Youth Aging Out of Foster Care* will help understand the needs of the nearly 30,000 youth who “aged out” of the foster care system every year, catalog the range of housing programs available to them, and identify opportunities to mitigate the risk of homelessness to this young population.

HUD is also improving collaboration across programs in support of *Opening Doors* to end homelessness. A census of all PHAs will document current PHA engagement in serving homeless households and will identify mechanisms to address barriers to increasing the number of homeless households served.

The implementation of the HEARTH Act programs provided HUD and its grantees with new goals and tools to increase performance both at the project level and the system level. For example, the HEARTH Act requires ESG grantees to participate in HMIS and

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<sup>5</sup> U.S. Government Accountability Office (GAO). 2012a. *Veteran Homelessness: VA and HUD Are Working to Improve Data on Supportive Housing Program*. Washington, DC: GAO; \_\_\_\_\_ . 2011a. *Homelessness: To Improve Data and Programs, Agencies Have Taken Steps to Develop a Common Vocabulary*. Washington, DC: GAO.

<sup>6</sup> \_\_\_\_\_ . 2012b. *Homelessness: Fragmentation and Overlap in Programs Highlight The Need to Identify, Assess, and Reduce Inefficiencies*. Washington, DC: GAO; \_\_\_\_\_ . 2011b. *Homeless Women Veterans: Actions Needed to Ensure Safe and Appropriate Housing*, Washington, DC: GAO.

## Homeless Assistance Grants

requires consultation between ESG recipients and CoCs in the allocation of scarce resources. In 2010, HUD published guidance on how CoCs can use data to track progress on the performance measures required in the HEARTH Act, which most significantly includes decreasing the number of homeless people, decreasing the average length of time people are homeless, and decreasing the number of households that return to homelessness. HUD will incentivize high performance on these and other indicators through the CoC competition, providing additional points in the NOFA competition to communities with higher rates of success. The first year of data for these measures will be available in fiscal year 2013.

At the project level, HUD continues to track successful outcomes such as housing stability and movement from transitional to permanent housing. In 2010 (the most recent year of data), HUD programs performed well against aggressive national goals:

- 71 percent of persons exiting transitional housing left to permanent housing; and
- 81.3 percent of persons in permanent housing remained stable for 6 months or more.

In addition to using HUD's administrative data, the Department routinely reviews other relevant national and local research to inform policy development and best practices.

HUD also tracks progress against two strategic goals on homelessness, for which it must report quarterly (as applicable):

*Subgoal 2A: End homelessness and substantially reduce the number of families and individuals with severe housing needs*

For those people who are without housing or who are at-risk of losing their homes, the provision of homelessness prevention or housing options such as RRH or PSH along with supportive services can help stabilize their situation and put them on a path toward their highest possible level of self-sufficiency. These services require that housing providers establish partnerships with a variety of public and private health, human service, and job training and placement organizations. SNAPS intends to use its ESG and CoC programs, as well as new tools made available through the HEARTH Act, to increase the utilization of RRH, PSH, and homelessness prevention services by families, veterans, chronically homeless, and others in need of services. SNAPS will also continue to build the capacity to increase the number of local CoCs with centralized or coordinated approaches to "triage" homeless persons to the most appropriate housing type – a key strategy in *Opening Doors*.

## Homeless Assistance Grants

HUD’s policies have a direct impact on the homeless population, as evidenced by the 19.3 percent decrease in the number of chronically homeless persons nationwide since 2007 – achieved in spite of the difficult economic climate. The chart below illustrates the decrease over time.

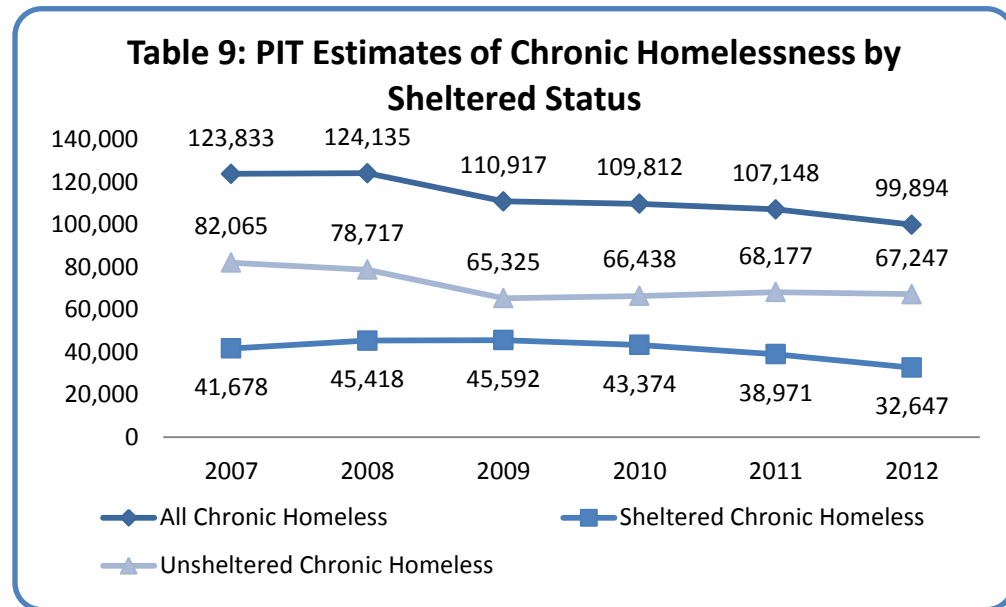
Meeting this goal will also require a variety of appropriate affordable housing options. CPD is working closely with the Offices of Public and Indian Housing and Housing to serve additional homeless households by incentivizing the use of turnover tenant-based vouchers, Public Housing, and multifamily properties. HUD also proposes to invest in service coordination for the homeless and at-risk households served through these programs to improve housing retention.

*Subgoal 2B: Expand the supply of affordable rental homes where they are most needed.*

Through its competitive programs, SNAPS will fund the production of new PSH units in support of this subgoal. The basis for tracking McKinney-Vento funded units that come on line each year is the Housing Inventory Count (HIC), which is required to be submitted to HUD as part of the annual CoC competition. The HIC includes data on units that are recently brought on line as well as units in the pipeline. SNAPS also tracks the number of beds/units funded in each annual competition.

### Combating Waste, Fraud and Abuse

To reinforce grantee compliance with federal regulations and to combat fraud, waste, and abuse, HUD monitors its recipients, provides grants management guidance, and offers significant technical assistance. Effective oversight and monitoring based on a statistically based risk analysis process helps ensure projects are efficient and effective and that grant funds are spent properly. A recent Office of Inspector General (OIG) audit of the Supportive Housing Program had no major findings, but emphasized the importance of diligently holding recipients accountable. In response, HUD will increase its emphasis to field offices and recipients on the importance of ensuring that project sponsors are not on the federal debarment or suspension list, that there are no conflict of



## Homeless Assistance Grants

interest issues identified for grant recipients, and that recipients are monitoring their subrecipients. OIG audited the HAG account in fiscal years 2010 and 2011 and, other than the need to close out old grants in order to re-use funds in future competitions, found no major compliance issues in the HAG programs.

In implementing HPRP, HUD was aggressive in educating recipients about waste, fraud and abuse by including OIG staff and presentations about monitoring in its initial training sessions. In addition, HUD has worked with OIG to develop certifications and standards to assist recipients to identify potential fraud and prosecute any fraud cases. Several OIG audits have been completed of HPRP program recipients, and they have found minimal amounts of questioned costs and repayment issues.

### Plans for Future Improvement

Performance analysis and project-level improvements are a priority for the Department. HUD monitors its grantees to ensure program compliance, and performance is scored at the CoC and project level during the annual competition. Where problems are identified, HUD issues findings, conditions grants, and, when necessary, terminates grants that are not performing. However, keeping assistance within a community is a priority, and HUD attempts to intervene and provide grantees with an opportunity to make improvements before recapturing funds. Reallocation of under-performing grants to new grants has also been an option since fiscal year 2007.

The implementation of the HEARTH Act includes a variety of new performance measures to help increase overall effectiveness of the program. The CoC Program regulation, issued in 2012, requires CoCs to establish formal performance measurement procedures and encourages critical evaluation of resources and needs. This includes evaluation of the effectiveness of projects by emphasizing performance at both the project level and the system level. HUD is confident that this systematic review by each CoC will lead to better use of limited resources and more efficient service models, resulting in the prevention and ending of homelessness. Performance measures include recidivism rates, the average length of time persons experience homelessness, and housing stability. Once data collection on these measures are fully implemented, these analytics will help both HUD and CoCs more easily identify projects that are less effective, and gaps in housing and services.

HUD continues to put great emphasis on reallocation of underperforming projects. Reallocation is the process by which funds that would otherwise go to a renewal project are reallocated to a new project. This process is detailed in the NOFA and incentives are offered to CoCs that implement a reallocation process to identify and replace underperforming or un-necessary projects. With limited resources, it is important to ensure that all projects funded through the CoC program, including renewals, are effective.

These improvements will ensure that data can be collected, analyzed, and reported more accurately and efficiently.

## Homeless Assistance Grants

Finally, HUD is committed to providing a variety of technical assistance resources to CoCs and grantees to help identify and address any performance and compliance issues. HUD intends to use technical assistance as another tool to encourage CoCs to implement best practices and improve efficiencies in projects and in the community as a whole.

### **HUD's Information Technology Portfolio Improvements**

The Department's investment in CPD information technology systems has transformed grants management at HUD and has been critical in the effective implementation of the Hearth Act of 2009. IT Development, Maintenance, and Enhancement investments have resulted in the deployment of 13 releases for the four key CPD systems (IDIS, eSNAPS, DRGR and CPD-Maps) on time and on budget. Specifically, these releases:

- Automated a multitude of manual processes and program reporting requirements saving over 100,000 hours in reporting burden to grantees and HUD staff.
- Allowed for the implementation of the Hearth Act in fiscal year 2012.
- Created the capacity to collect lead-based paint information to insure compliance with statute and improve the health of low-income families.
- Launched CPD Maps, providing new functionality for grantees and the public to view grant information and economic needs data using real time maps to assist in the preparation of the consolidated plan.
- Fully automated the consolidated and annual plan process for 1,200 grantees.
- Expanded the use of business intelligence in the preparation of dashboards and reports for HUD staff and grantees.
- Expanded electronic funds control capabilities to new Hearth Act programs.

HUD is well on its way to addressing all of the HUD Inspector General's internal audit recommending that HUD strengthen its oversight over grantee reporting in IDIS, but work still remains. Upcoming system releases will:

- Increase HUD's ability to track activity progress and promote timely completion of activities;
- Alert CPD Field Offices when a grantee has activities that remain open beyond a specified time period to prevent longstanding open activities;
- Require approval for the cancellation of projects that have expended funds;
- Generate multiple new reports that strengthen HUD staff's ability to oversee grantee transactions, identify potential activity problems, and track open activities; and
- Restructure the CDBG performance measurement reporting requirements by eliminating those elements that have not generated useful data and reducing grantee reporting burden.

## Homeless Assistance Grants

These initiatives will continue to will enhance grants management systems such as IDIS, Disaster Recovery Grant Reporting (DRGR) system, and CPD Maps to meet HEARTH Act goals. These investments will automate, centralize, and standardize business processes on modern, web-based, enterprise architecture-compliant, best-of-breed platforms, and add significant business capabilities while reducing operational costs.

HUD will also automate paper-based environmental review process for CPD grant programs; more than 5,000 environmental reviews are conducted every year to assess a project's potential environmental impacts and determine whether they meet federal, state, and local environmental standards. These investments create and enhance customer-facing systems for carrying out HUD's mission, enable grantees to draw down funds and report performance results and program outcomes, streamline administrative processes for both customers and HUD, and speed time to award for our competitive grants. Future TI projects will further enhance system and business capabilities, automate additional grant programs and processes throughout HUD, modernize legacy systems, and aspire to consolidate multiple grant systems to a centralized, integrated solution of two or three enterprise systems.

Homeless Assistance Grants

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

<u>Budget Activity</u>	<u>2012 Budget Authority</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2012 Obligations</u>	<u>2013 Annualized CR</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2014 Request</u>
Continuum of Care .....	\$1,644,190	\$2,082,034	\$3,726,224	\$1,744,843	\$1,654,252	\$1,975,043	\$3,629,295	\$2,027,000
Emergency Solutions Grants .....	250,000	132,221	382,221	313,797	251,530	68,424	319,954	346,000
Technical Assistance ..	...	6,820	6,820	6,820	...	...	...	...
National Homeless Data Analysis Project .....	<u>7,000</u>	<u>5,988</u>	<u>12,988</u>	<u>12,988</u>	<u>7,043</u>	<u>...</u>	<u>7,043</u>	<u>8,000</u>
Total .....	1,901,190	2,227,063	4,128,253	2,078,448	1,912,825	2,043,467	3,956,292	2,381,000

NOTES

1. The 2011 Carryover Into 2012 column includes \$35.4 million in fiscal year 2012 recaptures.
2. The Continuum of Care 2012 Carryover Into 2013 includes \$20 million in anticipated fiscal year 2013 recaptures.



**COMMUNITY PLANNING AND DEVELOPMENT  
HOMELESS ASSISTANCE GRANTS  
Appropriations Language**

Below is the italicized appropriations language for the Homeless Assistance Grants account.

*For the emergency solutions grants program as authorized under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act, as amended; and the continuum of care program as authorized under subtitle C of title IV of such Act; \$2,381,000,000 to remain available until September 30, 2016, and any rental assistance amounts that are recaptured under such continuum of care program shall remain available until expended: Provided, That not less than \$346,000,000 of the funds appropriated under this heading shall be available for such emergency solutions grants program, of which \$60,000,000 shall be for rapid re-housing for high need communities as determined by the Secretary: Provided further, That not less than \$2,027,000,000 of the funds appropriated under this heading shall be available for such continuum of care program: Provided further, That up to \$8,000,000 of the funds appropriated under this heading shall be available for the national homeless data analysis project: Provided further, That all funds awarded for supportive services under the continuum of care program shall be matched by not less than 25 percent in cash or in kind by each grantee: Provided further, That for all match requirements applicable to funds made available under this heading for this fiscal year and prior years, a grantee may use (or could have used) as a source of match funds other funds administered by the Secretary and other Federal agencies unless there is (or was) a specific statutory prohibition on any such use of any such funds: Provided further, That the Secretary shall renew on an annual basis expiring contracts or amendments to contracts funded under the continuum of 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 all balances for Shelter Plus Care renewals previously funded from the Shelter Plus Care Renewal account and transferred to this account shall be available, if recaptured, for continuum of care renewals in fiscal year 2014. Note.--A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.*