

**COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
2015 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>
2013 Appropriation	\$2,033,000	\$2,049,994 ^a	-\$99,707	\$3,983,287	\$2,085,867	\$1,735,270 ^d
2014 Appropriation/Request	2,105,000	1,899,756 ^b	...	4,004,756	2,002,723	2,036,000
2015 Request	<u>2,406,400</u>	<u>2,022,033^c</u>	<u>...</u>	<u>4,428,433</u>	<u>2,305,991</u>	<u>1,992,000</u>
Program Improvements/Offsets	+301,400	+122,277	...	+423,677	+303,268	-44,000

a/ This number includes \$26.5 million of funds recaptured from prior year obligations in fiscal year 2013.

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

c/ This number includes \$20 million in anticipated fiscal year 2015 recaptures.

d/ This number includes outlays from the Homeless Prevention Fund.

1. What is this request?

In fiscal year 2015 the Department of Housing and Urban Development requests \$2.4064 billion for the Homeless Assistance Grants (HAG) account. This program has been a key factor in the 25 percent reduction in chronic homelessness since 2007. This request includes \$2.1844 billion for the Continuum of Care (CoC) Program, \$215 million for Emergency Solutions Grants (ESG) and \$7 million for Homeless Management Information System Technical Assistance. This represents an increase of \$301.4 million from fiscal year 2014. The increased funding will enable HUD to maintain existing projects, fund the increased competitive renewal demand for CoC in fiscal year 2015, and create 37,000 beds of permanent supportive housing for chronically homeless persons and reach the goal of ending chronic homelessness by 2016.

The funds requested for HAG will help HUD to work towards the following:

- achieve the goals of *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* (Opening Doors), including ending chronic homelessness by 2015, preventing and ending homelessness for veterans by 2015, preventing and ending child, family, and youth homelessness by 2020, 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;

Homeless Assistance Grants

- 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 2012, outside sources provided nearly \$3 to new projects for every dollar HUD awarded.

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 18 FTE from fiscal year 2014 enacted. The additional 18 FTE will be used to improve oversight of CPD's grant programs and the implementation of the HEARTH Act.

For fiscal year 2015, the total S&E funding is approximately \$32.426 million. For personnel services, Homeless Assistance Grants is requesting \$31.589 million. The Homeless Assistance Grants fiscal year 2015 non-personnel service budget request is \$837 thousand.

More details on the S&E request are provided in S&E justification for the Office of Community Planning and Development.

2. What is this program?

a. Programs and Functions

Emergency Solutions Grants

Emergency Solutions Grants, which replaced the Emergency Shelter Grants program, was implemented for the first time in fiscal year 2011. ESG 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.

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 8,000 projects. In the fiscal year 2012 competition, approximately 94 percent of those projects were renewals (see description of renewal demand on page 5). While existing projects are protected in the HEARTH Act, HUD encourages CoC grant applicants to carefully review the performance of each project in its portfolio and provides a mechanism to reallocate funds for under-performing or under-utilized projects to new activities. Eligible activities include:

- CoC planning;
- acquisition;
- rehabilitation and new construction for capital projects;
- leasing;
- rental assistance;
- housing operations;
- supportive services;
- administration;, and
- Homeless Management Information Systems (HMIS).

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.

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. Through this annual NOFA, HUD encourages communities to reallocate funds from lower performing and under-utilized projects to new permanent supportive housing (PSH) projects. In the fiscal year 2012 CoC competition, over a quarter of the

Homeless Assistance Grants

CoCs reallocated projects to create new permanent supportive housing units, resulting in over 1,300 new beds dedicated to serving the chronically homeless.

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.

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

Fiscal Year 2012 Funding Requests
(Dollars in Millions)

	Requested	Awarded
Total Projects	8,801	8,068
Total Amount (\$)	\$1,832.7	\$1,672.2
CoC Planning Applications	350	197
CoC Planning Amount (\$)	\$17.1	\$11.3
New Applications	862	294
New Amount (\$)	\$205.4	\$46.3
Renewal Applications	7,589	7,577
Renewal Amount (\$)	\$1,610.2	\$1,614.5

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;

Homeless Assistance Grants

- 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.

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.

Fiscal Year	Estimated Renewal Need
2014	\$1,798,993,226 - \$1,916,143,883
2015	\$1,888,219,897 - \$2,011,181,006
2016	\$1,924,222,438 - \$2,049,528,036
2017	\$1,957,235,116 - \$2,084,690,504
2018	\$1,978,493,645 - \$2,107,333,391
2019	\$1,999,563,590 - \$2,129,775,413

National Homeless Data Analysis Project

The National Homeless Data Analysis Project provides critical resources to communities to improve data collection and reporting, integrate data collection efforts in HMIS with other federal funding streams, produce standards and specifications for data entry and reporting for all HMIS-generated reports, analyze point-in-time and longitudinal data to produce the Annual Homeless Assessment Report (AHAR), and provide direct technical assistance to CoCs on HMIS implementation.

In the House Report on appropriations for fiscal year 2001 (106-988) HUD was charged with "taking the lead on data collection" on homelessness. Specifically, the report cited the "need for data and analysis on the extent of homelessness and the effectiveness of McKinney Act programs." Data gathering through HMIS had begun 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. HMIS systems were developed by national companies to HUD specifications and national implementation began in 2002. Following the Congressional directive, and with an increased emphasis on participation, HMIS has also grown to include other federal partners. In 2011, both VA and HHS committed requiring 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.

Homeless Assistance Grants

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 at the local level – including needs assessments, on-site assistance to improve data quality, community participation, and data analysis. HUD has encouraged all federal partners providing housing and services to homeless persons to coordinate their efforts wherever possible through HMIS. As a result of both technical assistance and incentives, participation in the AHAR went from 63 CoCs in 2005 to 382 – approximately 90 percent of funded CoCs - in 2012. 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.

In order to maintain the technical integrity of HMIS and increase system level performance across all federal programs HUD has repurposed some HMIS TA funds to be used at a national level to maximize their impact. HMIS TA is being used to a greater extent to coordinate consistency in data standards, policies, collection and reporting standards. HUD has responded to the congressional charge for leadership and is coordinating communication between the federal partners on HMIS, facilitating specifications for reporting that are cross-cutting between federal partners, and supporting through HMIS TA the new HMIS Data and Research lab to provide data resources designed to maintain cost control for local communities while increasing reporting accuracy for HUD and the federal partners.

Emergency Food and Shelter Program

In fiscal year 2015, the Federal Emergency Management Agency (FEMA) at the Department of Homeland Security is proposing legislative language granting FEMA the authority to transfer funding for Emergency Food and Shelter (EFS) program to the Department of Housing and Urban Development (HUD) to be administered with other homeless assistance grants by the Office of Special Needs Assistance Programs. The FEMA budget request for EFS is \$100 million. By allowing HUD to administer this program, the Administration is aligning its dedicated homeless assistance resources, avoiding duplication between programs, and ensuring that the funding appropriated for EFS assists in meeting the goals of *Opening Doors*.

The EFS program provides grants to nonprofit and governmental organizations at the local level to supplement their programs for emergency food and shelter. Funding for this program is distributed by the National Board, currently chaired by FEMA, which consists of designees from six charitable organizations: American Red Cross, Catholic Charities USA, Jewish Federations of North America, and National Council of Churches of Christ in the USA, Salvation Army, and United Way Worldwide.

Local jurisdictions (cities or counties) qualify for EFS program support when they demonstrate the highest need for emergency food and shelter services as determined by unemployment and poverty rates. Funding also may be provided to jurisdictions that do not qualify for funding under the formula through the National Board's State Set-Aside Committee process. The National Board allocates

Homeless Assistance Grants

a portion of appropriated funds to each state based upon the unemployment rates in jurisdictions that did not qualify for direct funding from the National Board. The State Set-Aside Committee process allows states to address pockets of homelessness and poverty or address the immediate needs of a locality that might be going through a high economic impact event. Of note, disaster events are not a factor currently used to determine the allocation of EFS grants.

Because the EFS program does not support disaster survivors, it is not well-aligned with FEMA's core mission to prepare for, mitigate against, respond to, and recover from the consequences of major disasters and emergencies regardless of cause, in partnership with other Federal agencies, State, local, and tribal governments, volunteer organizations, and the private sector. Federal expertise for homelessness assistance is largely resident at HUD, and HUD is already responsible for implementing the majority of other authorities granted by the McKinney-Vento Homeless Assistance Act. This includes the Emergency Solutions Grants, which similar to EFSP, provides funds to states, cities, and counties for emergency shelters, street outreach, and other essential services to engage people who are living on the streets, as well as newer interventions such as rapid re-housing and homelessness prevention.

As highlighted by GAO and others, fragmentation and overlap of services exists among federal homeless assistance programs¹. However, through improved coordination between federal, state and local partners, the Administration has made significant progress toward the goals of *Opening Doors*. By allowing HUD to administer this program, the Administration is better aligning its dedicated homeless assistance resources, avoiding duplication between programs, and ensuring that the funding appropriated for EFS supports the appropriate agency's mission set.

FEMA will continue to support disaster food and shelter requirements under its emergency assistance authorities in the Stafford Act.

b. 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 2015 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 GAO. Homelessness - Fragmentation and Overlap in Programs Highlight the Need to Identify, Assess, and Reduce Inefficiencies, GAO-12-491 (Washington, D.C., May 2012).

Homeless Assistance Grants

1. Building on past progress, end chronic homelessness by 2015;
2. Prevent and end homelessness for veterans by 2015;
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 US Department of Veterans Affairs (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. We expect these reports for these studies to be released by the third quarter of fiscal year 2015 and the end of fiscal year 2014, respectively.

HUD Collaboration with Health and Human Services

HUD and Health and Human Services (HHS) share the joint goal of ending homelessness among families and youth. Currently, HUD and HHS are collaborating with the U.S. Interagency Council on Homelessness to further develop and promote a national framework to meet the goals of *Opening Doors*. 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. HUD will build on that capacity in 2015.

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

The requested increase in funding for HAG programs in fiscal year 2015 reflects the priority and effectiveness of HUD's homeless programs, which have developed over 102,000 PSH beds since 2001, and have achieved a 25 percent reduction in chronic homelessness since 2007. Recent information on the nature and extent of chronic homelessness has shown that chronic homelessness is highly concentrated, with six states containing nearly 60 percent of the chronically homeless population.

This request also reflects the Administration's commitment to implementing *Opening Doors*, specifically the goal of ending chronic homelessness. Chronic homelessness is defined as having a disability, and either being homeless for 365 consecutive days, or

Homeless Assistance Grants

having at least 4 periods of homelessness within a 3-year period. Data reported by the US Interagency Council on Homelessness suggests that the majority of people who meet the definition of chronically homeless fall into the latter category of several shorter periods of homelessness over a 3-year period; therefore, more chronically homeless people than previously assumed meet the definition through episodes rather than a cumulative stay on the streets or in a shelter and are therefore missed on the night of the annual Point-In-Time (PIT) count. Based on this data, HUD has developed revised projections on what it will take to meet the Administration's goal. HUD is requiring communities to better target existing homeless resources at the local level, but these efforts alone are insufficient to meet the Administration's goal to end chronic homelessness.

In order to meet this goal, the fiscal year 2015 request includes funding for 37,000 new permanent supportive housing beds for the chronically homeless, including chronically homeless veterans who are not eligible for services through the Department of Veterans Affairs. These new beds are to be distributed through a separate mini-competition, administered under the CoC Program, that would be geographically targeted to those CoCs with the highest numbers of chronic homelessness. This new resource for permanent supportive housing will allow the Administration to reach its goal of ending chronic homelessness by 2016. This request also supports the renewal of over 331,000 beds nationwide that are dedicated to serving individuals and families experiencing homelessness, as well as a range of critical services that assist those served to identify and maintain housing.

a. What is the problem we are trying to solve?

While HUD and our federal, national and local partners have learned a lot about what works and what does not to solve homelessness, homelessness itself still affects over 610,000 men, women and children on any given day. In order to track progress and continue learning about individuals and families experiencing homelessness, each year, HUD publishes its *Annual Homeless Assessment Report to Congress (AHAR)*², which 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, safe haven, and permanent housing. It also allows HUD to track trends in homelessness and make appropriate adjustments to its programs and policies to fit the current needs.

² The 2012 AHAR can be accessed online at <https://www.onecpd.info/resource/3297/2012-ahar-volume-2-estimates-of-homelessness-in-the-us/>

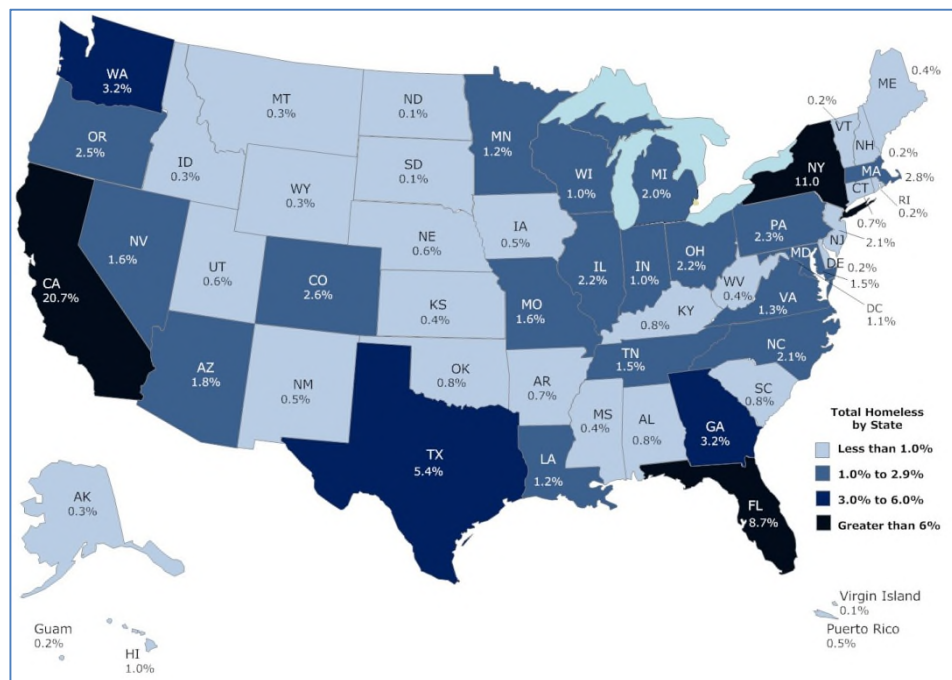
Homeless Assistance Grants

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 nearly 4 percent between 2012 and 2013: from 633,782 in January 2012 to 610,042 in January 2013. Nearly 1.49 million people spent at least 1 night in an emergency shelter or transitional housing program during the 2012 AHAR reporting period, a 6.3 percent decrease from 2007. However, the report showed some concerning trends in sheltered homelessness:

- Between 2007 and 2012, sheltered homeless people increased 20.4 percent in suburban and rural areas and declined 14.4 percent in cities, reflecting a similar geographic trend in the U.S. poverty population.
- Sheltered family homelessness increased 19.8 percent (93,793 more people) between 2007 and 2010, but declined 5.6 percent (31,914 fewer people) since then.

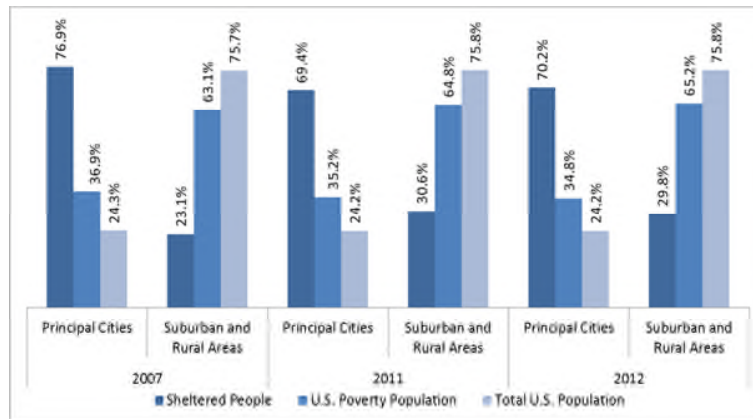
While the exact reasons for these changes have not yet been determined, the data point to a few potential causes. First, the recession has had an impact on families and those living in suburban and rural areas that may not have experienced homelessness before. It is clear that most homeowners who lose 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 2013 Point-in-Time Estimates of Homelessness Report (2013 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 on the night of the Point-in-Time count were located in California, New York, or Florida.

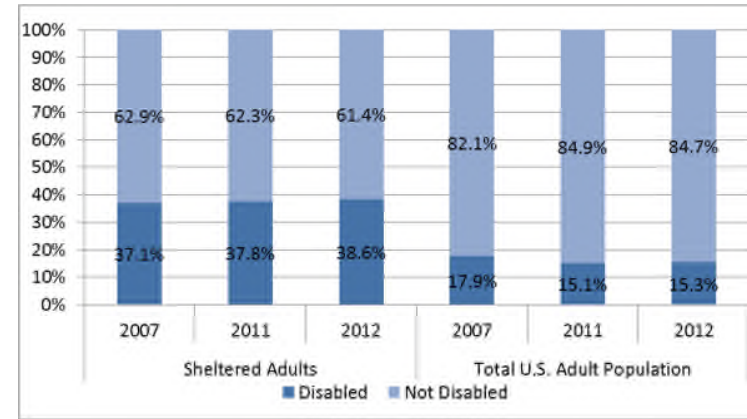


Homeless Assistance Grants

Geographic Distribution of Sheltered Homeless, U.S. Poverty Population, and Total U.S. Population, 2007-2012



Disability of Sheltered Homeless Adults and Total U.S. Adults, 2007-2012



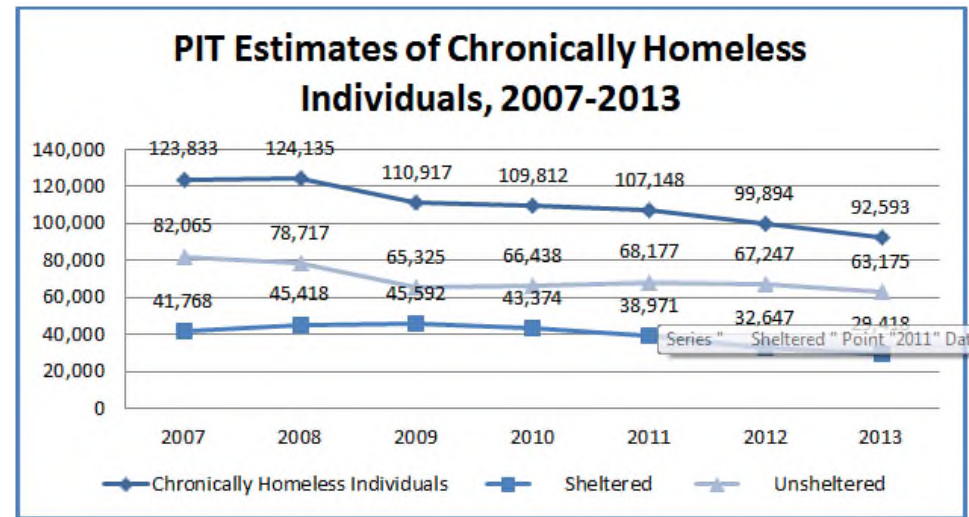
In addition to trends and geographic distribution, understanding the needs of persons who are homeless is essential to making sound policy decisions and designing programs that work. For example, the 2012 AHAR data shows that a typical sheltered homeless person is a male adult, a member of a minority group, between the ages of 31 and 50 and located in a city. 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 2012 AHAR, more than 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.

Homeless Assistance Grants

- According to the 2013 PIT Report, there are approximately 57,849 veterans who are homeless on any given night. HUD further estimates that 137,995 veterans used emergency shelter or transitional housing in 2012. Veterans are over-represented in the homeless population when compared to the total U.S. population.
- The January 2013 count described in the 2013 PIT Report found that 92,593 homeless persons met HUD's definition of chronically homeless. There was a 7 percent decrease in chronically homeless individuals between 2012 and 2013 and a 25 percent decline between 2007 and 2013.



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 2012 CoC competition, HUD funded nearly 225,000 beds that are projected to serve over 233,000 people per year.

Homeless Assistance Grants

The chart on the following page shows the number of beds in each category that were reported as McKinney-Vento funded in the 2013 Housing Inventory Count.

McKinney-Vento Funded Bed Inventory			
Program Type	Beds - Families	Beds - Individuals	Total Beds
Emergency Shelter	29,299	35,296	64,595
Transitional Housing	63,543	31,999	95,542
Rapid Re-housing	6,047	1,300	7,347
Permanent Supportive Housing	69,543	100,462	170,005
Safe Havens		1,998	1,998
TOTAL BEDS	168,432	171,055	339,487

b. How does this program help solve the problem?

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) 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. The ESG and CoC programs, as well as new tools made available through the HEARTH Act, help provide RRH, PSH, and homelessness prevention services to families, veterans, chronically homeless, and others in need of services. HUD 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*.

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 an 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 are 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

Homeless Assistance Grants

Characteristics of All Sheltered Veterans by Geography, 2012		
Characteristic	Principal Cities	Suburban and Rural
Number of Sheltered Veterans	97,753	40,243
Gender of Adults		
Female	7.5%	8.5%
Male	92.5%	91.5%
Ethnicity		
Non-Hispanic/non-Latino	92.1%	95.3%
Hispanic/Latino	7.9%	4.7%
Race		
White, non-Hispanic/non-Latino	48.1%	61.6%
White, Hispanic/Latino	5.7%	2.9%
Black or African American	38.1%	29.0%
Other One Race	4.8%	2.5%
Several races	3.3%	4.0%
Age		
Under Age 18	n/a	n/a
18 to 30	8.3%	8.9%
31 to 50	38.0%	34.8%
51 to 61	42.6%	45.2%
62 and older	11.0%	11.1%

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.

Homeless Assistance Grants

Disabled (adults only)		
Yes	51.1%	51.8%
No	48.9%	48.2%

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. In fiscal year 2012, HUD allocated over \$1 billion--over 60 percent of its competitive funds--towards new and renewal PSH projects.

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.

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. These PSH resources are a primary resource for serving the chronically homeless and have greatly contributed to the 25 percent decrease in the number of chronically homeless persons between 2007 and 2013.

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.

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 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 worked together to issue data on homeless veterans as a supplement to the original AHAR data set. This data is used to determine the allocations for HUD-VASH, which is administered jointly by HUD and VA.

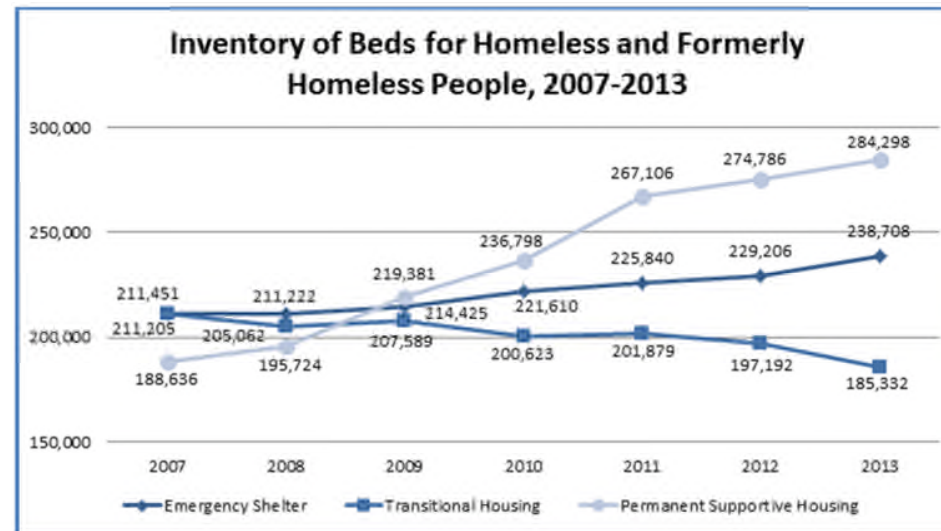
Second, in fiscal year 2012, over 11,000 homeless veterans entered HAG PSH programs.

Homeless Assistance Grants

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 \$15 million project aimed at preventing homelessness for veterans returning from deployment in Iraq and Afghanistan.

Federal Strategic Plan to Prevent and End Homelessness: HAG programs play a major role in the implementation of *Opening Doors* strategy. The fiscal year 2015 Budget for HAG includes costs for 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 at \$215 million.



HUD has worked 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 25 percent reduction in individual chronic homelessness between 2007 and 2013 and the development of

Homeless Assistance Grants

over 102,000 permanent supportive housing beds between 2001 and 2012. *Opening Doors* has provided a clear vision and 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 \$2.4 billion in cash and in-kind resources against HUD's CoC awards in fiscal year 2011. The CDBG and HOME programs provide critical rent subsidies and 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 \$117 million in other cash and in-kind resources against the \$46 million that was awarded – a nearly \$3 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.

4. How do we know this program works?

a. Evaluation and Research

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. 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.³ A randomized trial of homeless adults with chronic mental illness in Chicago found that case management and housing assistance reduced hospitalization and hospital days by 29 percent and emergency department visits by 24 percent and

³Culhane, 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

it generated an average annual cost savings of \$6,307 per person.⁴ 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.⁵ These studies have also found that supportive housing improves housing stability and reduces emergency department and inpatient services.⁶ 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 homelessness programs.⁷ 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.⁸

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 demonstrate cost savings and increased positive outcomes for program participants. It is clear from the outcomes on chronic homelessness as stated above that focused federal attention can make a difference in the homeless population.

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:

- 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 report for this study should be available by the end of fiscal year 2014.
- The *Evaluation of the Veterans Homeless Prevention Demonstration* will study best outreach and service provision models to meet the specific needs of homeless veterans. The final report should be available in the third quarter of fiscal year 2015.

⁴ 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.

⁵ 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.

⁶ 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.

⁷ U.S. Government Accountability Office (GAO). 2012a. *Veteran Homelessness: VA and HUD Are Working to Improve Data on Supportive Housing Program*. Washington, DC: GAO; GAO-12-302T *Homelessness: To Improve Data and Programs, Agencies Have Taken Steps to Develop a Common Vocabulary*. Washington, DC: GAO.

⁸ GAO-12-491 *Homelessness: Fragmentation and Overlap in Programs Highlight The Need to Identify, Assess, and Reduce Inefficiencies*. Washington, DC: GAO; GAO-12-182 *Homeless Women Veterans: Actions Needed to Ensure Safe and Appropriate Housing*, Washington, DC: GAO

Homeless Assistance Grants

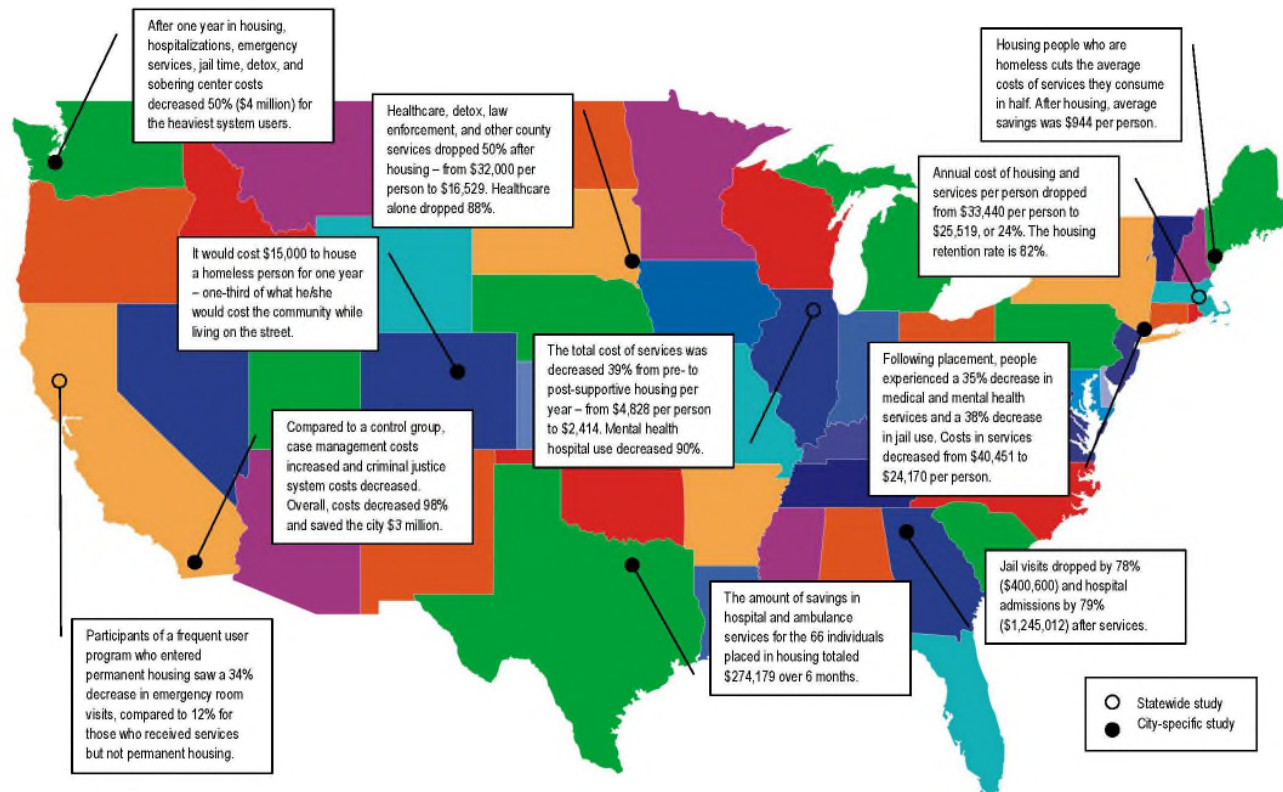
The *Evaluation of the Rapid Re-housing for Homeless Families Demonstration* will provide process and outcome evaluation of the twelve grantees that participated in the demonstration, and will help identify best models to stabilize targeted families with small amounts of housing assistance and services. We expect this study to be published in the second half of fiscal year 2014.

- The *Homeless Families Options Study* 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 project summary; research design, data collection, and analysis plan; and the interim report are currently available at www.huduser.org/family_options_study.html. The 18-month outcomes report should be available in the first quarter of fiscal year 2015.
- 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. The final reports should be available by the fourth quarter of fiscal year 2014.

Homeless Assistance Grants

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.

COST-BENEFIT ANALYSES OF PERMANENT SUPPORTIVE HOUSING



Homeless Assistance Grants

At the project level, HUD continues to track successful outcomes such as housing stability and movement from transitional to permanent housing. In 2012 (the most recent year of data), HUD programs performed well against aggressive national goals:

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

Monitoring and Oversight

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 interest issues identified for grant recipients, and that recipients are monitoring their subrecipients. OIG audited the HAG account in fiscal years 2011 and 2012 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 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

Homeless Assistance Grants

requires consultation between ESG recipients and CoCs in the allocation of scarce resources. It also includes a variety of new performance measures to help increase overall effectiveness of the program. The CoC Program interim rule, 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 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.

HUD continues to put great emphasis on reallocation of under-performing projects. Reallocation is the process by which funds that would otherwise go to a renewal project are reallocated to a new project. Incentives are offered to CoCs that implement a reallocation process to identify and replace under-performing or unnecessary projects. With limited resources, it is important to ensure that all projects funded through the CoC Program, including renewals, are effective.

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.

b. HUD's Information Technology Portfolio Improvements

Several of the Department's technology improvements directly impact HAG grantees and, therefore, people being served by those programs.

- Enhancement of the Electronic Special Needs Assistance Programs System (C38 - e-snaps) to automate the intake, assessment, and award of over 8,000 grantee applications under HUD's \$1.9 billion competitive HAG programs. The e-snaps system requires annual updates to maintain functionality with the revisions to NOFA and program regulations. Benefits of this investment will include a reduction in days for time to award (from manual alternative), cost avoidance in contractor labor required to a support paper-based competition, and cost avoidance in additional FTE labor required to a support paper-based competition. By allowing HUD to process the large grant portfolio electronically – including all stages of the grants management life cycle – the Department can get funds into the hands of service providers more quickly.

Homeless Assistance Grants

- Overhaul of the Emergency Solutions Grants (ESG) Consolidated Annual Performance and Evaluation Report (CAPER) in IDIS. These revisions will be a part of integrated reporting approach to standardize and make consistent components in the CoC/HEARTH and ESG programs. Consistency in reporting between all HAG programs will address how HUD and other major federal agencies measure program funding, outputs and outcomes for *Opening Doors*. This overhaul will result in the ability to closely track performance measures implemented under HEARTH, and will provide important information to ESG grantees to make key funding and policy decisions at the local level. This will result in improved programs serving individuals and families experiencing homelessness.
- Enhancement to the eCon Planning Suite in IDIS. In 2012, CPD overhauled and automated the Consolidated Planning process for 1,208 grantees using a new module of IDIS called the eCon Planning Suite. The Consolidated Plan is designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a communitywide dialogue to identify housing and community development priorities. CPD plans to enhance the eCon Planning Suite with a Field Office review module for the Con Plan, Annual Action Plan (AAP) and Consolidated Annual Performance and Evaluation Report (CAPER) in IDIS. This capability will replace the paper-based review process and further reduce the workload on CPD Field staff associated with plan review. The enhancement will more comprehensively document the plan review process in IDIS, and document the needs of homeless and at-risk individuals and families in a given jurisdiction.

Legislative Proposals – General Provisions

Section 235. This provision permanently amends the McKinney-Vento Homeless Assistance Act to authorize non-profits to administer rental assistance programs under the CoC (authority provided in the 2014 appropriations language).

Homeless Assistance Grants

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

<u>Budget Activity</u>	<u>2013 Budget Authority</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2013 Obligations</u>	<u>2014 Budget Authority/ Request</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2015 Request</u>
Continuum of Care	\$1,711,659	\$1,981,570	\$3,693,229	\$1,851,658	\$1,849,000	\$1,840,252	\$3,689,252	\$2,184,400
Emergency Solutions Grants	215,000	68,424	283,424	223,911	250,000	59,504	309,504	215,000
National Homeless Data Analysis Project	6,634	...	6,634	6,634	6,000	...	6,000	7,000
Transfer from FEMA for EFSP	...	...	...	...	...	...	...	[100,000]
Total	1,933,293	2,049,994	3,983,287	2,082,203	2,105,000	1,899,756	4,004,756	2,406,400

NOTES

1. The Continuum of Care 2012 Carryover Into 2013 column includes \$26.5 million in fiscal year 2013 recaptures.
2. The Continuum of Care 2013 Carryover Into 2014 column includes \$20 million in estimated fiscal year 2014 recaptures.
3. FEMA is requesting the authority to transfer \$100 million for the Emergency Food and Shelter program to HUD.

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

The fiscal year 2015 President's Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the emergency solutions grants program as authorized under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act, as amended; the continuum of care program as authorized under subtitle C of title IV of such Act; and the rural housing stability assistance program as authorized under subtitle D of title IV of such Act, ~~[\$2,105,000,000]~~ *\$2,406,400,000*, to remain available until September 30, ~~[2016]~~ *2017*: *Provided*, That any rental assistance amounts that are recaptured under such continuum of care program shall remain available until expended: *Provided further*, That not less than ~~[\$250,000,000]~~ *\$215,000,000* of the funds appropriated under this heading shall be available for such emergency solutions grants program: *Provided further*, That not less than ~~[\$1,815,000,000]~~ *\$2,184,400,000* of the funds appropriated under this heading shall be available for such continuum of care and rural housing stability assistance programs: *Provided further*, That up to ~~[\$6,000,000]~~ *\$7,000,000* 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 and the rural housing stability assistance 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 may 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, performance measures, 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: *Provided further*, That with respect to

Homeless Assistance Grants

funds provided under this heading for the continuum of care program for fiscal years 2012, 2013, and 2014, provision of permanent housing rental assistance may be administered by private nonprofit organizations: *Provided further*, That not later than 180 days after awarding fiscal year 2013 funds described in the previous proviso to private nonprofit organizations, the Secretary of Housing and Urban Development shall submit to the House and Senate Committees on Appropriations, the House Committee on Financial Services, and the Senate Committee on Banking, Housing, and Urban Affairs a report that includes a review of the history of and need for the authority provided in the previous proviso, the number and geographic distribution of persons assisted under such actions, an analysis of the effectiveness, advantages, and disadvantages of the authority under the previous proviso and such other information as may be necessary to assess the ongoing need for such authority: *Provided further*, That the Department shall notify grantees of their formula allocation from amounts allocated (which may represent initial or final amounts allocated) for the emergency solutions grant program within 60 days of enactment of this Act]. (*Department of Housing and Urban Development Appropriations Act, 2014.*)