

**COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
2012 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>
2010 Appropriation	\$1,865,000 ^a	\$2,146,550 ^c	...	\$4,011,550	\$1,825,341	\$2,026,283
2011 CR	1,865,000 ^b	2,171,521 ^d	...	4,036,521	1,737,000	2,332,000
2012 Request	<u>2,372,000</u>	<u>2,299,521</u>	<u>...</u>	<u>4,671,521</u>	<u>1,968,000</u>	<u>2,142,000</u>
Program Improvements/offsets	+507,000	+128,000	...	+635,000	+231,000	-190,000

a/ Includes transfer to the Transformation Initiative of \$12.65 million in fiscal year 2010.

b/ Up to 1 percent of fiscal year 2011 appropriations may be transferred to the Transformation Initiative.

c/ Includes \$60.5 million of funds recaptured in fiscal year 2009.

d/ Excludes \$14.7 million in expired funds.

Summary Statement

The fiscal year 2012 President's Budget proposes \$2.372 billion for the Homeless Assistance Grants program (HAG). The request is \$507 million more than the fiscal year 2010 enacted appropriations.

Funding for the components of the HAG account is requested at the following levels equaling the total request of \$2.372 billion:

- \$286 million for the Emergency Solutions Grant (ESG) formula grant program amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH);
- \$1.91 billion for estimated costs of renewing existing contracts;
- \$50 million for a new initiative to provide incentives to Public Housing Authorities and private owners of HUD-assisted housing to serve additional homeless households in high-need areas;
- Approximately \$126 million for new competitive projects in the Continuum of Care (CoC), for the Rural Housing Stability program, and for authorized administrative costs. Specific amounts of CoC funding may vary as a result of the actual cost of renewing existing contracts in fiscal year 2012.

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On a single night in January 2009, there were an estimated 643,067 sheltered and unsheltered homeless people nationwide. About 63 percent were sheltered in emergency shelters or transitional housing, while 37 percent were unsheltered on the “street” or in other places not meant for human habitation. Over the course of 2009, HUD estimates that approximately 2 million people experienced homelessness. While the total number of homeless persons has remained relatively steady over the last few years, HUD’s *2009 Annual Homeless Assessment Report (AHAR)* showed a nearly 30 percent increase in the number of families experiencing homelessness in 2009 as compared to 2007. This data shows that targeted interventions and policies implemented by HUD can have a positive effect on homelessness – as evidenced by the 29 percent decrease in the number of persons experiencing chronic homelessness between 2006 and 2009. HUD must continue to focus on the needs of this population as well as the emerging needs of families and veterans through both its targeted homeless programs and its mainstream housing programs using successful methods and interventions.

In January 2011, HUD announced renewal funding to support nearly 200,000 transitional and permanent housing beds. Funding for new projects will be announced shortly. Although the investment by HUD in housing individuals and families who are homeless is significant, the problem remains a large one. Published in the summer of 2010, the *2009 Annual Homeless Assessment Report (AHAR)* to Congress reported that nearly 1.6 million people are served by emergency shelter and transitional housing programs over the course of a year and nearly 643,000 persons are homeless on a given night. In order to have more current information available to policy-makers than the AHAR can provide, HUD has undertaken a project called “Homelessness Pulse” in which a sample of jurisdictions across the country are providing data on homelessness on a quarterly basis. HUD can therefore more closely track trends in homelessness and develop appropriate policy responses. As indicated by the data on homelessness, the need exceeds HUD’s current portfolio of beds. Funding provided by the American Recovery and Reinvestment Act of 2009 (Recovery Act) for the Homelessness Prevention and Rapid-Rehousing Program (HPRP) has assisted in developing capacity at the local level for prevention of homelessness and to rapidly re-house those who experience homelessness. HUD plans to continue developing critical local capacity through new homelessness prevention and rapid re-housing activities authorized under the HEARTH Act. The AHAR has documented progress made by communities in reducing the number of chronically homeless persons, due largely to HUD’s policy emphasis on this population and the dedicated resources made available for programs to serve chronically homeless persons. The homeless remain one of the nation’s most vulnerable populations and more is needed including a continuation of efforts to end chronic homelessness and renewed focus on addressing homelessness among veterans, families, and youth.

Federal Strategic Plan to Prevent and End Homelessness

In fiscal year 2010, the United States Interagency Council on Homelessness (USICH) published *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* (FSP). The FSP 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 fiscal year 2012 President’s Budget proposes to begin the implementation of the FSP. The FSP includes 10 objectives and 52 strategies in support of four major goals to prevent and end homelessness:

1. Building on past progress, end chronic homelessness within 5 years;
2. Prevent and end homelessness for veterans within 5 years;
3. Prevent and end family and youth homelessness in 10 years; and
4. Set a path to ending all types of homelessness.

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The HAG program plays a major role in the implementation of the FSP strategy. The fiscal year 2012 Budget for HAG includes costs for rapid-rehousing and Permanent Supportive Housing (PSH) interventions that – based on data from the 2009 *Annual Homeless Assessment Report (AHAR)* – will build upon the HEARTH Act implementation to provide communities with the tools needed to meet these aggressive national goals. The request fully funds renewals of existing contracts, increases funding for the ESG formula grant program, provides funding to the Rural Housing Stability program, and also includes critical funds needed to build capacity at the local level – both in rural areas and metropolitan areas – for communities to strategically plan to maximize current and new resources.

The FSP calls for an unprecedented level of cross-agency collaboration, in particular between HUD, the Department of Health and Human Services (HHS), and the Department of Veterans Affairs (VA). Although HAG funds provide the core funding for Continuums of Care (CoCs) across the country, homelessness will not be solved solely through the targeted programs in the HAG account. HUD's role in the FSP focuses on critical housing interventions, including rapid re-housing, PSH, and affordable low-income housing, while the other agencies will focus more on the service needs of individuals, families, and veterans experiencing homelessness. In the 2012 Budget, HUD proposes to continue partnerships with HHS and the VA to provide voucher assistance to families and individuals who are homeless or at risk of homelessness. This includes the continuation of the successful HUD-Veterans Affairs Supportive Housing program (HUD-VASH). See the Tenant-Based Rental Assistance (TBRA) justification for information on HUD-VASH.

The FSP also encourages greater collaboration among HUD programs to better serve the homeless, specifically HAG, the TBRA, and the Project-Based Rental Assistance (PBRA) programs. As a result, the 2012 Budget request includes \$50 million for a new initiative to ensure that additional homeless households are served in Public Housing, the TBRA, and PBRA programs. These funds would be used to provide incentives and service coordinators to Public Housing Authorities and owners of HUD-assisted housing to serve additional homeless households in high-need areas.

In addition, the HOME program includes funding for the production of affordable housing units for individuals and families experiencing homelessness. This resource will be important especially for those communities that have high need in conjunction with low affordable housing stock.

Implementation of the HEARTH Act

In 2009, Congress passed and the President signed the HEARTH Act (which amended the McKinney-Vento Homeless Assistance Act) into law. Fiscal year 2012 will be the first full fiscal year in which the HEARTH Act is in effect. In 2012, HUD will operate a consolidated CoC program in addition to the ESG program and the Rural Housing Stability Program. In addition to many programmatic changes, the HEARTH Act changed the allocations for HUD's homeless grants. Specifically, the ESG program, as authorized by HEARTH, is allocated as a percentage of the overall HAG appropriation. A set-aside for the rural program is 5 percent of the funds for the CoC competition and the remaining funds are allocated through the CoC competition. This structure holds unless the renewal burden in the competition exceeds the funds available at which point the ESG program can be adjusted in order to meet the renewal demand. In addition to these changes, the HEARTH Act mandates several changes to specific line items at the CoC and project levels, which will significantly increase the cost of the renewal burden in 2012. For example, funding for project-level administrative expenses is increased up to 10 percent and leasing and operations grants must be increased in relation to Fair Market Rents (FMR). Moreover, for the first time, CoCs can receive their own planning and administrative funds capped at either 3 percent or 6 percent depending on how they choose to apply. These resources will help communities to build capacity for strategic planning and sound fiscal management.

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In fiscal year 2012, HUD will continue implementing the McKinney-Vento Homeless Assistance Act as amended by the HEARTH Act. Many grantees will be in the early stages of the transition from the current programs to the new ESG, CoC, and Rural Housing Stability programs. Fiscal year 2012 is the last year of expenditures in the Homelessness Prevention and Rapid Re-Housing Program (HPRP) appropriated under the Recovery Act. As a result, grantees will be winding down their HPRP activities. Finally, grants for CoC planning provided under the HEARTH Act for the first time in the 2011 funding cycle will be a key resource for communities working to improve their homelessness efforts and maximize the effectiveness of Federal funding and matching resources.

Fiscal year 2012 includes three major and complementary initiatives in HUD's Office of Special Needs Assistance Programs (SNAPS):

1. On-going implementation of the McKinney-Vento Act as amended by the HEARTH Act, including the streamlining of the three former competitive programs into one CoC competition, the use of the *e-snaps* electronic grants management system in conjunction with new competition and reporting requirements, and intensive technical assistance to communities to assist in the transition to the new statutory and regulatory framework of HEARTH;
2. Support for the implementation of the FSP, including new PSH and rapid-rehousing units, ongoing data collection and reporting, and technical assistance for CoCs to transition to the new HEARTH Act programs, and implement systems changes in support of the objectives and strategies listed in the FSP; and
3. The 2012 competition incorporating the policy priorities of HEARTH and the FSP, and streamlining administrative efforts to more quickly and efficiently review applications and award funding.

Certain steps have already been undertaken in order to make the current grant efforts more targeted and effective. These include: (1) bonus funds awarded in the NOFA to communities proposing new permanent housing projects; (2) additional rating points in the annual competition to communities that have developed a local strategy to focus on those most difficult to serve; (3) additional rating points in the annual competition for communities that have actively enrolled homeless persons in mainstream supportive service and income support programs (e.g., Medicaid, Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, Social Security Income) so that HUD's dollars can be more efficiently focused on housing; and, (4) a performance section linking national performance measurement requirements to local project operations. For the first time in fiscal year 2010, HUD included in the competition a set-aside to ensure that programs targeting 100 percent of their resources to under-served rural areas would be funded. These steps help ensure that scarce Federal resources are allocated to geographically diverse programs that continue to demonstrate results, integrating performance with continued funding. These efforts are aligned with HEARTH, which requires that HUD consider additional performance criteria in scoring applications. HEARTH also calls for identifying and rewarding ten high performing communities for the progress made in ending homelessness for individuals and families in their communities.

Recovery Act

In fiscal year 2009, Congress appropriated \$1.5 billion in Recovery Act funds HPRP, of which \$7.5 million was transferred to Administration, Operations and Management, Personnel Compensation and Benefits, and the Working Capital Fund. All the Recovery Act program funds appropriated to the Homelessness Prevention Fund were obligated by October 2009 to a total of 535 grantees. As of January 30, 2011, \$717 million of these funds had been expended and over 750,000 people have been served through the program. In fiscal years 2011 and 2012, these funds will continue to provide short-term and medium-term rental assistance, relocation, and stabilization services to prevent homelessness and rapidly re-house persons who have become homeless. Many communities report that funds are in such demand at the local level that programs will likely run out of funds prior to the 3-year statutory time frame for expenditure of HPRP funding.

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Program Relationship to Strategic Plan Goals and Subgoals

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 rapid-rehousing 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 HPRP, ESG, and CoC programs, as well as the new HEARTH Act programs to increase the number of families, veterans, chronically homeless, and others served with rapid-rehousing, PSH, and homelessness prevention services. SNAPS will also continue to build the capacity of local CoCs to increase the number of CoCs with centralized or coordinated approaches to “triage” homeless persons to the most appropriate housing type – a key strategy in the FSP.

Meeting this goal will also require a variety of appropriate affordable housing options. To meet this part of the goal, Community Planning and Development (CPD) is working closely with Public and Indian Housing (PIH) and the Office of Housing to incentivize the use of turnover tenant-based vouchers, Public Housing, and multifamily properties to serve additional homeless households. 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. In 2011, HUD expects grantees to bring over 8,000 new PSH units on line.

New Federal Initiatives

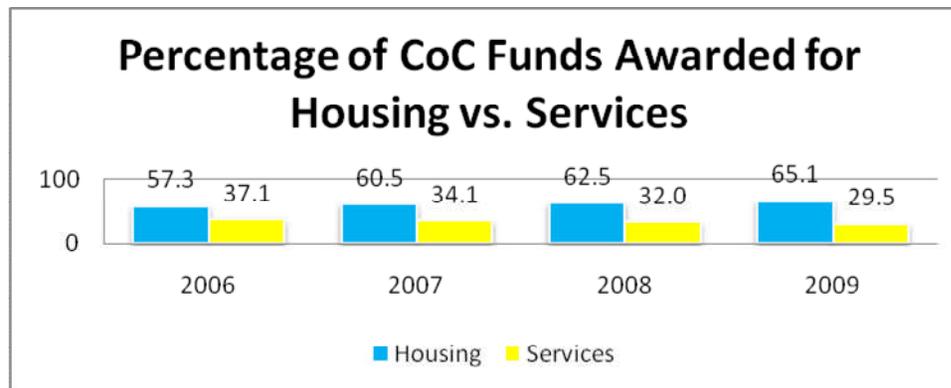
The President’s 2012 Budget request reflects a significant increase in the HAG account to assist with meeting the new HEARTH requirements and to begin implementation of the FSP. However, it does not fully fund HEARTH as authorized. The Administration proposes a budget that funds each of the priority areas identified in HEARTH, but the ESG and Rural Housing Stability programs are not funded at the levels currently specified in HEARTH. The Budget also reflects the Administration’s commitment to implementing the FSP.

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The fiscal year 2012 HAG request includes a \$507 million increase over the 2010 enacted level and 2011 appropriations based on an annualized CR amount. The 2012 request of \$2.372 billion is based on the following funding levels for the HAG program:

- **Competitive renewals:** According to current projections, competitive renewals will increase to approximately \$1.91 billion in fiscal year 2012. The renewal burden includes line item increases started in 2011 as required under the HEARTH Act. In preparation for implementation of Unified Funding Agencies authorized under the HEARTH Act, HUD required that all renewal grantees submit renewal applications for only one year beginning with the 2010 CoC competition. This will impact the renewal burden for those projects in the future. HUD is currently adjusting the model used for projecting renewal burden costs.
- **ESG:** The 2012 Budget requests \$286 million for ESG, \$126 million more than was funded in fiscal year 2010 and \$86 million more than the 2011 Budget request. As noted above, this amount does not fully fund HEARTH as authorized. The HEARTH Act requires 20 percent of total appropriations to be set-aside for ESG. HUD is requesting a significant increase to ESG but not the full 20 percent.
- **CoC and Rural Housing Stability Program:** The Budget requests approximately \$126 million for new competitive projects in the CoC, for the Rural Housing Stability program, and for authorized administrative costs as authorized under the HEARTH Act.
- **FSP:** In addition to increases requested in the fiscal year 2011 Budget for implementation of HEARTH and the annual increase in renewal costs, the fiscal year 2012 Budget includes at least \$150 million to implement the HAG portion of the FSP. This includes an \$86 million increase over the 2011 Budget request for ESG, new competitive projects in the CoC, and \$50 million for a new initiative to provide incentives to Public Housing Authorities and private owners of HUD-assisted housing to serve additional homeless households in high-need areas.

This justification details the grants budget as two components: (1) CoC which includes competitive new projects and renewals in the Supportive Housing Program (SHP), Shelter Plus Care (S+C), and Rural Housing Stability Programs, and (2) ESG formula grants. As renewals have absorbed a larger share of the budget each year, it has become increasingly difficult to fund new PSH projects through the CoC competition. The 2012 President's Budget requests dedicated funding for new supportive housing units, the rural program, and authorized CoC administrative costs totaling an estimated \$126 million. This CoC funding may vary as a result of the actual cost of renewing existing contracts in fiscal year 2012 and actual recoveries of prior year obligations which may be reobligated for 2012 contracts.



HUD's HAG program provides Federal support to reduce homelessness, including for those who are most difficult to serve. Homeless assistance funds are distributed through a unique competitive process—the CoC—in which Federal funding is driven by local decision-making processes. The CoC system was authorized by the HEARTH Act and is designed to be a community-based process that provides a coordinated housing and service delivery system that enables communities to plan for and provide a comprehensive response to homeless individuals and families. While coordinated housing and services system is proven to be the most effective approach to addressing homelessness, the approach continues to emphasize housing. In the 2009 HAG competition, 65.1 percent of

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the funds were used for Housing/Operations, 29.5 percent for services, 2.4 percent for Homeless Management Information Systems (HMIS), and 3.0 percent for administrative costs. Communities have worked to establish more cost-effective continuums that identify and fill the gaps in housing and services that are needed to move homeless families and individuals into permanent housing. The CoC system attempts to serve the specific needs of all homeless sub-populations within a particular community. It is an inclusive process that is coordinated with non-profit organizations, State and local government agencies, service providers, private foundations, faith-based organizations, law enforcement, local businesses, and homeless or formerly homeless persons. This planning model is based on the understanding that homelessness is not merely a lack of shelter, but involves a variety of unmet needs—physical, economic, and social.

Performance Measurements and Program Evaluations for the HAG program

HUD is committed to help prevent and end homelessness. The Department works with communities nationwide to measure the size and nature of the problem. This national effort informs HUD and communities on how to best use limited resources to make a measurable impact. HUD's new strategic plan reflects this commitment to prevent and end homelessness. HUD has a number of specific outcome-based performance measures, including housing stability and employment to help ensure that once clients are assisted by HAG that they do not fall back into homelessness. Communities report on their performance as part of the national competition for HAG funding; performance is the most significant scoring factor in the competition. Performance is also included in HEARTH as part of required criteria for rating and ranking competitive proposals.

The success of this effort to measure and reduce homelessness has been documented in the *2009 Annual Homeless Assessment Report (AHAR)* published in the summer of 2010. The AHAR provides key information for national, State and local policymakers, including the number of homeless persons by community, the trends for various subpopulations including homeless families, veterans, and victims of domestic violence, and the bed inventory by community and nationally. The Congress has consistently provided funding for the AHAR as well as for program evaluations. HUD is currently evaluating or planning the evaluation of various relevant policy topics, including: effective interventions for homeless families, the cost of different program models for homeless families and for singles, an evaluation of the effectiveness of rapid re-housing for families, a study of housing models for youth aging out of foster care, and a demonstration evaluation on homeless prevention approaches for veterans. HUD will share the lessons learned from these evaluations with its stakeholders through HUD's homeless web portal, the Homelessness Resource Exchange, at www.hudhre.info.

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

<u>Budget Activity</u>	<u>2010 Budget Authority</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2010 Obligations</u>	<u>2011 CR</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2012 Request</u>
Grants	\$1,846,350	\$2,089,377	\$3,935,727	\$1,772,885	\$1,859,000	\$2,142,158	\$4,001,158	[\$2,316,000]
Continuum of Care (S+C, SHP, Rural)	[1,686,350]	...	[1,686,350]	...	[1,699,000]	...	[1,699,000]	2,030,000
Emergency Solutions Grants Formula (ESG) .	[160,000]	...	[160,000]	...	[160,000]	...	[160,000]	286,000
Transformation Initiative	12,650	...	12,650	12,650	...	...	...	...
Technical Assistance ..	...	10,817	10,817	6,014	...	10,803	10,803	...
National Homeless Data Analysis Project	6,000	1,500	7,500	1,500	6,000	6,000	12,000	6,000
Incentive and Service Coordination Initiative .....	...	...	...	...	...	...	...	50,000
Rapid Re-housing Demonstration Project	...	23,915	23,915	23,911	...	...	...	...
Homeless Research .....	...	3,000	3,000	1,190	...	1,810	1,810	...
Nation's Veterans Demonstration .....	...	10,750	10,750	...	...	10,750	10,750	...
Homelessness Prevention and Rapid Re-Housing .	...	<u>7,191</u>	<u>7,191</u>	<u>7,191</u>	...	...	...	...
Total	1,865,000	2,146,550	4,011,550	1,825,341	1,865,000	2,171,521	4,036,521	2,372,000

NOTES

1. With Congressional approval, \$4 million in recaptures of grant funds were transferred to Technical Assistance in fiscal year 2010, and \$6 million in recaptures of grant funds were transferred to Technical Assistance in fiscal year 2011. The funds are being used to provide grantees training and assistance with the transition to the new program alignment authorized by the HEARTH Act.
2. The \$1.5 million obligation in the National Homeless Data Analysis account is not reflected in OMB and Budget Appendix data due to an accounting adjustment. The most recent data is reflected here.

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FTE	2010 Actual	2011 Estimate	2012 Estimate
Headquarters	47	50	41
Field	<u>237</u>	<u>239</u>	<u>229</u>
Total	284	289	270

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

Continuum of Care (S+C, SHP, Rural)	Amount
2010 Appropriation	[\$1,686,350]
2011 CR	[1,699,000]
2012 Request	<u>2,030,000</u>
Program Improvements/offsets	+331,000

NOTE: Amounts in brackets reflect non-ESG grant funds. In prior fiscal years, both ESG and competitive grants were included in the grants account. The amounts are in separate accounts beginning with the fiscal year 2012 request.

Proposed Actions

The following tables summarize the funding requested and the awards made as part of the fiscal year 2009 NOFA, excluding funds distributed by formula under the ESG program. Funding includes appropriated amounts and recaptures. The fiscal year 2009 NOFA is the most recently completed cycle, and awards were made in fiscal year 2010. The lag between appropriation and award is due to both the large number of projects and applicants and the complexities of the HAG program. Both of these points are addressed in the HEARTH Act. In January 2011, HUD announced the award for 6,741 renewal projects in the amount of \$1.411 billion.

FY 2009 Funding Requests*

(Dollars in Millions)

Program	Total Projects Requested	Total Amount Requested	New Applicants	Requested Amount	Renewal Applicants	Requested Amount
SHP	6,025	\$1,129.5	590	\$169.9	5,435	959.6
S+C	1,225	\$478.0	162	\$86.6	1,063	391.4
SRO	2	\$1.0	2	\$1.1	0	0
Total	7,252	\$1,608.6	754	\$257.6	6,498	1,351.0

FY 2009 Funding Awards*

(Dollars in Millions)

Program	Total Projects Funded	Total Amount Funded	New Applicants	Awarded Amount	Renewal Applicants	Awarded Amount
SHP	5,825	\$1,069.7	417	\$113.2	5,408	\$956.5
S+C**	1,175	\$487.9	133	\$76.4	1,042	\$411.5
SRO	0	0	0	0	0	0
Total	7,000	\$1,557.6	550	\$189.6	6,450	\$1,368.0

* This includes the one-time Rapid Re-Housing Demonstration Program for Families.

** By law, the award for S+C is based on Fair Market Rents (FMRs) at the time of award. The awarded amount is higher than the requested amount because the FMR update that is included at the time of award represents a \$10-\$14 million increase annually.

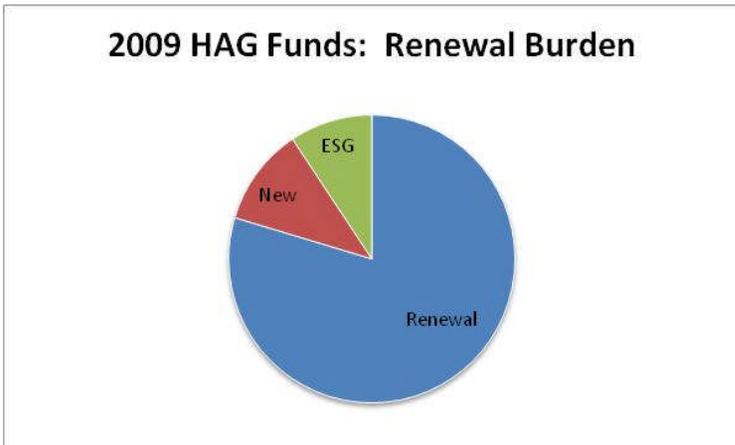
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The Department is providing, as part of the 2012 Budget justifications, projected costs for renewing all projects formerly funded through the S+C and SHP. Projections are provided for 5 years beginning with fiscal year 2011.

<u>Renewals</u>	
Fiscal Year	Estimated Renewal Need
2011	\$ 1,767,000,000 - 1,849,000,000
2012	\$ 1,912,000,000 - 1,948,000,000
2013	\$ 2,120,000,000 - 2,160,000,000
2014	\$ 2,354,000,000 - 2,400,000,000
2015	\$ 2,616,000,000 - 2,663,000,000

The estimates for 1-year renewal needs are based primarily on three factors: (a) the amount of renewals from the prior year which will be expected to renew again (this covers all on-going, accumulating renewals from prior years); (b) the amount of new awards made 1 to 5 years prior to the year for which renewal demand is being estimated, which will now be renewed for the first time; and, (c) the average rate of increase in renewal demand (with FMR updates factored in) for the previous 5-year period. Based on HUD’s experience, not all rental assistance grants eligible to seek renewal actually do so in any given year. Therefore, the renewal estimates from known factors (a) and (b) above are contained within a range to accommodate the unknown percentage of projects that could renew in a given year but do not.

While estimating future renewal costs for rental assistance (previously funded under S+C) is difficult, projecting the cost of renewals programs originally funded under SHP is even more challenging for the following reasons:

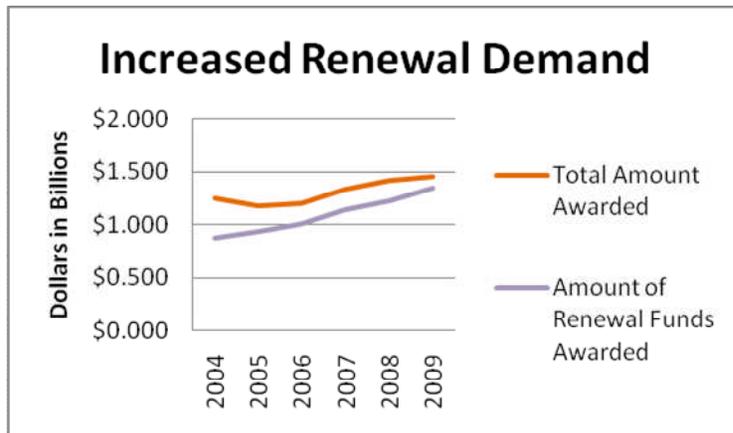


- The law allows for varying grant terms of 1, 2, or 3 years. Beginning in fiscal year 2010, HUD began requiring that grantees up for renewal applying for 1 year grant terms only. With over 450 communities receiving HUD McKinney competitive funds and well over 6,000 currently operating projects, many grantees will be converting from multi-year grant terms to annual grant terms. HUD cannot predict with certainty how much funding will be requested for each new grant term which makes estimates future renewal demand difficult.
- New SHP project funding from 2010 through 2011 will also be requested to meet the 30 percent requirement for permanent housing. Many new projects develop housing through acquiring, rehabilitating, and newly constructing facilities. Their progress often varies. As the SHP grant term does not begin until the facility is finished and clients begin to be served, any delays can directly impact when a new grant will need to be up for renewal.

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- HUD's non-permanent housing components include transitional housing, safe havens, supportive services, and homeless management information systems. The flexibility of the SHP allows for numerous eligible activities, some of which are renewable (e.g., operating costs) and some of which are not (e.g., acquisition). HUD cannot know in advance to what extent new SHP projects will be funded for non-renewable activities in order to accurately reflect the actual amount of the grant that is renewable.

Adding to the HAG renewal burden, HUD has funded projects under special programs that will be eligible for renewal burden in the coming years. Two such examples are as follows:



- In fiscal year 2008, a \$50 million special appropriation was provided to Louisiana for a new 1,000 unit SPC project. This project—the largest single grant in the history of the HAG programs—will be renewable, possibly in fiscal year 2014. It will substantially increase renewal demand (by at least \$10 million) the year that it is renewed.
- In fiscal year 2008, Congress directed HUD to implement a Rapid Re-Housing Demonstration Program for Homeless Families, and made rapid-rehousing programs renewable under the SHP. The amount of funding available for rapid-rehousing programs (not including program evaluation) in fiscal year 2008, was \$23.75 million, which HUD will award as 3-year transitional housing grants in fiscal year 2011. HUD anticipates that these programs will begin to renew through the CoC competition in fiscal year 2012.

Homeless Assistance Grants

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

Emergency Solutions Grants Formula (ESG)	<u>Amount</u>
2010 Appropriation	[\$160,000]
2011 CR	[160,000]
2012 Request	<u>286,000</u>
Program Improvements/Offsets	+126,000

NOTE: Amounts in brackets reflect ESG formula grant funds. In prior fiscal years, both ESG and competitive grants were included in the grants account. The amounts are in separate accounts beginning with the fiscal year 2012 request.

Proposed Actions

The ESG program is the portion of the HAG account that is allocated by formula to approximately 360 State and local government entities each year. While the HEARTH Act authorizes ESG to be calculated as 20 percent of the total HAG appropriation, the Budget requests \$286 million for ESG, an \$86 million increase over the fiscal year 2011 request and \$126 million more than was funded in fiscal year 2010. ESG funds are used for a variety of purposes related to emergency shelter operations, transitional housing, and essential services. In addition, the HEARTH Act expanded the authorized uses of ESG funds to include the homelessness prevention and rapid re-housing efforts initiated under HPRP. HPRP has demonstrated the effectiveness of prevention and repaid rehousing in reducing homelessness. In fiscal year 2012, the Administration intends to implement reporting mechanisms for the ESG program to better mirror the metrics of the competitive programs so that outcomes and results can be more clearly demonstrated.

ESG is also a key component of the FSP, including new rapid-rehousing interventions. The \$86 million increase above the fiscal year 2011 Budget request directly correlates to the new rapid-rehousing interventions called for in the implementation of FSP.

Homeless Assistance Grants

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

Grants	<u>Amount</u>
2010 Appropriation	\$1,846,350
2011 CR	1,859,000
2012 Request	<u>[2,316,000]</u>
Program Improvements/Offsets	+457,000

NOTE: The amount in brackets is both ESG formula and CoC competitive grant funds. In prior fiscal years, both ESG and competitive grants were included in the grants account. The amounts are in separate accounts beginning with the fiscal year 2012 request.

Proposed Actions

The Grants line item in past Budget requests included all competitive programs (new and renewal) and the formula allocation for ESG. Beginning with the fiscal year 2011 request and continuing in this justification, the components of the Grants line item have been broken out into separate headings titled (1) Continuum of Care (S+C, SHP and Rural) and (2) ESG. The consolidated Grants line will be phased out in subsequent Budget requests.

Homeless Assistance Grants

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

Transformation Initiative	<u>Amount</u>
2010 Appropriation	\$12,650
2011 CR .....	...
2012 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

In fiscal year 2012, 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 of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; and technical assistance and capacity building. Departmentwide, no more than \$120 million will be transferred to the Transformation Initiative Fund account in fiscal year 2012. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

Homeless Assistance Grants

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

Technical Assistance	<u>Amount</u>
2010 Appropriation
2011 CR
2012 Request	<u>...</u>
Program Improvements/Offsets

Proposed Actions

The Department has consolidated Technical Assistance (TA) funds in its Transformation Initiative. Therefore, no funds are being requested under this line item. \$6.0 million of fiscal year 2009 technical assistance funds were carried over and obligated in fiscal year 2010.

With the Congressional approval, \$4 million in recaptures of no-year grant funds were transferred to TA in fiscal year 2010, and \$6 million in recaptures of no-year grant funds were transferred to technical assistance in fiscal year 2011. The funds are expected to be obligated in fiscal year 2011 and are being used to provide grantees training and assistance with the transition to the new program alignment authorized by the HEARTH Act.

As previously stated, fiscal year 2012 will be unique due to the implementation of new program regulations and a new competitive structure as required by the HEARTH Act. HAG TA resources will be focused on providing in-depth assistance to communities to ensure that they are compliant with the new program while maintaining program and planning continuity. Delivery of TA may include two conferences that educate participants on the new regulations and the data collection requirements, training materials, templates for community use and – most importantly – on-site TA provided by experienced practitioners to assist communities with local and specific barriers they may be experiencing in the implementation of new program regulations and intervention models. TA funds may also be used to address local issues such as capital financing for initial acquisition and rehabilitation, to assist communities with their use of the HMIS, and to assess and evaluate the effectiveness of grantees' program performance.

Included in TA is data analysis funding, which supports several key information systems that are critical for measuring and meeting HUD's Strategic Objectives related to homelessness. The funding is used to develop important training materials and provide a help desk for e-snaps, as well as to provide other support for the grants management system including analysis of data submitted through the annual competition. The data analysis funds also include maintaining prior year systems for essential program management, evaluation and reporting purposes. At the direction of Congress, these funds have been used to provide assistance to communities nationwide in implementing HMIS for the collection of accurate information on homelessness at the local and national levels. Finally, at the direction of Congress, these funds have been used to conduct program assessments and evaluation research.

Homeless Assistance Grants

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

National Homeless Data Analysis Project	<u>Amount</u>
2010 Appropriation	\$6,000
2011 CR	6,000
2012 Request	<u>6,000</u>
Program Improvements/Offsets .....	...

Proposed Actions

The 2012 Budget requests \$6 million for the National Homeless Data Analysis Project. At the direction of Congress, these funds have been used to provide assistance to communities nationwide in implementing HMIS for the collection of accurate information on homelessness at the local and national levels. Additionally, at the direction of Congress, these funds have been used to conduct program assessments and evaluation research. These funds have a direct impact on the development of the AHAR, which HUD submits to Congress in the summer of each year. HUD relies on the data collected and reported through this initiative to inform policy decisions and for planning purposes. For example, data collected and reported through this initiative provided the baseline for the development of the new FSP.

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

Incentive and Service Coordination Initiative	<u>Amount</u>
2010 Appropriation .....	...
2011 CR .....	...
2012 Request	<u>\$50,000</u>
Program Improvements/Offsets	+50,000

Proposed Actions

The Federal Strategic Plan to Prevent and End Homelessness (FSP) is the Administration’s new strategic plan to address homelessness which includes a multi-faceted and aggressive approach to housing and services for homeless individuals and families. While the backbone of the plan is comprised of targeted housing and service options for homeless households as described in this justification, the plan also incorporates research findings that show that many families and individuals simply need affordable housing rather than service-rich interventions. For these households, making units available through HUD’s mainstream housing programs in PIH and in Multifamily Housing is key. In order to successfully incentivize participation in the FSP, CPD (the subject matter experts on homelessness) and PIH/Multifamily (subject matter experts in the mainstream housing programs) must work together to design and implement an initiative that meets the needs of homeless households and landlords.

Although a number of PHAs and HUD project-based assisted housing owners have successfully targeted homeless populations, those that have hesitated to do so raise common concerns. Specifically, PHAs and owners point to the possibility that homeless households will damage the unit beyond the amount covered by the security deposit, or vacate the unit with rent in arrears. Additionally, for homeless individuals and families with supportive services needs, PHAs and owners fear that those needs will go unmet in the absence of reliable service coordination (activities that connect households to community-based social safety net programs). These unmet service needs may also result in problems for the tenancy. For years—and more recently through the HPRP program—homeless service providers have worked closely with landlords to address these concerns. HUD proposes to use these lessons and proposes the following \$50 million initiative to encourage PHA and private owners (including landlords who participate in the Housing Choice Voucher program) to serve homeless individuals and families targeted by *the FSP*.

- \$25 million for a competitive service coordination fund that PHAs and owners could access: this fund would be designed jointly by CPD, PIH, and FHA MultiFamily.
- \$25 million for an incentive fund that would be flexibly administered to allow the payment of incentive fees and for the purpose of indemnifying PHAs (in the case of public housing) and owners (in the case of project-based assistance or Housing Choice Vouchers) for the loss of security deposits, damages in excess of security deposits, rent-skipping, and other potential obstacles to targeting homeless households to be determined.

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

Below is the italicized appropriation language for the Homeless Assistance Grants program.

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, \$2,372,000,000, of which \$2,367,000,000 shall remain available until September 30, 2014, and of which \$5,000,000 shall remain available until expended for project-based rental assistance rehabilitation with 10-year grant terms and any rental assistance amounts that are recaptured under such continuum of care program shall remain available until expended: Provided, That up to \$286,000,000 of the funds appropriated under this heading shall be available for such emergency solutions grants program: Provided further, That no less than \$2,025,000,000 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 \$50,000,000 of the funds made available under this heading shall be available to make incentive payments, including payments to cover the cost of service coordinators, as determined by the Secretary, to Public Housing Authorities and owners assisted under Sections 8 and 9 of the U.S. Housing Act of 1937 that agree to serve additional homeless households: Provided further, That up to \$6,000,000 of the funds appropriated under this heading shall be available for the national homeless data analysis project: 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 2012.

Changes from 2010 Appropriations

The President's Budget requests an increase of \$507 million over fiscal year 2010 appropriations and the annualized Continuing Resolution (CR) level for fiscal year 2011. This increase allows for increased costs of renewing existing contracts, ongoing implementation of the new HEARTH Act program realignment, as well as new and expanded initiatives to begin implementation of the FSP. As part of this implementation, the Department requests \$50 million for a new initiative to provide incentives to Public Housing Authorities and owners assisted under Sections 8 and 9 of the U.S. Housing Act of 1937 to serve more homeless households.

Homeless Assistance Grants

**COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Crosswalk of 2010 Availability
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Grants	\$1,846,350	...	...	...	\$2,089,377	\$3,935,727
Continuum of Care (S+C, SHP, Rural) .	[1,686,350]	...	...	...	...	[1,686,350]
Emergency Solutions Grants Formula (ESG)	[160,000]	...	...	...	...	[160,000]
Transformation Initiative	12,650	...	...	...	...	12,650
Technical Assistance .....	...	...	...	...	10,817	10,817
National Homeless Data Analysis Project	6,000	...	...	...	1,500	7,500
Incentive and Service Coordination Initiative .....	...	...	...	...	...	...
Rapid Re-housing Demonstration Project .....	...	...	...	...	23,915	23,915
Homeless Research .....	...	...	...	...	3,000	3,000
Nation's Veterans Demonstration .....	...	...	...	...	10,750	10,750
Homelessness Prevention and Rapid Re-Housing	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>7,191</u>	<u>7,191</u>
Total	1,865,000	...	...	...	2,146,550	4,011,550

NOTE: With Congressional approval, \$4 million in recaptures of grant funds were transferred to Technical Assistance in fiscal year 2010.

Homeless Assistance Grants

**COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Crosswalk of 2011 Changes
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 President's Budget Request</u>	<u>2011 CR</u>	<u>2011 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2011 Resources</u>
Grants .....	...	\$1,859,000	...	...	\$2,142,158	\$4,001,158
Continuum of Care (S+C, SHP, Rural) .	\$1,659,000	[1,699,000]	...	...	...	[1,699,000]
Emergency Solutions Grants Formula (ESG)	200,000	[160,000]	...	...	...	[160,000]
Transformation Initiative .....	...	...	...	...	...	...
Technical Assistance .....	...	...	...	...	10,803	10,803
National Homeless Data Analysis Project	6,000	6,000	...	...	6,000	12,000
Incentive and Service Coordination Initiative .....	...	...	...	...	...	...
Rapid Re-housing Demonstration Project .....	...	...	...	...	...	...
Homeless Research .....	...	...	...	...	1,810	1,810
Nation's Veterans Demonstration .....	...	...	...	...	10,750	10,750
Homelessness Prevention and Rapid Re-Housing .....	...	...	...	...	...	...
Total	1,865,000	1,865,000	...	...	2,171,521	4,036,521

NOTE: With Congressional approval, \$6 million in recaptures of grant funds were transferred to Technical Assistance in fiscal year 2011.