

*HomeBase is honored to host the*

**Twenty-Third Northern California/Central Valley Homeless Roundtable**

Bridgeway Lakes Boathouse  
3650 Southport Parkway  
West Sacramento, CA 95691  
Thursday, February 25, 2010  
8:30 am – 3:00 pm

**AGENDA**

**8:30 a.m.      Gathering and Networking**

**9:00            Welcome and Introductions**

**9:30            HEARTH: Discussion of the Details**

*(Break during morning session)*

**11:30          The U.S. Census: Sharing of tips and practices**

**11:45          HPRP Exchange**

**12:00 p.m.    Lunch**

*Join a Discussion Table! Census, Regional Coordination, or HPRP!*

**1:00            HUD Updates**

**1:15            Foundation Funding for Homeless Programs**

**Panelists:** Ann Lucas, Nonprofit Resource Center  
Fred Teichert, Teichert Foundation  
Stephen Huey, Bank of America

*(Panel followed by Q&A and discussion)*

**2:45            State Updates and Follow up about Regional Coordination**

**3:00            Adjourn**

## The Northern/Central Valley Homeless Roundtable Roundtable Goal and History

**Goal:** The Northern/Central Valley Homeless Roundtable is led by delegates in homeless continuums of care in the California Northern and Central Valley communities. Its goal is to create regular opportunities for homeless continua participants to foster an exchange of information and to build community between continuum communities. April 2004

### History

- **How to Develop Local Homeless Policy**, hosted by The Placer Consortium on Homelessness and Affordable Housing (PCOH), in Roseville, CA, on April 29, 2004
- **The Housing First Model**, hosted by Yolo County Homeless Coalition, in Woodland, CA, on July 29, 2004
- **Discharge Planning to Prevent Homelessness**, hosted by Sacramento County & Cities Board on Homelessness, in Sacramento, CA, on Oct. 26, 2004
- **Local Corrections Systems**, hosted by HUD Sacramento Field Office and California HCD, in Sacramento, CA, on Feb. 24, 2005
- **Housing First Model, 10 Year Plans, Prop 63**, hosted by Greater Chico Homeless Task Force/Butte Continuum of Care, in Oroville, CA, on May 5, 2005
- **Homeless Counts; Engaging Law Enforcement**, The Merced Continuum of Care Collaborative, in Merced, CA, on July 28, 2005
- **Interacting with Media, MHSA, Medical Care**, hosted by The City of Redding & Shasta County Homeless Continuum of Care, in Redding CA, on Oct. 21, 2005
- **Advocacy Issues; Paul Boden & Megan Schatz**, hosted by The Stanislaus Housing and Supportive Services Collaborative, in Modesto, CA, on Feb. 23, 2006
- **HMIS Best Practices & Input on 10 Year Plan**, hosted by The San Joaquin Continuum of Care, in Stockton, CA, on July 27, 2006
- **Role & Enhancement of Roundtable Infrastructure**, The Planning Committee Retreat, in Sacramento, CA, on August 24, 2006
- **Housing Models & Their Application in Member CoC**, hosted by The Kings/Tulare Continuum of Care on Homelessness, in Visalia, CA, on Oct. 19, 2006
- **10-Year Strategic Planning, Extreme Weather Preparedness**, hosted by The Yolo County Homeless Coalition, in Sacramento, CA, on Feb. 15, 2007
- **Continuum Improvement & Development**, hosted by The Chico/Paradise/Butte Continuum of Care, in Sacramento, CA, on May 17, 2007
- **Advocacy; Federal, State & Local Levels**, hosted by The Fresno-Madera Continuum of Care, in Sacramento, CA, on August 16, 2007
- **Hospital Discharge Planning**, hosted by The Redding/Shasta County Continuum of Care Council, in Redding, CA, on Nov. 15, 2007
- **SSI Advocacy**, hosted by HUD Sacramento Field Office, California HCD and HomeBase, in Sacramento, CA, on Feb. 21, 2008
- **Housing Development 101: Focus on PSH**, hosted by Central Sierra (Amador, Calaveras and Tuolumne) Continuum of Care, in Jackson, CA, on May, 22, 2008
- **Rapid Rehousing for Families, Housing Operations 101**, hosted by HUD Sacramento Field Office, via Conference Call, on August 28, 2008
- **Project Homeless Connect, Homeless Count**, hosted by The Sacramento Continuum of Care, in Sacramento, CA, on December 4, 2008
- **Homeless Programs: Surviving and Thriving**, hosted by Yolo County Housing and Poverty Action Coalition, in West Sacramento, CA, on February 26, 2009
- **How Do We Capitalize on What's Happening Now?**, hosted by The Fresno-Madera Continuum of Care, in Fresno, CA, on May 28, 2009
- **HMIS Data Standards**, hosted by the Roundtable Planning Committee, via Conference Call, on August 27, 2009.
- **Regional Coordination**, hosted by the Placer County Continuum of Care, in West Sacramento, CA, on November 19, 2009

**Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act):  
Big Changes on the Forefront**

**Continuum of Care Program**

| Issue  | What's Changed?   | HomeBase Notes/Thoughts   |
|--|---|---|
| <p><b>Structure and Basic Provisions</b></p>                 | <p>Under the legislation, SHP, S+C, and Section 8 SRO Mod Rehab are combined into one Continuum of Care program, with one set of eligible activities, a single match requirement, and a unified set of operating rules.</p>   | <p>Funds can be consolidated into one single program for clarity and consistency.</p>   |
| <p><b>Eligible Activities and Applicable Limitations</b></p> | <p>Eligible program activities under HEARTH include acquisition, rehabilitation, construction, rental assistance, operating costs, supportive services, re-housing services, and HMIS. Key differences include:</p> <ul style="list-style-type: none"> <li>• <i>No cap on Acquisition/Rehabilitation/Construction Awards:</i> Currently, they have a cap of \$400,000.</li> <li>• <i>Rental Assistance Administration:</i> PH Rental Assistance must be administered by a State, unit of general local government or public housing agency.</li> <li>• <i>Addition of Re-housing services:</i> Re-housing services include any of the following: Housing search, Mediation or outreach to property owners, Credit repair, Providing security or utility deposits, Rental assistance for a final month at a location, Assistance with moving costs, and other such activities.</li> <li>• <i>Staff training:</i> HUD may allow reasonable costs associated with staff training</li> </ul> <p>For Collaborative Applicants (formerly the Continuum of Care) eligible activities include:</p> <ul style="list-style-type: none"> <li>• <i>If it is a Legal Entity:</i> HMIS operation and support and Administrative Costs related to the CoC application, program evaluation and Con Plan participation</li> <li>• <i>If it is a Unified Funding Agency</i> (a Collaborative Applicant that has taken on additional responsibilities): Additional Administrative Costs related to fiscal and fund accounting, audits, monitoring, etc.</li> </ul> | <p>This allows maximum flexibility with respect to eligible activities to allow communities to respond to their specific needs.</p> |

## Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act): Big Changes on the Forefront

| Issue                        | What's Changed?   | HomeBase Notes/Thoughts   |
|------------------------------|---|---|
| <b>Administrative Costs</b>  | <p>HEARTH makes the following administrative funds available:</p> <ul style="list-style-type: none"> <li>• <i>Project sponsors</i>: Can now receive 10% of the total funds made available to that project sponsor (up from 5%)</li> <li>• <i>Collaborative Applicants (that are legal entities)</i>: Can now receive 3% of total funds for geographic area (none provided before)</li> <li>• <i>Collaborative Applicants that are Unified Funding Agencies</i>: Can receive an additional 3% of total funds for geographic area.</li> </ul>   | <p>More administrative funds are useful, some are concerned that administrative funds will come out of current project funds.</p> |
| <b>Match Requirements</b>    | <p>Under current legislation and practice for Continuum of Care programs, there are different match requirements for each eligible activity, including a range of 0-25% cash match, or 100% in-kind match.</p> <p>Under HEARTH, Continuums must demonstrate a match of 25% for all activities except leasing which has no match requirement. This match will be calculated on a Continuum-wide, not project-by-project, basis. The match requirement can be satisfied by in-kind contributions as long as a Memorandum of Agreement indicating that the services will be provided supports those contributions.</p>   | <p>One consistent match requirement will hopefully make it easier to apply for and administer grants.</p>                         |
| <b>Eligible Participants</b> | <p>HEARTH modified/expanded the definition of homeless and who can be served by programs. (See "Definitions" chart.)</p> <p>In addition, a Collaborative Applicant may use up to 10% of its CoC's total funds to serve unaccompanied youth, families, and children defined as homeless in other Federal statutes if it demonstrates that using the funds in this way is of: (1) Equal or greater priority AND (2) Equally or more cost-effective in meeting the overall plan goals and objectives. This limitation does not apply to Collaborative Applicants that have a homelessness rate of less than 0.10% of their total population.</p> <p>Recipients receiving project-based or sponsor-based PH may also serve individuals who had previously met the requirements for such project prior to moving into a different permanent housing project.</p> | <p>This allows more flexibility in who can be served within narrow parameters.</p>  |

## Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act): Big Changes on the Forefront

| Issue   | What's Changed?   | HomeBase Notes/Thoughts   |
|---|---|---|
| <b>Grant Terms and Contract Renewal</b>       | <p><u>Permanent housing for leasing/ rental assistance/operations:</u></p> <ul style="list-style-type: none"> <li>• <i>New project-based rental assistance, sponsor-based rental assistance, and operating cost assistance contracts</i> may have a 15-year initial term at recipient discretion with the first 5 years funded through CoC appropriations, next 10 years can be funded either through CoC appropriations or through Section 8 Project-based Rental Assistance</li> <li>• <i>Renewals</i> of expiring contracts for PH leasing, rental assistance, or operating costs can be funded either through McKinney-Vento Housing Assistance appropriations or through Section 8 Project-based Rental Assistance               <ul style="list-style-type: none"> <li>○ <i>Tenant-based assistance</i>: successive 1-year terms</li> <li>○ <i>Project-based assistance</i>: successive terms up to 15 years subject to the applicant's discretion and annual appropriations.</li> <li>○ HUD will approve renewals based on need and program/housing quality compliance.</li> </ul> </li> </ul> <p><u>Grant renewal amounts (PH leasing, operations, or rental assistance):</u> HUD will make adjustments proportional to increases in the fair market rents in the geographic area, expanding the S+C FMR increases to all PH activities.</p> <p><u>Grant term (New PH):</u> HUD may impose minimum grant terms of up to 5 years for new projects providing permanent housing.</p> | <p>Using other funding, such as Section 8, in order to allow for additional new projects to be funded with McKinney funds. However, such a mechanism must be supported by additional funds; this funding mechanism should not take away from existing Section 8 programs.</p> |
| <b>Obligation/ Receipt of funding/ Timing</b> | <p>Under HEARTH,</p> <ul style="list-style-type: none"> <li>• <i>Within 9 months of award announcement (generally):</i> Recipient must meet all requirements for the obligation of funds, including site control, matching funds, and environmental review requirements</li> <li>• <i>Acquisition/rehabilitation/construction projects:</i> Must meet the requirements stated above within 24 months</li> <li>• HUD can grant extension if delay was beyond the reasonable control of the recipient. (HUD must obligate funds within 45 days of the date the recipient meets its requirements. Grantees are required to distribute funds within 45 days after the sponsor's request.)</li> </ul>  |   |

## Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act): Big Changes on the Forefront

| Issue  | What's Changed?  | HomeBase Notes/Thoughts |
|--|--|-------------------------|
| <b>Funding recapture</b>   | An Acquisition, Rehabilitation, or Construction project that ceases to operate within 15 years of award, must repay according to a new schedule (was a 20 year schedule before), except under certain circumstances.   |                         |
| <b>Set-Asides/ Formula</b>   | <p><i>Set-asides:</i> HEARTH sets aside funds as follows:</p> <ul style="list-style-type: none"> <li>• Except under certain circumstances, at least 30% of CoC and ESG funds (but not counting Permanent Housing renewals) must be used for permanent housing for homeless disabled individuals or families. This does not apply if there aren't enough funds to cover renewals for one year, or if the HUD goal of 150,000 new units has been reached.</li> <li>• At least 10% of the CoC and ESG funds must be used for permanent housing for homeless families.</li> </ul> <p><i>Formula:</i> HEARTH states that HUD shall develop a formula within the next two years to allocate funds, as opposed to using the CDBG formula.</p> |                         |
| <b>Incentives</b>  | <p>HEARTH creates several types of incentives.</p> <ul style="list-style-type: none"> <li>• Incentives for High-Performing Communities (discussed in Admin/Coordination)</li> <li>• Incentives for Proven Strategies: HUD can provide bonuses or other incentives for use of activities that have been proven to be effective at reducing homelessness generally or for a specific subpopulation (e.g. PSH for CH, flexible subsidies for families, etc.)</li> </ul>   |                         |
| <b>Research</b>  | \$8,000,000 authorized for each of fiscal years 2010 and 2011, for research into the efficacy of interventions for homeless families.  |                         |
| <b>Rural Homeless Assistance/<br/>Housing Stability Assistance</b> | HEARTH includes a Rural Homeless Assistance program, pursuant to which grants can be made in lieu of Continuum of Care grants. Rural areas have more flexibility to serve people at risk of homelessness or in sub-standard housing. Rural areas are defined in a very limited way to be: (a) an area that is not part of a standard metropolitan statistical area, (b) an area that is part of a metropolitan statistical area and is in a county where at least 75% of the population is rural or (c) an areas in a states with low population density and large areas under federal jurisdiction (not California).  |                         |

**Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act):  
Big Changes on the Forefront**

**Emergency Solutions Grant (ESG) (formerly Emergency Shelter Grant)**

| Issue                       | What's Changed?  | HomeBase Notes/Thoughts                                  |
|-----------------------------|--|--|
| <b>Appropriations</b>       | Funding was increased from 15% of McKinney-Vento appropriations to 20% (so long as there is no effect on existing grant renewals).   |  |
| <b>Allocation</b>           | In areas that served by Collaborative Applicant(s) (Continuum of Care), allocation of the ESG funds should be done in consultation with the Collaborative Applicant(s).  |  |
| <b>Eligible Uses</b>        | <p>The eligible uses for ESG funding were expanded to include:</p> <ul style="list-style-type: none"> <li>▪ Additional services that can be provided in shelter or part of street outreach.</li> <li>▪ Expanded homelessness prevention activities to include short- and medium-term rental assistance, housing relocation/stabilization, housing search, legal services, and other forms of prevention assistance.</li> </ul> | Generally, ESG is more focused on prevention activities. |
| <b>Funding Caps</b>         | The 30% cap on prevention activities and 10% cap on staff were both eliminated. Instead, there was a cap placed on shelter/street outreach activities equal to the greater of 60% of the grant total or the amount previously utilized for shelter/street outreach.  |  |
| <b>HMIS</b>                 | ESG Program recipients will ensure the consistent HMIS participation by emergency shelters, and homeless prevention and rehousing programs.  |  |
| <b>Administrative Costs</b> | The amount of the ESG funding that can be used for administrative costs has been increased from 5% to 7.5% of the grant amount.  |  |

**Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act):  
Big Changes on the Forefront**

**Administration and Coordination: CoC Process**

| Issue                      | What's Changed?  | HomeBase Notes/Thoughts   |
|----------------------------|--|---|
| <b>Funding Competition</b> | <p>The form and procedure of the funding competition have been codified in the legislation.</p> <p>The legislation includes the following timeline requirements:</p> <ul style="list-style-type: none"> <li>▪ The NOFA must be released within 3 months of when Congress passes an appropriations bill including HUD's fiscal year appropriations.</li> <li>▪ The award announcements must be made within 6 months of the submission deadline for the first two years after HEARTH is implemented, and within 5 months after that.</li> <li>▪ The HUD Secretary is required to establish a timely grant award appeals process.</li> </ul>  | <p>Some providers has expressed reservations about including this level of information in the legislation when it might be more appropriate as program regulations.</p> |
| <b>Selection Criteria</b>  | <p>The selection criteria are now codified in the legislation whereas, previously, most criteria appeared in the NOFA on an annual basis. Selection criteria include:</p> <ul style="list-style-type: none"> <li>▪ Previous performance with respect to project outcomes, including length of homelessness, job and income growth, and other goals.</li> <li>▪ The quality of the community's plan, including all strategies to address homelessness, serving subpopulations, securing funding for planned activities, and other related activities.</li> <li>▪ The methodology of the Review and Rank process and priority setting process.</li> <li>▪ Leverage of additional resources</li> <li>▪ Coordination with other Federal, State, local, private, and other entities.</li> <li>▪ Other factors deemed appropriate by HUD.</li> </ul> | <p>See above: these components of the legislation might be more appropriate as program regulations.</p>   |

## Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act): Big Changes on the Forefront

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| <p><b>Continuum of Care Structure – Collaborative Applicant</b></p> | <p>The “Collaborative Applicant” is the entity within a community that submits a joint application on behalf of all of the applicants for funding in the community. A Collaborative Applicant is not required to be a legal entity.</p> <p>The duties of a Collaborative Applicant include:</p> <ul style="list-style-type: none"> <li>▪ Designing a collaborative process to apply for funding, evaluate outcomes, determine compliance and establish funding priorities.</li> <li>▪ Participating in the Consolidated Plan.</li> <li>▪ Ensuring participation in HMIS.</li> </ul> <p>A Collaborative Applicant can receive up to 3% of a community’s Continuum of Care grant to cover the administrative costs of performing these duties.</p>   | <p>Receiving funding for CoC activities is welcome, however, CoCs should not have to choose between funding direct services and supporting their CoC. Additional funding must be made available if a CoC is to be paid for administrative costs.</p> |
| <p><b>Unified Funding Agencies</b></p>                              | <p>A Collaborative Applicant can serve as a Unified Funding Agency that, in addition to performing the duties of the Collaborative Applicant, also receives and distributes funds to project sponsors.</p> <p>A Collaborative Applicant can choose to serve as a Unified Funding Agency and the HUD Secretary reserves the right to designate Unified Funding Agencies.</p> <p>In addition to the standard Collaborative Applicant duties, a Collaborative Applicant that is either selected or designated as a Unified Funding Agency must:</p> <ul style="list-style-type: none"> <li>▪ Require each project sponsor to establish proper fiscal control and fund accounting procedures.</li> <li>▪ Arrange for an annual survey, audit, or evaluation of the financial records of each project.</li> </ul> <p>A Unified Funding Agency can receive up to 6% of a community’s Continuum of Care grant to cover the administrative costs of performing these duties.</p> | <p>See above: if a Unified Funding Agency is eligible to receive CoC funding, additional resources should be made available. Funds should not be diverted from direct services.</p>  |

**Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act):  
Big Changes on the Forefront**

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| <p><b>High-Performing Communities</b></p> | <p>A Collaborative Applicant can apply to HUD to be considered a “High-Performing Community.” Up to 10 communities can be designated per year. A designation lasts only one year but can be renewed.</p> <p>Some of the criteria required for this designation include successful implementation of “proven strategies” that result in reductions in the length of homelessness, low recidivism rates, effectiveness at serving households that meet other Federal definitions of homelessness, etc.</p> <p>Communities designated as “High-Performing” can use as much of their funding as they would like for homelessness prevention and rapid re-housing services to households at risk of, or currently experiencing, homelessness.</p> |  |
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**Data, Reporting & Outcomes**

| <b>Issue</b>                     | <b>What’s Changed?</b>   | <b>HomeBase Notes/Thoughts</b> |
|----------------------------------|--|--------------------------------|
| <p><b>HMIS Participation</b></p> | <p>As before, all ESG and Continuum of Care funded agencies must participate in HMIS. The HMIS system must:</p> <ul style="list-style-type: none"> <li>• collect unduplicated counts;</li> <li>• analyze patterns of use;</li> <li>• provide information for needs analyses and funding priorities; and</li> <li>• be developed in accordance with standards established by the Secretary</li> </ul> <p>The new HMIS data elements were published on June 17, 2009. HUD is expected to release revisions to HMIS privacy standards soon.</p> |                                |

**Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act):  
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| Issue  | What's Changed?   | HomeBase Notes/Thoughts |
|--|---|-------------------------|
| <b>Information Protection for Victim Service Providers</b> | <p>As before, project sponsors must certify that it will maintain the same client record confidentiality and non-disclosure requirements.</p> <p>Proposed legislation requires HUD to instruct any victim service provider not to disclose personally identifying information about any client for the purposes of HMIS. Providers may be asked to disclose non-personally identifying information as long as that information has been de-identified, encrypted, or otherwise encoded.</p> <p>Nothing in the legislation may supersede any prior law granting greater protection for victims of domestic violence, dating violence, sexual assault, or stalking.</p> |                         |
| <b>Reporting and Outcomes</b>                              | <p>As before, project sponsors must monitor and report data to HUD.</p> <p><u>High-performing communities</u>: must demonstrate through reliable data that meets 5 required criteria to be selected (see CoC Program chart, Incentives). [§424(d)] Selected communities' collaborative applicants must cooperate with the HUD Secretary to distribute information about their successful efforts to reduce homelessness [§424(e)]</p>   |                         |
| <b>Homeless Counts</b>                                     | <p>Despite the expanded homeless definition the homeless count remain limited to people are:</p> <ul style="list-style-type: none"> <li>• Lacking fixed, regular, and adequate nighttime residence</li> <li>• Residing at night primarily in a public or private place not designed for or ordinarily used as human beings' regular sleeping accommodations</li> <li>• Living in a shelter designed to provide temporary living arrangements</li> <li>• Who resided in a shelter or place not meant for human habitation and is exiting an institution where he or she temporarily resided</li> </ul>   |                         |

**Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act):  
Big Changes on the Forefront**

**Definitions**

| Issue                                       | What's Changed?   | HomeBase Notes/Thoughts   |
|---|---|---|
| <p><b>Definition of who is homeless</b></p> | <p>Anyone who met the previous definition of homeless is still considered homeless under HEARTH; however, HEARTH expands the statutory definition of homelessness to include:</p> <ul style="list-style-type: none"> <li>• An individual or family living in a supervised publicly or privately operated shelter designed to provide temporary living arrangements, including hotels or motels paid for by Federal, State, or local government programs for long-income individuals or by charitable organizations, congregate shelters, and transitional housing. (This section, more than expanding the definition merely modifies language about hotels.)</li> <li>• An individual who resided in a shelter or place not meant for human habitation and who is exiting an institution where he or she temporarily resided.</li> <li>• An individual or family who:               <ul style="list-style-type: none"> <li>A. Will imminently lose their housing, including housing they own, rent, or live in without paying rent, are sharing with others, and rooms in hotels or motels not paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations, as evidenced by                   <ul style="list-style-type: none"> <li>i. A court order resulting from an eviction action that notifies that individual or family that they must leave within 14 days</li> <li>ii. The individual or family having a primary nighttime residence that is a room in a hotel or motel and where they lack the resources necessary to reside there for more than 14 days.</li> <li>iii. Credible evidence indicating that the owner or renter of the housing will not allow the individual or family to stay for more than 14 days, and any oral statement from an individual or family seeking homeless assistance that is found to be credible</li> </ul> </li> </ul> </li> </ul> | <p>This was a heavily debated section of the bill. Some providers support this definition while others have pushed for a broader definition that includes households that are doubled-up or living in overcrowded conditions and people living in hotels or motels.</p> |

## Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act): *Big Changes on the Forefront*

| Issue   | What's Changed?   | HomeBase<br>Notes/Thoughts |
|---|---|----------------------------|
| <p><b>Definition of who is homeless</b></p>             | <p>B. Has no subsequent residence identified</p> <p>C. Lacks the resources or support networks needed to obtain other permanent housing<br/>The major change here is from 7 to 14 days.</p> <ul style="list-style-type: none"> <li>• Additionally, any individual or family who is fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions in the individual's or family's current housing situation, including where the health and safety of children are jeopardized, and who have no other residence and lack the resources or support networks to obtain other permanent housing.</li> </ul> <p>The definition of homelessness also includes:</p> <ul style="list-style-type: none"> <li>• Unaccompanied youth and homeless families with children and youth defined as homeless under other Federal statutes and who meet all of the following:               <ol style="list-style-type: none"> <li>A. Have experienced a long-term period without living independently in permanent housing</li> <li>B. Have experienced persistent instability as measured by frequent moves over such period</li> <li>C. Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or a youth with a disability, or multiple barriers to employment.</li> </ol> </li> </ul> |                            |
| <p><b>Definition of Who is Chronically Homeless</b></p> | <p>HEARTH expands the term "chronically homeless" means to include families with children. It also adds post-traumatic stress disorder and brain injury to the qualifying disabling conditions. Also, people who are chronically homeless prior to entering an institution for up to 90 days continue to be chronically homeless upon their exit.</p> <p>A person or family is now considered "chronically homeless" if that individual or family:</p>  |                            |

## Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act): Big Changes on the Forefront

| Issue   | What's Changed?  | HomeBase Notes/Thoughts |
|---|--|-------------------------|
| <p><b>Definition of Who is Chronically Homeless</b></p> | <ul style="list-style-type: none"> <li>• Is homeless or lives or resides in a place not meant for human habitation, a safe haven, or in an emergency shelter,</li> <li>• Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least 1 year or on at least 4 separate occasions in the last 3 years, and</li> <li>• Has an adult head of household (or a minor head of household if no adult is present in the household) with a diagnosable substance use disorder, serious mental illness, developmental disability, post-traumatic stress disorder, cognitive impairments resulting from a brain injury, or chronic physical illness or disability, including the co-occurrence of 2 or more of these conditions.</li> </ul> <p>In addition, a person who currently lives or resides in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital or other similar facility, and has resided there for fewer than 90 days shall be considered chronically homeless if such person met all of the requirements described above.</p> |                         |
| <p><b>Definition of who is At-Risk</b></p>              | <p>Previous legislation did not define "at risk of homelessness." HEARTH defines it as an individual or family who meets all 3 criteria below:</p> <ul style="list-style-type: none"> <li>• Income is below 30% of AMI;</li> <li>• Insufficient resources immediately available to attain housing stability; and</li> <li>• Meets at least one of the following:               <ul style="list-style-type: none"> <li>○ Has moved frequently because of economic reasons</li> <li>○ Is living in the home of another because of economic hardship</li> <li>○ Has been notified that their right to occupy their current housing or living situation will be terminated</li> <li>○ Lives in a hotel or motel</li> <li>○ Lives in severely overcrowded housing</li> <li>○ Is exiting an institution</li> <li>○ Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness</li> </ul> </li> </ul>  |                         |

## Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act): Big Changes on the Forefront

| Issue  | What's Changed?   | HomeBase Notes/Thoughts |
|--|---|-------------------------|
| <p><b>Other Federal Definitions for Homelessness</b></p>   | <p>While HEARTH does not change other Federal definitions, the Act gives Collaborative Applicants flexibility to use 10% of continuum of care funding for eligible activities to serve families and youth defined as homeless under other Federal statutes.</p> <p>The Collaborative Applicant must demonstrate that the use of funds is an equal or greater priority or is equally or more cost-effective in meeting the overall goals and objectives of the plan.</p> <p>The limitation does not apply if the Applicant's rate of homelessness (calculated based on the most recent count) is less than 1/10 of 1% of the total population.</p>   |                         |
| <p><b>Future Changes</b></p>   | <p>The HEARTH Act directs the U.S. Interagency Council on Homelessness to have an extensive meeting to discuss whether to change the definition of homelessness, and whether there is a "compelling need for a uniform definition of homelessness under Federal law."</p>   |                         |
| <p><b>Other Definitions</b><br/>(apply only to ESG, CoC, and Rural Housing Stability Assistance Program)</p> | <p>HEARTH expands "operating costs" to include coordination of services as needed to ensure long-term housing stability.</p> <p>Shelter Plus Care will now use the same definition of "Private nonprofit organizations" as all other Continuum of Care programs.</p> <p>"Supportive services" has been changed to make the definition consistent between programs. New services added to the definition include:</p> <ul style="list-style-type: none"> <li>• Outreach services, advocacy, life skills training, and housing search and counseling services</li> <li>• Legal services for purposes including requesting reconsiderations and appeals of veterans and public benefit claim denials and resolving outstanding warrants that interfere with an individual's ability to obtain and retain housing</li> <li>• Transportation services that facilitate an individual's ability to obtain and maintain employment</li> </ul> |                         |

**Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (The HEARTH Act):  
Big Changes on the Forefront**

| Issue  | What's Changed?  | HomeBase Notes/Thoughts |
|--|--|-------------------------|
| <p><b>Protections for Homeless Children and Families</b></p> | <p>HEARTH adds a completely new requirement that will go into effect in 2 years. The law prohibits Continuum of Care programs from denying admission to families with children under the age 18 based on the age of any child in the family.</p> <p>There is an exception for transitional housing programs that target resources for families with children of a certain age if the program has a primary purpose of implementing an evidence-based practice that requires that housing units be targeted to families with children in a specific age group. HUD will not fund such a project unless specific certifications are made in relation to educational needs of the children.</p> |                         |

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# HEARTH and Need Determination Formula

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## Background

Currently, HUD uses the Community Development Block Grant Program (CDBG) formula to determine Initial Pro Rata Need of communities, or the base amount of Homeless Assistance grants for which each community is eligible to apply.

On May 20, 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (“HEARTH”) legislation. HEARTH requires HUD to devise a new formula for allocation of Continuum of Care funds by regulation within two years, that is, not later than May 20, 2011. HEARTH states that the formula should be “based upon factors that are appropriate to allocate funds to meet the goals and objectives of [HEARTH].” [§427(b)(2)(B)(i)]

HEARTH also states that “The Secretary may adjust the formula ... as necessary ---

- (1) to ensure that each collaborative applicant has sufficient funding to renew all qualified projects for at least one year, and
- (2) to ensure that collaborative applicants are not discouraged from replacing renewal projects with new projects that the collaborative applicant determines will better be able to meet the purposes of this Act.” [§427(c)]

## Current CDBG Formula

The CDBG program was established in 1974 to provide communities with funding to address a wide range of community development needs. Presently CDBG funds are divided between states and entitlement communities, with states distributing CDBG funds to local non-entitlement communities. CDBG appropriations are split so that 70 percent is allocated to entitlements and 30 percent is allocated to states. HUD uses two formulas, Formula A and Formula B, to allocate the funds. Funding for each jurisdiction is calculated using both formulas and the jurisdiction is awarded the larger of the two grants. For entitlement communities under the current system, Formula A allocates funds based on the community’s metropolitan shares of: (1) population, weighted at 25 percent; (2) poverty, weighted at 50 percent; and (3) overcrowding, weighted at 25 percent, times appropriations. Formula B allocates funds to a community based on: (1) its share of growth lag, weighted at 20 percent; and its metropolitan shares of (2) poverty, weighted at 30 percent and (3) pre-1940 housing weighted at 50 percent, times appropriation. The formulas used for the non-entitled areas of States operates like the entitlement formulas but with two key differences: (1) Formula B uses population instead of growth lag and (2) a jurisdiction’s share is based on the state nonentitlement total rather than the metropolitan or non-metropolitan total.

## Changing the Formula

Any change to the CDBG formula creates winners and losers, and the stakes could be very high. As examples, see **Attachment A** which shows what the effects of the proposed

CDBG Reform Act formula would have been on CDBG allocations and **Attachment B** which was circulated by the National Policy and Advocacy Council on Homelessness (NPACH) to demonstrate the possible impact of formula changes when this section was first added to HEARTH. NPACH applied a few different formulas to current allocations and used it to advocate for additional public debate and discussion.

When HUD proposed the CDBG Reform Act in 2006, it failed to attract any congressional sponsorship. The U.S. Conference of Mayors opposed the CDBG Reform Act and an article they released in 2006 states the key issues:

Several national organizations, including the U.S. Conference of Mayors submitted testimony to both the House and Senate Subcommittees. . . . The national groups stated from the outset their opposition to the proposal. The national groups' testimony said: "It's no surprise that the CDBG formula has not changed since 1977. The difficulty of making a change is finding a new formula that can garner enough votes to pass the House and Senate." Under the HUD proposal applied to the FY2006 appropriation, **more than 300 communities that now receive direct entitlement funding would lose their eligibility** and have to compete for funding from the State government, which has to submit a plan showing how cities under 50,000 would participate. As for the other entitlement communities, while some would receive increase funding, other communities would be severely reduced.<sup>1</sup>

Through the years, various formulas have been proposed and tested to see how communities will fare under the various proposals. The differences are stark.

The HEARTH proposal does not attempt to change the CDBG allocation, just the Continuum of Care allocation. By delegating the task to HUD, HEARTH also takes the situation out of the political Congressional arena. The change will happen, the question is how.

## **Possible Factors**

HEARTH asks HUD to develop a formula using "factors that are appropriate to allocate funds to meet the goals and objectives of [HEARTH]." The factors chosen will be key to who receives additional funding and whose funding is reduced. Ideally, the factors would reflect the actual need in all of the communities.

### *A. Possible Factors- CDBG Reform Act of 2006*

In February 2005 HUD published *CDBG Formula Targeting to Community Development Need*, a report detailing CDBG's success at meeting the community development needs of urban America. The study used data on poverty, fiscal distress, economic decline, crime, unemployment, and housing problems to measure the actual need in an area. HUD found

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<sup>1</sup> House Approves \$162 Million Increase for CDBG, Senate Action Needed  
By Eugene T. Lowe, US Conference of Mayors  
July 3, 2006

that there were many communities that were being under-funded based on their actual need while there were also communities that were being over-funded. HUD drafted the CDBG Reform Act of 2006 as a response to this report. The proposed formula variables in the Act would have been the average of the ratios between:

- The number of households living in poverty, excluding full-time dependent college students, weighted at 50 percent;
- The number of overcrowded housing units, weighted at 10 percent;
- The number of female head of households with minor children, weighted at 10 percent; and
- The number of homes 40 years or older occupied by a low-income family, weighted at 30 percent.

The average of the ratios would then be adjusted by the ratio of the per capita income of the metropolitan area to the per capita income of the community, with caps to limit the adjustment to no more than 25 percent. In addition to changes to the formula used to allocate grants, the proposed reform would create a minimum grant threshold for metropolitan cities or urban counties to be eligible for an annual grant.

#### *B. Possible Factors- HEARTH Legislative Discussion*

Earlier versions of HEARTH were more prescriptive about the formula than the version of the legislation that passed. One version specified that:

The formula must use the best currently available data that targets such need amount to actual rates of homelessness and the risk of homelessness in the geographic area represented by the collaborative applicant.

The Secretary was required to give:

- Significant consideration to data
  - Providing accurate counts of the current number of homeless individuals in the geographic area represented by the collaborative applicant;
  - Shortages of affordable housing in the geographic area represented by the collaborative applicant; and
  - The severe housing problems extremely low-income households in the geographic area represented by the collaborative applicant; and
- Particular attention to variables measuring
  - Housing available to extremely low- income renters in the geographic area represented by the collaborative applicant;
  - The number of extremely low-income households in the geographic area represented by the collaborative applicant who experience severe cost burden, live in substandard housing, or have crowding problems; and
  - The poverty rate in the geographic area represented by the collaborative applicant.

#### *C. Possible Factors- Local Suggestions*

Local groups have suggested other factors, including:

- Account for availability of affordable housing and housing costs: It is critical that the formula factor the cost of housing in a jurisdiction to account for affordable

housing unavailability and thereby correct the current misallocation of federal funds intended to respond to homelessness. .

- Factors that relate to the causes of homelessness: Ideally, we would have a new formula with factors that relate more closely to the incidence and causes of homelessness.
- Permit Comment: Publish proposed formula amendments in the Federal Register in time to permit public analysis and comment on local impacts.

*D. List of Possible Factors*

Many factors have been proposed to measure homeless services need in one community versus another. This memorandum referred to some, which have been compiled with other proposed factors, into one list below for discussion purposes.

| <b>What Factors Would Be Accurate To Show Need? Which Ones Would Not?</b>                                   | <b>How Would You Measure the Factor?</b> |
|---|--|
| <i>Amount</i>   |  |
| Community population  | Census                                   |
| Homeless population   | Homeless count                           |
| Number of female head of households with minor children   |  |
| Number of chronically homeless  |  |
| Number of homeless children   |  |
| Number of Low-income families   |  |
| Number of Veterans  |  |
|   |  |
| <i>Rates</i>  |  |
| Homelessness Rate   |  |
| Poverty Rate (possibly excluding full-time dependent college students)                                      |  |
| Other Poverty Data/Poverty of Certain Populations   |  |
| Growth Lag  |  |
| Unemployment Rate   |  |
| Crime Rate  |  |
| Economic Decline  |  |
| Fiscal Distress   |  |
| Per Capita Income (or per capita income of the metropolitan area to the per capita income of the community) |  |
| Income range  |  |
| Health of population  |  |
| Education   |  |
| Other relevant rates?   |  |

|   |  |
|---|--|
|   |  |
| <i>Housing</i>  |  |
| Pre-1940 housing/ older housing   |  |
| Homes 40 years or older occupied by a low-income family   |  |
| Shortages of affordable housing   |  |
| Severe housing problems experienced by extremely low-income households  |  |
| Housing available to extremely low- income renters  |  |
| The number of extremely low-income households who experience severe cost burden, live in substandard housing, or have crowding problems |  |
| Housing costs   |  |
| Overcrowding  |  |
| Vacancy Rate  |  |
| Other housing factors?  |  |
|   |  |
| <i>Services</i>   |  |
| Health care needs   |  |
| Treatment availability  |  |
| Food stamp utilization  |  |
| Food stamp eligibility  |  |
| Other services factors?   |  |

**Discussion Questions:**

1. Of the list above, or others you suggest, what are “factors that are appropriate to allocate funds to meet the goals and objectives of [HEARTH]”? What factors show your community’s need for homeless services?
2. Data about homelessness is often disputed. What factors have reliable measurements?
3. Should the Roundtable advise HUD about the best method to determine homeless assistance need?

*If you have questions, please contact Bridget Kurtt DeJong, Staff Lawyer at 415 788 7961 x 314 or [bridget@homebaseccc.org](mailto:bridget@homebaseccc.org).*

## **HEARTH Requirements for CoCs and Project Applicants about School Children**

From the HUD 2009 NOFA:

- g. On May 20, 2009, President Obama signed into law the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The law amends the McKinney-Vento Homeless Assistance Act. While these changes will not go into effect immediately, HUD strongly encourages CoCs to begin implementing the following practices, as they will be required elements of the NOFA in 2010.
- (1) **The CoC** will be required to certify that it will collaborate with local education agencies to assist in the identification of homeless families as well as inform these homeless families and youth of their eligibility for McKinney-Vento education services;
  - (2) **The CoC** will be required to certify that they will consider the educational needs of children when families are placed in emergency or transitional shelter and will, to the maximum extent practicable, place families with children as close to possible to their school of origin so as not to disrupt the children's education;
  - (3) **Project applicants** must certify that their programs will establish policies and practices that are consistent with, and do not restrict the exercise of rights provided by the education subtitle of the McKinney-Vento Act, and other laws relating to the provision of educational and related services to individuals and families experiencing homelessness; and,
  - (4) **Project applicants** must certify that programs that provide housing or services to families will designate a staff person to ensure that children are enrolled in school and connected to the appropriate services within the community, including early childhood programs such as Head Start, Part C of the Individuals with Disabilities Education Act, and McKinney-Vento education services.