

MEMORANDUM

TO: Regional Steering Committee on Homelessness and Housing

FROM: HomeBase

RE: Senate and House Appropriations Bills, the 30% Set-Aside, and ICH-HUD Coordination

DATE: September 16, 2005

Status

Following the introduction of the President’s proposed FY 2006 budget earlier this year, the House of Representatives and Senate are in the midst of the appropriations process. The House of Representatives passed the Transportation, Treasury, Housing and Urban Development bill on June 30, 2005. On July 21, 2005, the Senate Appropriations Committee passed its Transportation, Treasury, the Judiciary, HUD and Related Agencies bill. The bill was to be considered and passed by the full Senate when they return from their summer recess on September 5, 2005. As of this week, the Senate had not passed the bill.

2006 HUD Appropriations

Below is a side-by-side comparison of the proposed appropriations bills. (They must be reconciled by both houses of Congress and be approved by the President before these budgetary proposals became finalized.)

| HOUSE BILL <i>(H.R. 3058; H. Rept. 109-153)</i> | SENATE COMMITTEE BILL (still must be considered by full Senate) <i>(S. Rept. 109-109)</i> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HUD funding | HUD funding |
| <ul style="list-style-type: none"> ◆ \$37.5 billion total funding <ul style="list-style-type: none"> ■ \$1.5 billion over last year’s funding level ■ \$4.3 billion over the President’s request | <ul style="list-style-type: none"> ◆ \$38.9 billion total funding <ul style="list-style-type: none"> ■ \$2.9 billion over last year’s funding level |
| <ul style="list-style-type: none"> ◆ SECTION 8 <ul style="list-style-type: none"> ■ TRA = \$15.6 billion <ul style="list-style-type: none"> • \$865 million over last year’s funding level • \$214 million below the requested amount • Renewal funding increased by \$735 million to cover all anticipated increases <p><i>This program alone makes up 50% of HUD’s budget</i></p> <ul style="list-style-type: none"> ■ PRA = \$5.1 billion <ul style="list-style-type: none"> • \$210 million below last year’s funding level | <ul style="list-style-type: none"> ◆ SECTION 8 <ul style="list-style-type: none"> ■ TRA = \$15.6 billion <ul style="list-style-type: none"> • \$870 million over last year’s funding level • \$209 million below the requested amount ■ PRA = \$5.1 billion <ul style="list-style-type: none"> • \$226 million below last year’s funding level |

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| <ul style="list-style-type: none"> • \$16 million over the requested amount | <ul style="list-style-type: none"> • About even with the requested amount |
| <ul style="list-style-type: none"> ◆ CDBG <ul style="list-style-type: none"> ■ \$4.2 billion overall (for the Community Development Fund) ■ \$3.9 billion of the total amount in CDBG formula funds (a reduction of \$250 million from last year's formula amount) ■ No move to the Department of Commerce | <ul style="list-style-type: none"> ◆ CDBG <ul style="list-style-type: none"> ■ \$4.3 billion overall (for the Community Development Fund) ■ \$3.8 billion for CDBG formula funds ■ No move to the Department of Commerce |
| <ul style="list-style-type: none"> ◆ HOME <ul style="list-style-type: none"> ■ \$1.9 billion overall ■ \$41 million below the requested amount, but an increase of \$60 million for the formula amount | <ul style="list-style-type: none"> ◆ HOME <ul style="list-style-type: none"> ■ \$1.9 billion overall ■ \$41 million below the requested amount |
| <ul style="list-style-type: none"> ◆ HOPWA <ul style="list-style-type: none"> ■ \$285 million overall ■ \$3 million over last year's funding level ■ \$17 million above the requested amount | <ul style="list-style-type: none"> ◆ HOPWA <ul style="list-style-type: none"> ■ \$287 million overall ■ \$5 million over last year's level ■ \$19 million above requested |
| <ul style="list-style-type: none"> ◆ SENIOR HOUSING (SEC. 202) <ul style="list-style-type: none"> ■ \$741 million overall | <ul style="list-style-type: none"> ◆ SENIOR HOUSING <ul style="list-style-type: none"> ■ \$742 million overall |
| <ul style="list-style-type: none"> ◆ HOUSING FOR DISABLED PERSONS (SEC. 811) <ul style="list-style-type: none"> ■ \$238 million overall | <ul style="list-style-type: none"> ◆ HOUSING FOR DISABLED PERSONS <ul style="list-style-type: none"> ■ \$240 million overall |

Homeless Assistance Funding

| HOUSE BILL <i>(H.R. 3058; H. Rept. 109-153)</i> | SENATE COMMITTEE BILL (still must be considered by full Senate) <i>(S. Rept. 109-109)</i> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ◆ HOMELESS ASSISTANCE <ul style="list-style-type: none"> ■ \$1.34 billion overall ■ \$99 million over last year's level ■ \$64 million below requested | <ul style="list-style-type: none"> ◆ HOMELESS ASSISTANCE <ul style="list-style-type: none"> ■ \$1.415 billion overall ■ \$174 million over last year's funding level ■ \$25 million below the requested amount |

The Homeless Assistance Appropriations includes the formula Emergency Shelter Grant Program, as well as the Continuum of Care competition Supportive Housing Program, Shelter Plus Care Program, and Section 8 Moderate Rehabilitation Program.

The Senate Committee recommends \$1,415,000,000 for homeless assistance grants, and the House Committee recommends \$1,340,000,000.

Both the Senate and House appropriations bills would:

- require the renewal of all expiring Shelter Plus Care contracts on an annual basis if the contract meets certain requirements;
- **require a 25 percent match for social [supportive] services; (NEW)**

- require all homeless funding recipients to coordinate and integrate their programs with other mainstream and targeted social programs;
- require that not less than 30 percent of the funds appropriated, ***excluding amounts made available for renewals under the shelter plus care program***, be used for permanent housing. (30% requirement discussed more below)

Additionally, the Senate version includes \$5,000,000 for the new Affordable Housing and Economic Development Technical Assistance Board. These funds would be aggregated with funds from multiple programs through HUD in order to provide centralized technical assistance to non-profit organizations. The Board would include LISC, the Enterprise Foundation, and the Centre for Management and Technology. It is unclear if this Board would augment or supplant existing technical assistance resources for homeless assistance grantees.

30% Provision Coming Under Debate

Both the House and Senate appropriations legislation include a requirement that at least 30% of the total McKinney-Vento Homeless Assistance dollars be used to fund supportive housing projects (excluding permanent housing renewals under the Shelter + Care program). To date, the 30% requirement has been enacted only through the annual appropriations process.

According to some advocacy groups (notably the National Policy and Advocacy Council on Homelessness), the 30% requirement prevents local communities and states from accessing McKinney-Vento dollars to initiate emergency responses, provide critical support services, undertake innovative projects, and assure transitional and permanent housing for a range of people experiencing homelessness. These groups argue that the 30% set-aside has resulted in a loss of local control and flexibility in the use of McKinney funding.

Other advocacy groups (notably the Corporation for Supportive Housing) argue for maintaining the 30% set-aside, stating that it ensures a reliable source of funding for permanent supportive housing. Evidence suggests that significantly fewer McKinney-Vento dollars were spent on permanent supportive housing in the absence of the set-aside. CSH points out that it is perfectly appropriate for the federal government to encourage local communities – through spending priorities – certain outcomes, namely, the development of more permanent housing, and that other homeless assistance programs have not been adversely affected as a result of the set-aside.

Both the House and Senate Committees support the 30% requirement, with the Senate Report connecting the requirement to the federal goal of ending chronic homelessness by 2012.

The Committee continues to be committed to ending chronic homelessness over 10 years and supports the President's stated goal of achieving this goal by 2012. To that end, the Committee supports Federal, State, and local efforts to increase the supply of permanent housing until the need is met at an estimated 150,000 units. Accordingly, the Committee again includes bill language that requires the Department to spend a minimum of 30 percent of funds appropriated under this account for permanent housing. The Department is now meeting the 30 percent requirement and in the fiscal year 2003 competition, almost 53 percent of homeless funds were spent on housing.

Coordination between HUD and the Interagency Council on Homelessness

Echoing some of the discord that has been felt by some Continuum of Care communities, the Senate and House Committees expressed concerns about the coordination between HUD and ICH, 10 Year Plans and Continuum of Care Plans, and the emphasis on chronically homeless individuals to the exclusion of families.

The House Appropriations Committee Report states:

*[T]he Council is instructed to work closely with HUD's Homeless program and **present to the House and Senate Appropriations Committees no later than July 1, 2006 a comprehensive funding strategy that demonstrates that the President's initiative to end chronic homelessness will achieve its result within the 10 year timeframe** originally stated and include the roles that HUD will have in that effort and the role of the ICH to support the activities of HUD's homeless programs and to obtain financial and programmatic input from related departments and agencies.*

The Senate Appropriations Committee Report states:

*The Committee supports the efforts of the U.S. Interagency Council on Homelessness [ICH] to assist State and local communities develop 10-year plans to end homelessness. The Committee, however, is concerned about the coordination between these 10-year plans and HUD's continuum of care [CoC] system. Specifically, it is unclear how these two efforts complement each other in addressing the goal of ending chronic homelessness. **Accordingly, the Committee directs the Department to provide a report on how it is coordinating the CoC system with the 10-year plans. This report should be developed in consultation with the ICH and submitted to the Committee by no later than February 28, 2006.***

Further, the Senate Appropriations Committee Report included an emphasis on family homelessness:

The Committee appreciates the Department's sustained commitment to meeting the needs of homeless families. Although one-third of homeless people are members of homeless families, about half of the persons served by HUD homeless programs are members of homeless families.

*Nevertheless, the Committee encourages HUD to explore further ways in which it might improve its assistance to homeless families, with the goal of ending family homelessness. Accordingly, the Committee directs the Department to **(1) develop a typology of homeless families' use of the homelessness system, including an assessment as to the extent there are chronically homeless families, their characteristics, and the strategies effective in meeting their needs; (2) explore new outcome measures for programs serving homeless families, including measuring length of stay in the homeless system and recidivism to the homeless system (both of which should be declining if programs are becoming more effective in serving families); and (3) undertake research to ascertain the impact of various service and housing interventions in ending homelessness for families.***

The Committee commends the Department's efforts in coordinating its homeless programs with the Department of Education to ensure homeless children receive the assistance and resources to escape poverty. The Committee especially commends and supports the Department for its recent efforts to ensure HUD-funded shelters protect the education rights of homeless children. Specifically, the Committee supports HUD's recent directive that required each Continuum of Care to provide a list of homeless shelters serving children to the State Coordinator for the Education of Homeless Children and Youth. The Committee believes that this action will allow

for the dissemination of information on children's education rights according to all applicable Department of Education requirements to families with children in these facilities.

Reauthorization of the ICH

On July 18th the Interagency Council on Homelessness Reauthorization Act of 2005 was introduced into the Senate by Senator Rick Santorum. The proposed Act was referred to the Committee on Banking, Housing, and Urban Affairs. The Act would amend the McKinney-Vento Act in two ways:

- 1) to authorize appropriations for the Interagency Council on Homelessness for \$1,500,000 for FY2006 and for \$1,563,000 for FY2007.
- 2) To extend the existence and requirements of the ICH through October 1, 2007. (In 2000, the ICH was reactivated, and set to terminate by October 1, 2005.)

In light of limited funds, what priorities should be federal? And which should be left to local decision makers?

How could the ICH more effectively support your Continuum of Care?

How do you weigh in on national policy decisions?

For further information, please contact Jessica Flintoft, Projects Director, via email at jessica@homebaseccc.org or by phone at 415-788-7961, ext. 314.