

MEMORANDUM

TO: Bay Area Regional Steering Committee on Homelessness and Housing
FROM: HomeBase
RE: Draft Issues Brief to HUD
DATE: September 16, 2005

Background

The Regional Steering Committee regularly presents Issues Briefs to HUD and federal elected officials on the opinions of the Continuum of Care (CoCs) regarding the annual HUD Continuum of Care NOFA and competition. The following memo outlines issues for the RSC's consideration in order to develop an Issues Brief that will accurately reflect the experiences of the Bay Area's CoCs. HomeBase plans to solicit input from other CoCs around the state in order to provide HUD with the issues faced by California CoCs.

Issues for Consideration and Discussion

“Hold Harmless” Option

Support

The RSC supports the increased local flexibility that HUD has allowed CoC's through the introduction of the “Hold Harmless” option in the 2005 competition, and recommends that HUD continue to provide this option to CoCs. In the 2005 competition, 45% of California Hold Harmless CoCs exercised the Hold Harmless option in order to fund more new permanent supportive housing instead of part or all of some renewal projects.¹

Recommend

Further, the RSC recommends that HUD allow Hold Harmless CoC's to reallocate SHP renewal grant funds to any new SHP component (Permanent Housing, Transitional Housing, Supportive Services Only, Safe Havens, HMIS, or Innovative Supportive Housing). This change would allow Hold Harmless CoCs to redirect SHP renewal funds to the most appropriate new project(s) for the CoC. PRN CoCs may prioritize any SHP component, and in this last competition, over half of the PRN CoCs in the state prioritized projects other than permanent housing in their applications. We believe that Hold Harmless CoCs would also benefit from having the option to make these local determinations.

Permanent Housing Bonus/Samaritan Initiative

Support

¹ 37 CoCs in California applied for 2005 Continuum of Care funds. HomeBase conducted an analysis of 35 of these CoCs in order to derive the statistics contained in this memo.

The RSC supports the continuance of a permanent housing bonus to be made available to all CoCs that rank as their #1 priority project a new permanent housing project.

The permanent housing bonus has allowed many new and critical units of permanent housing to be developed for people who are homeless in the Bay Area, and across California.

Recommend

The RSC recommends that HUD adjust the permanent housing bonus “fair share” formula introduced in the 2005 NOFA so that the minimum bonus amount available is sufficient for even the smallest CoCs to develop a new permanent supportive housing project. The RSC believes that this “fair share” formula is not, in fact, fair. Under the 2005 NOFA, the permanent housing bonus amount was capped at the lesser of 15% of a CoC’s Initial Pro Rata Need (IPN), or \$6 million. This resulted in all but a few CoCs across the nation receiving significant cuts to the permanent housing bonus amount than had been available in prior years.

The hardest hit CoCs were the smallest CoCs, which received cuts of up to 85%. Of 35 CoCs in the state that applied in the 2005 competition, 8 did NOT apply for the permanent housing bonus. Of these 8 that did not apply, 6 were eligible to apply for permanent housing bonuses that were between 15%-25% of what their 2004 bonuses had been. The RSC is concerned that the lowest bonus amounts may now be too low, thus resulting in some CoCs not being able to develop a permanent housing project for that small amount. (The full impact on California’s CoCs of HUD’s “fair share” formula fixed at 15% of IPN is documented in Appendix A.)

If HUD must allocate fewer total Homeless Assistance dollars to the permanent housing bonus in the 2006 competition that it did in 2004, the RSC recommends that: 1) HUD set a minimum of an amount equal to a CoC’s IPN, 2) HUD prioritize Hold Harmless CoCs for receipt of the bonus over Pro Rata Need CoCs. The RSC believes that Pro Rata Need CoCs may instead utilize yet uncommitted IPN funds towards new permanent supportive housing if the CoC so chooses.

100% Chronic Homeless Requirement on Samaritan Initiative

Support

The RSC is committed to ending all homelessness, including chronic homelessness. To this end, the RSC supports the requirement that 100% of the people served by the bonus permanent housing project be chronically homeless.

Recommend

However, the cap of 20% on case management that was imposed in 2005 made developing a project with adequate supportive services to serve chronically homeless individuals very challenging for CoCs. Therefore, the RSC recommends that HUD either 1) remove the cap, or 2) increase the cap to make it less restrictive. This will allow more CoCs the ability to develop a sustainable and effective permanent housing project for chronically homeless people.

Eligibility Criteria for Permanent Housing

In the 2005 NOFA HUD released new eligibility requirements for permanent housing that limits eligibility to homeless people from the streets, emergency shelters, or transitional housing.

Recommend

The RSC recommends that HUD provide further clarification about the new eligibility criteria for permanent housing. Specifically, CoCs need to better understand: 1) the application of these eligibility criteria to homeless people currently residing in substance abuse or mental health treatment facilities or correctional facilities, and 2) when the new criteria take effect, e.g., when 2006 project contracts commence or when the updated SHP Desk Guide is released.

Administration and Evaluation Costs

The RSC supports HUD's increasing emphasis on data collection and performance outcomes in order to ensure effective services and housing for people utilizing CoC systems. As CoCs develop their HMIS systems, homeless count methodologies, and annual performance data collection systems, CoCs are spending more resources on administration, research and evaluation. CoCs struggle to fully fund these activities at the levels necessary to consistently produce quality data for CoC and HUD evaluation and planning.

Recommend

The RSC recommends that HUD increase the funding available for grants administration for both SHP and Shelter Plus Care Programs. We believe that additional funds will support improved data collection, analysis, and planning efforts both locally and ultimately, federally.

Other NOFA Issues?

What other issues about the NOFA do you want HUD to know about? What issues are presenting barriers in your CoC?

HomeBase will continue to develop this issues brief on behalf of the RSC, and other CoCs across the state. For further information, please contact Jessica Flintoft, Projects Director, at 415-788-7961, ext. 314, or via e-mail at jessica@homebaseecc.org

Appendix A: What Happened to the Permanent Housing Bonuses?

Not all CoC's received a drop in their permanent housing bonus amount. Some communities were eligible to compete for 300% what they were in 2004. Los Angeles was eligible for a Samaritan Initiative bonus amount of \$6,000,000, up from \$2,000,000 in 2004. So was New York City. Chicago is competing for a bonus of just over \$4.1 million. And, Philadelphia for a bonus of over \$2.6 million. The sharpest drops were focused on smallest Continuua of Care that dropped from a minimum of an amount equal to their IPN in 2004 to only 15% of their IPN in 2005, a drop of about 85%.

Focus on California: Permanent Housing Bonus Changes from 2004 to 2005

Overall, the allocation for the Homeless Assistance Funding was less in 2005 than it was in 2004. Therefore, every geographic jurisdiction that is eligible to compete for IPN received a slightly lower IPN in 2005 than in 2004.

The Samaritan Housing Initiative in 2005 was set at 15% of a Continuum of Care's IPN, or \$6 million, whichever is less. HUD has said that the rationale for changing the bonus formula into a flat proportion of the IPN was to move towards more fairness in the distribution of the bonus funds. The previous bonus formula included three tiers that capped the largest CoC's at \$2 million, the large CoC's at \$1.5 million, the mid sized CoC's at \$750,000, and the small CoC's at an amount equal to 100% of its IPN.

2005 FORMULA CREATED NEW LOWS AND NEW HIGHS

California CoC's	2005 Samaritan Housing Initiative	2004 Permanent Housing Bonus
Largest	\$6,000,000 (Los Angeles CoC)	\$2,000,000 (Los Angeles CoC)
Smallest	\$27,086 (Napa CoC)	\$186,878 (Napa CoC)

The permanent housing bonus has not only been redistributed towards larger CoC's, and away from smaller CoC's, but the total amount of funding that HUD has earmarked for the bonus in the 37 California CoC's has decreased. The new permanent housing bonus formula has resulted in a *overall decrease in bonus funding of 39%* across the state's CoC's between the 2004 permanent housing bonus and the 2005 Samaritan Housing Initiative.

Collectively, Bay Area CoC's lost over half of its permanent housing bonus between 2004 and 2005. The difference is almost \$4 million, an amount equal to the increase that Los Angeles received this year.

PERMANENT HOUSING BONUS CHANGES IN CALIFORNIA CoCs 2004-2005

CoC Name	2005 Bonus	2004 Bonus	% change in bonus
Bakersfield/Kern County CoC	\$429,724	\$750,000	-43%
Chico/Paradise/Butte County CoC	\$52,420	\$362,118	-86%
Daly/San Mateo County CoC	\$208,238	\$750,000	-72%

Davis/Woodland/Yolo County CoC	\$45,595	\$314,060	-85%
Fresno/Madera County CoC	\$662,131	\$750,000	-12%
Glendale CoC	\$165,555	\$750,000	-78%
Humboldt County CoC	\$53,698	\$372,401	-86%
Imperial County CoC	\$49,893	\$344,347	-86%
Long Beach CoC	\$438,080	\$750,000	-42%
Los Angeles City and County CoC	\$6,000,000	\$2,000,000	200%
Marin County CoC	\$31,046	\$214,206	-86%
Mendocino County CoC	\$28,011	\$194,119	-86%
Merced City and County CoC	\$74,304	\$511,951	-85%
Napa City and County CoC	\$27,086	\$186,878	-86%
Oakland/Alameda County CoC	\$811,239	\$1,500,000	-46%
Oxnard CoC	\$137,835	\$978,424	-86%
Pasadena CoC	\$111,402	\$750,000	-85%
Richmond/Contra Costa County CoC	\$252,123	\$750,000	-66%
Riverside City and County CoC	\$761,721	\$1,500,000	-49%
Roseville/Placer County CoC	\$38,706	\$264,346	-85%
Sacramento City and County CoC	\$643,315	\$750,000	-14%
Salinas/Monterey County CoC	\$187,334	\$750,000	-75%
San Bernadino City and County CoC	\$896,540	\$1,500,000	-40%
San Buena Ventura/Ventura County CoC	\$152,860	\$750,000	-80%
San Diego CoC	\$759,982	\$1,500,000	-49%
San Diego County CoC	\$575,841	\$750,000	-23%
San Francisco CoC	\$1,061,407	\$1,500,000	-29%
San Jose/Santa Clara City and County CoC	\$692,119	\$750,000	-8%
San Luis Obispo County CoC	\$104,956	\$747,580	-86%
Santa Ana/Anaheim/Orange County CoC	\$1,182,612	\$1,500,000	-21%
Santa Maria/Santa Barbara County CoC	\$97,485	\$673,218	-86%
Santa Rosa/Petaluma/Sonoma County CoC	\$132,018	\$750,000	-82%
Stockton/San Joaquin County CoC	\$387,470	\$750,000	-48%
Turlock/Modesto/Stanslaus County CoC	\$257,695	\$750,000	-66%
Vallejo/Solano County CoC	\$65,785	\$453,496	-85%
Visalia, Kings, Tulare Counties CoC	\$168,087	\$750,000	-78%
Watsonville/Santa Cruz City and County CoC	\$66,415	\$460,085	-86%
TOTAL	\$17,810,726	\$29,077,229	-39%