

MEMORANDUM

TO: Regional Steering Committee on Homelessness and Housing
FROM: HomeBase
RE: Federal Appropriations and Other News Updates
DATE: July 7, 2006

Background

Each year the RSC reviews the federal budget and pending appropriation legislation. Items that HomeBase has paid particular close attention to on behalf of the RSC are funding for HUD, Labor, and Health and Human Services programs that effect low-income and/or homeless individuals.

Federal Budget FY 2007 Status of HUD Programs

President Bush submitted his proposed federal budget on February 6, 2006. The House of Representatives passed a bill to fund the Department of Housing and Urban Development (HUD) Programs at the amounts outlined below on June 14, 2006. The Senate has not yet voted on HUD's FY 2007 appropriations.

Section 8 Tenant Based Assistance

15.776 billion (increase of 70 million from 2006 as reported in the House Appropriations Act)

The Section 8 Program enables very low-income tenants to rent from private landlords by providing a monthly rental subsidy directly to the landlord. Tenants pay 30% of their family's adjusted income. Local public housing authorities administer the program.

Public Housing

5.742 billion (increase of 30 million from 2006 as reported in the House Appropriations Act)

Public housing is subsidized housing managed by housing authorities. Public housing units range from apartment buildings to scattered site single family homes.

Housing Opportunities for People with AIDS (HOPWA)

300 million (no increase from 2006 as reported in the House Appropriations Act)

HOPWA funds are distributed to states, communities, and nonprofits for programs that benefit low-income people with AIDS/HIV and their families. HOPWA grants may be used for housing, social services, program planning and development costs, health care and mental health services, alcohol and drug treatment, nutritional services, case management, assistance with daily activities, and other supportive services.

Community Development Block Grant (CDBG)

4.2 billion (increase of 15 million from 2006 as reported in the House Appropriations Act)

The CDBG program provides funds to local states and communities to address their community development needs including ensuring affordable housing is available, providing services to

vulnerable populations, and creating jobs. Funds may be used in a variety of ways, but 70% of CDBG funds must be allocated for activities that benefit low- or moderate-income people.

HOME Investment Partnerships Program

1.891 billion (no increase from 2006 as reported in the House Appropriations Act)

HOME is a block grant program that funds the creation of more affordable housing for low-income households. HOME funds can be used for grants, direct loans, loan guarantees, or other forms of credit enhancement to provide home purchase or rehabilitation financing, build or rehabilitate housing for rent or ownership, or other activities that create housing opportunities. The funds can also be used for rental assistance or security deposits.

McKinney Vento Homeless Assistance Grants

1.536 billion (no increase from 2006 as reported in the House Appropriations Act)

The McKinney Vento Homeless Assistance Grants are allocated to communities based on the community's priorities and fund emergency, transitional, and permanent housing and supportive services for homeless people.

Project Based Rental Assistance

5.476 billion (no increase from 2006 as reported in the House Appropriations Act)

Project based vouchers are subsidized units in privately owned buildings. Public housing authorities can allocate up to 20% of its voucher assistance if owners agree to build or rehabilitate units, or set aside existing units. Tenants pay 30% of their adjusted gross incomes for rent; the housing authority pays the difference between the tenant's payment and the rent.

Housing for the Elderly (Section 202)

735 million (increase of 12 million from 2006 as reported in the House Appropriations Act)

The Housing for the Elderly program provides capital advances to finance construction, rehabilitation, or acquisition of housing with supportive services for the elderly. The program also provides rental assistance to make the units affordable for the elderly.

Housing for Persons with Disabilities (Section 811)

237 million (increase of 3 million from 2006 as reported in the House Appropriations Act)

The Section 811 program provides funding to nonprofits for the purpose of developing supportive rental housing for people with disabilities. The Section 811 program also provides funding for rental assistance (similar to the Section 202 Program).

Federal Budget FY 2007 Status of Funding for Other Programs Supporting Homeless Individuals

On June 20, 2006, the Departments of Labor, Health, and Human Services, and Education, and Related Agencies Appropriations Act, 2007 was passed by the House Appropriations Committee. The Act must still be voted on by the entire House of Representatives.

Community Services Block Grant

449 million (181 million decrease from 2006 according to the Labor-Health and Human

Services-Education and Related Agencies Appropriations FY 2007 Full Committee)

Community Services Block Grants are distributed by the states to programs that lessen poverty and assist low-income individuals. Grantees under the program may provide or support employment services, education, income assistance, housing, nutrition, emergency services, and health services.

Projects for Assistance in the Transition From Homelessness (PATH)

54 million (same as 2006 according to the Labor-Health and Human Services-Education and Related Agencies Appropriations FY 2007 Full Committee)

PATH is a block grant to the states that enables states to distribute funds to organizations that serve individuals with serious mental illnesses, and individuals with co-occurring substance use disorders, who are at risk of being homeless or are homeless.

Low-Income Home Energy Assistance Program

1.93 billion (50 million decrease 2006 from 2006 according to the Labor-Health and Human Services-Education and Related Agencies Appropriations FY 2007 Full Committee)

The Low-Income Home Energy Assistance Program provides block grants to the States to fund home energy assistance, crisis intervention, low-cost weatherization and other energy related home repair.

Community Health Centers

1.998 billion (206 million increase from 2006 according to the Labor-Health and Human Services-Education and Related Agencies Appropriations FY 2007 Full Committee)

Community Health Centers are located in federally designated medically underserved areas. They provide primary health services, referrals, and other services such as case management, translation and transportation regardless of a patient's ability to pay.

Social Services Block Grant

1.7 billion (same as 2006 according to the Labor-Health and Human Services-Education and Related Agencies Appropriations FY 2007 Full Committee)

Social Services Block Grants provide funding to States for social services that help individuals achieve economic self-support or self-sufficiency, prevent or remedy neglect, abuse, or the exploitation of children and adults, prevent or reduce inappropriate institutionalization, and secure referrals for institutional care.

Homeless Veterans Employment and Training Program

22 million (\$58,000 increase from 2006 according to the Labor-Health and Human Services-Education and Related Agencies Appropriations FY 2007 Full Committee)

Funds are targeted at directly assisting homeless veterans achieve employment by using a case management approach. Veterans receive job placement and training assistance, as well as supportive services (e.g., clothing, referrals to housing, etc.).

Substance Abuse and Mental Health Services Administration (SAMHSA) Substance Abuse Prevention and Treatment Block Grant

1.755 billion (75 million increase from 2006 according to the Labor-Health and Human Services-Education and Related Agencies Appropriations FY 2007 Full Committee)

Funds are distributed to states for substance abuse prevention and treatment services.

Substance Abuse and Mental Health Services Administration (SAMHSA) Community Mental Health Services Block Grant

407 million (same as 2006 according to the Labor-Health and Human Services-Education and Related Agencies Appropriations FY 2007 Full Committee)

Mental Health Block Grants fund the development of State Mental Health Plans to increase community based services and reduce institutionalization.

Action

The Senate has not passed either appropriation bill. Nor has the House of Representatives passed the Department of Labor, Health and Human Services, and Education Appropriations Act. If you believe that programs are being under- (or over-) funded, contact your Representative/Senator.

To find your Representative, go to: <http://www.house.gov>, type in your zip code and the website will automatically direct you to your Representative's home page. From there, you will find out how you can contact your Representative via telephone or email.

Or contact California's Senators:

Senator Dianne Feinstein

United States Senate
331 Hart Senate Office Building
Washington, DC 20510
202-224-3841 (tel)
202-228-3954 (fax)

-- or --

One Post Street, Suite 2450
San Francisco, CA 94104
(415) 393-0707 (tel)
(415) 393-0710 (fax)

PLEASE NOTE: Email is only available through the Senator's website:
<http://feinstein.senate.gov/contact.html#phonefax> and click on the "email me" link.

Senator Barbara Boxer

United States Senate
112 Hart Senate Office Building
Washington, D.C. 20510
(202) 224-3553 (tel)

-- or --

1700 Montgomery Street, Suite 240
San Francisco, CA 94111
(415) 403-0100 (tel)
(415) 956-6701 fax

PLEASE NOTE: Email is only available through the Senator's website:
<http://boxer.senate.gov/contact/webform.cfm> and click on the "email me" link.

Other Updates

Section 8 Voucher Reform Act

The Administration has proposed that the Section 8 voucher program be changed to a block grant and that many of the features of the program be changed. In 2005, HR 1999 and S.711 were proposed to effect these changes. These bills would weaken the protections families with Section 8 vouchers have under current law and would eliminate federal rules for setting public housing rents.¹

In 2006, a bipartisan group proposed an alternative, HR 5443, the Section 8 Voucher Reform Act. The Section 8 Voucher Reform Act was passed by the House of Representatives Financial Services Committee and will be voted on by the House in the next few weeks. The Act changes the current law in a number of ways that will affect Section 8 recipients. Some of the more significant changes are:

- Allocations. Vouchers will be allocated to public housing authorities based on the leasing and costs for the most recent year the housing authority has complete data.
- Simplifies Housing Authorities' Administrative Tasks. The new Act would waive the requirement that a housing inspection be done at the beginning of a tenancy under certain conditions and requires biennial inspections rather than annual inspections. The new Act would also allow housing authorities to recertify families with fixed incomes every three years, rather than every year. The Act simplifies the method for calculating adjusted family incomes by eliminating some deductions and increasing others.
- Moving to Work Program. The Act increases the number of PHA's participating in the Moving to Work Program.

The Section 8 Voucher Reform Act will impact the Section 8 program and voucher recipients. However, it is unclear how much impact these reforms would have. The Council of Large Public Housing Authorities is generally supportive of the new formula for calculating funding, but is concerned about a few elements of the funding formula.² First, there will be a two-year lag in funding because yearly funding will most likely be calculated based on how much it costs to fund the vouchers from two years prior (i.e., the actual cost of funding vouchers in 2005 will be used to calculate how much a housing authority has to fund vouchers in 2007). Second, housing authorities are not permitted to maintain a reserve in case Congress fails to allocate enough funds in the future, a trend that began because housing authorities were not receiving enough money to cover the number of vouchers they had. For example, in 2006 HUD only awarded housing authorities 94.6% of the funding they needed for Section 8 vouchers under the funding formula.³

Similarly, the other proposed changes to the Section 8 program may streamline the process more and save administration costs, but may end up negatively impacting tenants financially. However, since no organization has analyzed how the proposed changes will affect Section 8 recipients, the Act's impact is not known.

Finally, the aspect of the Act that has received the most criticism is the provision to increase the number of housing authorities participating in the Moving to Work (MTW) Program. The MTW Program allows housing authorities to obtain waivers for programs that encourage work. Approved MTW Programs are not required to follow many of the rules that govern public housing and Section 8 programs. The National Low Income Housing Coalition Board Chair

recently testified against the MTW Program because some of the MTW programs have been using the program's flexibility to divorce rent from incomes by setting flat rates for rent and adopting rules like Atlanta's where a public housing resident can be evicted for failing to work 30 hours a week, be in school, or attend school.⁴ The Center on Budget and Policy Priorities shared the same concerns, and raised additional concerns that MTW funds may be used by housing authorities to blend public housing and Section 8 funds, and that Section 8 funds could be used for the agency's administrative costs or non-housing services.

The Section 8 Voucher Reform Act includes provisions that the RSC may wish to discuss further. Please let HomeBase know if you would like to discuss this issue in more depth at a meeting in the future.

The US Conference of Mayor Annual Meeting

At the US Conference of Mayors in 2006, two resolutions were adopted regarding homelessness. The text of these resolutions is as follows:

ENDORISING INNOVATIVE POLICIES TO SUCCESSFULLY END CHRONIC HOMELESSNESS ACROSS THE NATION

WHEREAS, mayors are committed to ending chronic homelessness in our nation's cities; and

WHEREAS, chronically homeless individuals, those with the most persistent forms of homelessness, are afflicted not only by poverty but also by severe conditions such as mental illness and substance abuse; and

WHEREAS, mayors and cities are on the front lines of the response to chronic homelessness; and

WHEREAS, the National Partnership has brought together 20 federal agencies, 53 governors of states and territories, and over 215 mayors in the same national strategy to respond to chronic homelessness ; and

WHEREAS, in order for persons experiencing chronic homelessness to succeed in their housing, supportive services are necessary to mitigate health, substance abuse, and mental health problems; and

WHEREAS, research compiled by the United States Interagency Council on Homelessness suggests that supportive housing models to end chronic homelessness are highly effective and that the cost of providing supportive housing is substantially offset by savings in the most expensive systems of community care including hospitalizations, jails, and other correctional facilities; and

WHEREAS, these supportive strategies improve the quality of life for both the individuals being housed and the community at large; and

WHEREAS, ending chronic homelessness requires collaboration and coordination at all levels of government, together with community institutions, businesses, and faith-based organizations, to determine how best to implement prevention and intervention strategies; and

WHEREAS, over 215 cities have created jurisdictionally-based 10-Year Plans to end chronic homelessness; and

WHEREAS, members of the U.S. Interagency Council on Homelessness should further unify around the vision of ending chronic homelessness by aligning each agency's program and funding priorities to support this vision;

NOW, THEREFORE, BE IT RESOLVED that the U.S. Conference of Mayors supports the increased investment in proven strategies that end chronic homelessness, such as permanent housing with supportive services; and the preservation/restoration of existing federal programs that support homeless services and ten year plans, such as CDBG and CSBG; and

BE IT FURTHER RESOLVED that the U.S. Conference of Mayors commends and urges Congress to fund the proposed 7.5 % increase in spending on targeted homeless assistance across various federal departments in the Administration's Fiscal Year 2007 budget, including the continued commitment of \$200 million for the Samaritan Initiative at the Department of Housing and Urban Development (HUD), part of an overall 13% increase in HUD's homeless funding request; and

BE IT FURTHER RESOLVED that the U.S. Conference of Mayors affirms the value of the United States Interagency Council on Homelessness and asks the Council to develop concrete tools and to seek new funding to help implement ten year plans in partnership with mayors; and

BE IT FURTHER RESOLVED that the U.S. Conference of Mayors continues to endorse and urges Congress to act on legislation that creates new funding sources for supportive services for the homeless, such as the Services for Ending Long-term Homelessness Act as proposed in the Health and Human Services Budget; and

BE IT FURTHER RESOLVED that the U.S. Conference of Mayors urges Congress to re-authorize the McKinney-Vento Act with provisions for regulatory relief that would allow existing federal funds appropriated through the McKinney-Vento Act to be fully expended and more efficiently utilized each budget year; and

BE IT FURTHER RESOLVED that the U.S. Conference of Mayors, having endorsed over 215 plans to end homelessness across the country in support of the Bush Administration's initiative to end chronic homelessness in ten years, requests that Congress, also through the re-authorization of the McKinney-Vento Act, fund an innovative grants program that would provide demonstration grants to communities across the nation implementing ten-year plans to end homelessness; and

BE IT FURTHER RESOLVED that the U.S. Conference of Mayors urges the Congress to establish a caucus on homelessness to help focus attention on the Federal level on this urgent issue.

IMPROVING HOMELESSNESS PROGRAMS AND CONTINUUM OF CARE

WHEREAS, the Department of Housing and Urban Development has been providing funding for homeless programs since 1987 to communities across the nation that are working to combat homelessness; and,

WHEREAS, the National Partnership constellated by the United States Interagency Council on Homelessness has brought together 20 federal agencies, 53 governors of states and territories, and over 215 mayors in the same national strategy to respond to chronic homelessness with both public and private sector involvement ; and

WHEREAS, mayors and cities are on the front lines of the response to homelessness and have affirmed the work of the United States Interagency Council on Homelessness in partnership with mayors; and

WHEREAS, the current Continuum of Care competitive programs process could provide even more flexibility to communities to help combat homelessness; and

WHEREAS, Continuums are now subject to six different statutory program match requirements; and

WHEREAS, homelessness prevention is vital but is not an eligible statutory activity in HUD's competitive homeless programs; and

WHEREAS, HUD annually reviews and ranks approximately 500 Continuum of Care plans and 6,000 individual project applications process which requires over six months to complete; and

WHEREAS, both the House and Senate of the US Congress are considering in a bipartisan manner, federal legislation that would consolidate the competitive Continuum of Care homelessness programs to become a single program and thereby streamline the process of awarding federal homelessness grants; and

NOW, THEREFORE, BE IT RESOLVED that the U.S. Conference of Mayors supports the implementation of this resolution that would afford the Department the ability to streamline the awarding process and ensure that communities receive their awarded federal funds months earlier; and

BE IT FURTHER RESOLVED that the U.S. Conference of Mayors opposes any net funding reductions for these consolidated homelessness programs and that none should result from this comprehensive consolidation; and

BE IT FURTHER RESOLVED that the match process currently in place should be simplified and made consistent across activities; and

BE IT FURTHER RESOLVED that prevention should become an eligible activity providing continuums resources to address the root causes of homelessness and to ultimately reduce the number of homeless persons; and

BE IT FURTHER RESOLVED that this consolidation would ensure broader participation at the local level and better assist cities, as they continue to help solve issues affecting homelessness throughout the nation.

For further information, please contact Karen Gruneisen, Managing Attorney, at 415-788-7961, ext. 311, or via e-mail at karen@homebaseccc.org or Julie Rattray, Staff Attorney, at 415-788-7961, ext. 306 or via email at Julie@homebaseccc.org.

¹ Center for Budget and Policy Priorities, "Bipartisan Bill in House Would Make Marked Improvements in Housing Voucher Program But Bill's Waiver Provision Raises Concerns." Available at <http://www.cbpp.org/5-30-06hous.htm>. May 30, 2006.

² Council for Large Public Housing Authorities, "Analysis of HR 5543: Section 8 Reform Act of 2006." available at <http://www.clpha.org/page.cfm?pageID=947>. June 1, 2006.

³ Center for Budget and Policy Priorities, "Bipartisan Bill in House Would Make Marked Improvements in Housing Voucher Program But Bill's Waiver Provision Raises Concerns." Available at <http://www.cbpp.org/5-30-06hous.htm>. May 30, 2006.

⁴ Knoweldgeplex. "Effectiveness of Federal Housing and Community Investment Incentives." Available at <http://www.nlihc.org/news/062006test.pdf>. June 20, 2006