

MEMORANDUM

TO: Regional Steering Committee on Homelessness and Housing
FROM: HomeBase
RE: Federal Budget and Other Legislative News Update
DATE: July 29, 2005

Background

The RSC reviews the federal budget and pending federal legislation in an effort to understand the Administration's priorities, both in terms of funding and policy. Items that HomeBase has paid particularly close attention to on behalf of the RSC have included funding for Temporary Assistance for Needy Families (TANF), the Services to End Long-Term Homelessness Act (SELHA), and Section 8/Housing Choice Voucher programs as well as legislation regarding a re-working of some of these programs.

HUD Funding under the Senate and House Appropriations Bills

President Bush released his proposed federal budget on Monday, February 7, 2005. On June 30, the House of Representatives approved a bill making appropriations to fund the Department of Transportation, Treasury, and HUD, along with some other programs, in 2006. The proposed budget then moved to the Senate, which approved its appropriations bill on July 21, 2005. Under the approved House appropriations bill, HUD would be funded at \$37.5 billion, \$1.547 billion above last year's level and \$4.32 billion above the President's request. The President's FY 2006 HUD budget request calls for an 11.5% cut from FY 2005.

The Senate Appropriations Committee rejected the HUD budget proposed by the President, and also rejected the constraints imposed by the Congressional Budget Resolution. The Senate Committee adopted an amendment from Transportation, Treasury, Judiciary and HUD (TTHUD) Subcommittee Chair Kit Bond (R-MO) and Ranking Member Patty Murray (D-WA) that added \$446 million to the appropriation for TTHUD programs, which it offset with new revenue to be generated with improved tax collection.

Here is an overview of some of the proposed funding in the Senate and house bills followed by a chart listing the funding figures for major programs under the President's request and the House and Senate bills:

Tenant-Based Rental Assistance (Section 8 vouchers)

- The House bill funds at \$15.63 billion and the Senate bill funds at \$15.64 billion. These figures are approximately \$865 million over last year and \$214 million below the President's request.
- Funding for voucher renewal is increased by \$735 million to restore the reduction mandated last year and fund anticipated cost increases.
- The cost of Tenant-Based Rental Assistance is approaching 50% of HUD's total budget.

- One of the steps that the Senate Committee took to improve the Section 8 Housing Choice Voucher program was to increase the window of time used to determine the number of existing vouchers that a public housing agency has from three months to a full calendar year in order to determine how much funding the agency needs in the following year.

Project-Based Rental Assistance would be funded at \$5.10 billion in the House bill and \$5.07 billion in the Senate bill, approximately \$210 million below last year and \$16 million above the request. This fully funds all contracts including inflation and will expand the use of inspectors to ensure that tenants live in decent affordable housing.

The House Committee did not agree to cut funding for **assistance to victims of HIV/AIDS** or eliminate funding for the **construction of facilities for low-income disabled persons**, as requested.

Under the House bill, **The Community Development Block Grant Program (CDBG)** would be funded at \$4.2 billion of which \$3.86 billion in the formula funds to entitlement communities and states, a reduction of \$250 million from the amount for the formula last year. Under the Senate bill, CDBG would be funded at 4,324. Both the House and Senate did not agree to the proposal to eliminate the program and transfer the implementation of its functions to the Department of Commerce.

HUD Program	FY 2005 Enacted (in millions)	FY 2006 Presidential Request (in millions)	FY 2006 House Appropriations Bill (in millions)	FY 2006 Senate Appropriations Bill (in millions)
Tenant-based rental assistance	14,766	15,845	15,631	15,636
Project-based rental assistance	5,298	5,072	5,100	5,072
Public Housing Capital Fund	2,579	2,327	2,600	2,327
Public Housing Operating Fund	2,438	3,407	3,600	3,557
Elderly Housing	741	741	741	742
Disabled Housing	238	120	238	240
HOME Investment Partnership	1,900	1,981	1,900	1,850
• HOME formula grants	1,789	1,730	1,790	1,751
• American Dream Downpayment Assistance	50	200	50	50
• Housing Counseling Assistance	42	40	41	42
CDBG	4,671	0	4,217	4,324
• Self-Help Homeownership Opportunity	25	30	23	15
• Youthbuild	62	0	50	55
• Economic Develop. Initiative	262	0	290	287
Homeless Assistance Grants	1,240	1,440	1,340	1,415
Fair Housing Assistance	26	16	26	26
Fair Housing Initiatives	20	16	20	20

* figures extracted from chart produced by National Low Income Housing Coalition

The Agriculture Spending Bill

The Senate Appropriations Committee unanimously approved the Agriculture and Rural Development spending bill for FY 2006 on June 23, 2005. The Senate committee recommended \$179.935 million for discretionary spending, which is \$608 million more than the \$16.74 billion appropriated in the House bill.

Like the House bill, which was approved on June 8, the Senate bill provides \$5.257 billion for the **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)**, including a \$125 million reserve. This figure is \$22 million above this year's level. Neither the Senate nor House bill includes the proposal by the President that would cap at 25 percent the total amount WIC providers could spend for nutrition counseling and other services and administration of the program. This cap could have hampered WIC providers' ability to educate and provide services to recipients.

The House rejected (169 – 258) Rep. Scott Garrett's (R-NJ) amendment that would have withheld food stamp funds from states that failed to investigate the financial status of an immigrant's sponsor when a the immigrant applied for food stamps. Without adhering to this requirement, the state would have lost its entire food stamp funding.

The Senate committee also rejected another of the President's proposals, which would only consider families receiving Medicaid to be automatically eligible for WIC if their income were under 20 percent of the poverty line. The House included this provision in their bill. This change would affect families in six states (Rhode Island, Minnesota, Missouri, New Hampshire, Vermont, and Maryland) that offer Medicaid to families with incomes above 250 percent of poverty.

The Senate committee funded the Commodity Assistance Program at \$179.935 million, including \$50 million for the discretionary portion of The Emergency Food Assistance Program (TEFAP) and \$20 million for the Farmer's Market Nutrition Program (FMNP) and \$108.854 million for the Commodity Supplemental Food Program (CSFP). The House bill provides the same amount for TEFAP and FMNP, but provides \$1.138 million less than the Senate for CSFP, which would drop at least 45,000 participants, most of whom are elderly.

National Housing Trust Fund Legislation

A National Housing Trust Fund will provide a continuing source of funding for both new housing and the rehabilitation of existing housing to meet the goal of 1,500,000 housing units over the next 10 years. Ongoing, permanent, dedicated and sufficient sources of revenue should capitalize the National Housing Trust Funds to meet the goal of 1,500,000 housing units over the next decade. The Trust Fund should be used for the production of new housing, preservation of existing federally assisted housing, and rehabilitation of existing private market affordable housing. To understand the push for legislation behind the National Housing Trust Fund we must also consider the issue of Government Sponsored Enterprises (GSE) legislation.

Advocates for the National Housing Trust Fund are working to ensure that the mission component of the GSE regulatory reform bill is accomplished through the establishment of a National Housing Trust Fund. The House has enacted regulatory reform legislation for the GSE. The Senate has also claimed an intention to pass legislation on this reform. The reform

strengthens federal regulation of Fannie Mae and Freddie Mac and expands these government-sponsored enterprises' missions to provide more affordable housing. A remaining issue is how Fannie Mae and Freddie Mac meet the mission of providing affordable housing.

TANF

On June 30, 2005, the Senate and the House passed a 10th short-term extension of the Temporary Assistance for Needy Families (TANF) block grant. It will extend funding for TANF, childcare, abstinence education and Transitional Medical Assistance (TMA) through September 30, 2005. The House and Senate have failed to agree on TANF reauthorization, however, both chambers have reauthorization bills in progress and are attempting to beat the September deadline for reauthorization. The Senate’s welfare reauthorization bill is ready for floor consideration and the House’s bill has been approved by subcommittee, but not the full Ways and Means Committee.

Both the House and Senate bills focus primarily on increasing the recipient work rate requirements on states, but on the whole the Senate bill is significantly better. The Senate bill is the product of bipartisan negotiation and reflects the views of state governors and TANF administrators, whereas the House bill is very similar to the bill that was produced by House Republican sponsors in 2002.

Comparison Between the House and Senate TANF Reauthorization Bills

For a more comprehensive and detailed comparison of the two bills please see www.cbpp.org

	House	Senate
TANF Funding	Both bills – <ul style="list-style-type: none"> • Extend TANF block grant funding for five years at the current funding level of \$16.6 billion a year; • Extend TANF “supplemental grants” - \$319 million in annual funding that is provided to 17 states – for four years at the current funding level; • Eliminate funding (\$100 million a year) that currently goes to up to five states with the largest decline in non-marital births and also have declines in the numbers of abortions; and • Reduce “high-performance bonus” funding for states by \$100 million a year (a 50 percent cut). 	
Child Care Funding	Increases funding for child care by \$1 billion over five years – less than the amount needed to account for inflation.	Increases funding for child care by \$6 billion over five years. These costs are offset in part by changes in the EITC and child tax credit.
Work Participation Rates	Both bills – <ul style="list-style-type: none"> • Raise the overall work participation rate standard that states must meet from 50% of families with an adult receiving TANF assistance to 70% of such families. The rate would increase by 5 percentage points each year. • Eliminate the separate participation rate for two-parent families (these families would be included in the overall rate calculation). 	
Work Participation Rate “Credits”	Retains a caseload reduction credit, similar to current law, but bases the credit on recent reductions in caseloads.	Provides an “employment credit” which allows states to get credit toward meeting the work participation rate for adults who are employed after they stop receiving TANF income assistance, with several other employment-related adjustments.

	House	Senate
Child Support, Fatherhood, and Marriage Promotion	Both bills – <ul style="list-style-type: none"> • Include improvements that make it more likely that TANF beneficiaries will receive child support they are owed, but provisions in the Senate bill make it easier for states to direct more child support to families; • Authorize “fatherhood” programs, although only the Senate bill includes funding for the programs; • Provide up to \$300 million per year in funding for marriage promotion programs and research. 	
The “Superwaiver” Proposal	Allows states to obtain waivers of nearly all federal law and rules related to TANF, the Food Stamp Program, public housing and most homelessness programs, Social Services Block Grant, Child Care and Development Fund, most Workforce Investment Act programs, and adult basic education.	Up to ten states could obtain waivers of federal law and rules related to TANF, the Social Services Block Grant, and the Child Care and Development Fund.
Food Stamp Block Grant	Allows up to five states to elect a food stamp block grant in lieu of the regular Food Stamp Program. Funding for the block grant would be frozen for five years at the amount of federal funds the state received in 2005 (or the average for 2003 through 2005, if higher). Block grants could be spent on food assistance, employment and training, or administration, with no requirements for how much states spend in any category or on how a state could alter the program under the block grant.	Does not include a food stamp block grant.
Transitional Medical Assistance	Extends TMA – which provides Medicaid coverage for many families who are working when they stop receiving TANF income assistance and others who lose Medicaid coverage when their income rises - for one year.	Extends TMA for five years and includes a set of improvements that give states new options to reduce the paperwork for families that participate in the TMA program and to extend the length of TMA coverage.

SELHA (formerly known as ELHSI)

On April 5, 2005, both the House and Senate introduced the **Services to End Long-Term Homelessness Act (SELHA)**. This program, if authorized, would be administered by the Substance Abuse and Mental Health Services Administration (SAMHSA) within the Department of Health and Human Services and would provide a full range of supportive services including mental health and substance abuse services and case management (but no housing) to individuals and families who experience long-term homelessness. Funds would be targeted to individuals who are homeless repeatedly or for long periods of time and who have a disability. Through the bill, communities will be able to carry out their strategies of ending chronic homelessness. To date, the bill has 47 bipartisan co-sponsors in the House and 7 in the Senate.¹

¹ See RSC memo, March 18, 2005.

Overview of the SELHA Bill:²

- Establishes a grant program run by the Substance Abuse and Mental Health Services Administration (SAMHSA) for services to end chronic homelessness.
- ‘Chronically homeless’ is defined as a individual or family who is currently homeless, has been homeless continuously for at least one year or has been homeless on at least four separate occasions in the last three years, and has a head of household with a disabling condition.
- States, cities, public, or nonprofit entities can apply for the grants.
- Consideration will be provided for geographic diversity, including urban and rural areas.
- Priority will be given to applicants that target funds to people that are homeless for longer than one year, frequently use the ER, or interact regularly with law enforcement.
- Services provided by the grant awardees may include mental health services, substance abuse treatment, referrals for primary health care and dental services, health education, money management, and parental skills training.
- Initial grant awardees must provide \$1 for every \$3 of federal money.
- Renewal grant awardees must provide \$1 for every \$1 of federal money.
- 20% of the grant awardees’ matching funds can be from other federal “mainstream” programs such as the Community Mental Health Services Block Grant. This provision will encourage collaboration with existing programs and access for homeless people to existing mainstream health and human services systems, while assisting the grant awardees in achieving their match.
- The initial grants will run from 3-5 years and the renewal grants will run up to 5 years.

The State and Local Housing Flexibility Act

The major changes proposed in the State and Local Housing Flexibility Act (S. 771, H.R. 1999) would put current residents or those in need of affordable housing at great risk. The bill both limits the use of enhanced vouchers and shifts the housing choice voucher program’s (formerly known as Section 8) income targeting requirements away from extremely low-income households. Such a shift creates a mismatch between known housing needs and the use of federal housing resources.

Currently, federal funding is tied to changes in the number of vouchers and actual voucher costs. The proposed bill would give agencies a fixed amount of funding through a block grant and eliminate many of the requirements Congress has established to ensure that the voucher program serves poor families who need affordable housing. Today, 75% of vouchers must go to extremely low-income households (those with incomes less than 30% of area median). The bill allows 90% of the families issued vouchers to have incomes of up to 60% of area median. The bill also gets rid of a requirement that families pay no more than 30% of their income for rent and utilities and instead allows PHAs to determine rental payments based on market conditions, not income.

² www.housingalliancepa.org

This greater “flexibility” of allowing PHAs to serve higher income tenants is intended to make the program more cost-effective. However, the flexibility is dangerous because agencies can reduce the number of families receiving vouchers or cut costs in other ways that hurt families and use the freed up money to make up for shortfalls in public housing funding.

Block-granting would also increase the likelihood of future funding shortfalls because the human impact of cuts in voucher funding would be obscured by the fact that housing agencies rather than Congress are responsible for the cuts. Although the President has not requested a cut in voucher funding for FY 2006, budget documents show cuts in later years within the budget category that includes the voucher program.³

The bill also imposes time limits on Section 8 voucher holders after five years of assistance. This would have punitive effects on the elderly and disabled who represent 41% of those on the program for longer than five years. The bill severely restricts portability of vouchers, which is intended to allow for deconcentration of poverty. The sweeping changes proposed in this bill would damage the Section 8 Housing Choice Voucher Program and public housing programs.

In our region, the adjustment in targeting would probably have minimal effect because several area Housing Authorities assure us that they would continue to serve those under a much lower threshold anyway. However, the targeting shift could greatly affect state and nation-wide assistance because housing authorities in rural areas often feel they should be able to serve people with up to 80% of the area median income.

Of particular concern to our region is the threat of reduction of Congressional oversight, which could set the stage for shortfalls in voucher program funding in the future. Local agencies and housing authorities have voiced concern that funding shortfalls would not only directly harm the families that the program is designed to target, but also put a great strain on agencies’ administrative costs.

Action

HomeBase will keep you informed on the budget process and all other federal actions related to these topics. You may wish to visit your Representative and/or Senators when they are in your district or if you are traveling to Washington, D.C. In addition, in order to contact your Representatives and Senators about these issues via regular mail, telephone, or email:

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

³ www.cbpp.org

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.

This memo was prepared by student intern Molly Thompson, a second-year law student at Northwestern University. For further information, please contact Lise K. Ström, Staff Attorney, via email at lise@homebaseccc.org or by phone at 415-788-7961, ext. 306.

Ensuring a Positive Response to the Homelessness Crisis

Bay Area Regional Steering Committee on Homelessness and Housing

Serving the homeless population from the Monterey to San Francisco Bay Areas, members of the Regional Steering Committee have a shared goal of ending homelessness. The federal government's "Collaborative Initiative to End Chronic Homelessness" reflects an exciting revitalization of the effort to eradicate homelessness. The Initiative supplies homeless service providers with greater resources as they assist people in moving from the streets and into housing and jobs. But in order to maintain the drive towards ending homelessness, federal funding and support of proven programs must continue to improve, with particular attention to the threats to the voucher program and public housing. We therefore hope that you will consider the following suggestions for the continued revitalization of our nation's response to homelessness.

1. Oppose the State and Local Housing Flexibility Act

The bill's major changes would put current residents or those in need of affordable housing at great risk. The bill both limits the use of enhanced vouchers and shifts the housing choice voucher program's income targeting requirements away from extremely low-income households. Such a shift creates a mismatch between known housing needs and the use of federal housing resources. The bill also imposes time limits on Section 8 voucher holders after five years of assistance. This would have punitive effects on the elderly and disabled who represent 41% of those on the program for longer than five years. Portability of vouchers, which is intended to allow for deconcentration of poverty, is severely restricted by the bill. The sweeping changes proposed in this bill would damage the Section 8 Housing Choice Voucher Program and public housing programs.

2. Support adequate funding and distribution of the *Housing Choice Voucher Program*

If *Housing Choice Voucher Program* funding does not meet needs, fewer families will be served, while more will be put at risk of becoming homeless. A funding cut will not leave enough funds to cover existing vouchers or issue needed new vouchers. Funding for the *Housing Choice Voucher Program* must be preserved, and the program restructured to account for economic fluctuations so that the vouchers will always have value. Achieving this will call for greater responsiveness to local market conditions and support for the President's request for a central reserve fund to meet agencies' unanticipated needs.

3. Support the *Samaritan Initiative*

The *Samaritan Initiative*, which the President strongly supports, if authorized by Congress, would combine funding from HUD, the Departments of Health and Human Services (HHS), and Veterans' Affairs (VA) to fund permanent supportive housing for people who experience chronic homelessness. This initiative would be funded within the \$1.4 billion McKinney-Vento amount (it is not an increase in funding for homeless service programs). Only with balanced funding can the *Samaritan Initiative* produce the results the White House hopes to achieve without undercutting other efforts to address homelessness. Please support a total appropriation of \$100 million for the *Samaritan Initiative*.

4. Support Enactment of the *Services to End Long-Term Homelessness Act*

The *Services to End Long-Term Homelessness Act* (SELHA) is the new name of ELHSI (*Ending Long-*

Term Homelessness Services Initiative). This program, if authorized, would be administered by the Department of Health and Human Services and would provide a full range of supportive services including mental health and substance abuse services and case management (but no housing) to individuals and families who experience long-term homelessness. Funds would be targeted to individuals who are homeless repeatedly or for long periods of time and who have a disability. Through the bill, communities will be able to carry out their strategies of ending chronic homelessness.

5. Ensure an equitable reauthorization of *Temporary Aid to Needy Families (TANF)*

Inequitable reauthorization of TANF will result in even fewer of the poorest and most vulnerable families accessing and retaining the assistance they need, because of the combined effect of increasing the percentage of recipients expected to work, increasing the work requirement to 40 hours per week, limiting access to rehabilitative services, requiring that states impose full family sanctions, and providing credit for future caseload declines regardless of the outcome for families. To guard against these damaging results, oppose the *superwaiver* provision as well as the provision that requires states to impose full-family sanctions. We also urge support for the amendments in the House and Senate bill that would allow immigrant families legally residing in the country to access TANF and State Children's Health Insurance Program (SCHIP). TANF reauthorization should include measures to safeguard those at risk of homelessness, and should make the process of transitioning from welfare to work less, not more, burdensome.

6. Support the establishment of a *National Housing Trust Fund*

Since a high number of public and Section 8 housing units disappeared during the economic boom of the late 90's, the nation's shortage of affordable housing has become a crisis. A National Housing Trust Fund will provide a continuing source of funding for both new housing and the rehabilitation of existing housing to meet the goal of 1,500,000 housing units over the next 10 years. Furthermore, the mission component of the Government Sponsored Enterprises regulatory reform bill would be accomplished through the establishment of the National Housing Trust Fund. Fannie Mae and Freddie Mac would meet their mission requirements by funding the production of predominantly rental housing for predominantly extremely low-income households with a percentage of pre-tax profits.

7. Reauthorize *Substance Abuse and Mental Health Services Administration (SAMHSA)* programs

In response to growing budget deficits, local governments are expected to cut funding to mental health providers serving thousands of individuals. Without residential or outpatient mental health services to provide stability in the lives of mentally ill patients, many of them will wind up on our streets. In light of this, it is crucial that existing federal programs serving mentally ill homeless individuals be not only maintained, but also reformed where necessary based on consultation with local service providers.



The San Francisco and Monterey Bay Area Regional Steering Committee on Homelessness and Housing is an eleven-county body composed of representatives of local government, non-profit homeless service providers and housing developers, academics, advocates, volunteers and those who have experienced homelessness. The RSC meets bi-monthly to collaborate on homelessness and poverty issues. We have been proactive in advocating our concerns regarding federal and state policy issues, conducting research and trainings, designing programs, and supporting the work of those in our community to serve homeless people while seeking an end to homelessness. For additional information, please call Marty Fleetwood at HomeBase/CCC, 415-788-7961 ext. 312, or Piper Ehlen at HomeBase/CCC, 415-788-7961 ext. 304.