

Community Partnership to End Homelessness Act of 2007

October 24, 2007

The Community Partnership to End Homelessness Act (S. 1518) was unanimously approved by the Senate Banking Committee on September 19, 2007. It is the first major homelessness legislation to pass the committee in over a decade. The bill would change federal funding of homeless assistance by making it more flexible, particularly in rural communities, expanding homelessness prevention, and increasing the emphasis on performance and accountability.

The Act would support communities through the life cycle of implementing their ten year plans to end homelessness. It would provide incentives to develop solutions that are research tested and cost effective. It would also address the needs of households who are doubled up or living in precarious housing situations, to ensure that they never become homeless.

This document summarizes the significant features of the Act, describing how homeless assistance would differ from existing practice, and how homeless people, providers, and communities would be affected. The summary is followed by a more detailed description of the bill's features.

Summary

The Community Partnership to End Homelessness Act (Community Partnership Act) would consolidate HUD's three Continuum of Care Programs (Supportive Housing Program, Shelter Plus Care, and Mod. Rehab./SRO) into a single Community Homeless Assistance Program.

Communities would apply in much the same way as they do now through the Continuum of Care process. The applying entity would be known as the Collaborative Applicant. They would be responsible for ensuring that the community uses an inclusive process to prioritize projects and apply for funding. They would also be responsible for ensuring that programs were participating in HMIS. A Collaborative Applicant could be, but does not have to be a legal entity, including a nonprofit organization or state or local government agency. If they are a legal applicant, they are eligible for administrative funding.

The bill would include incentives for two proven strategies. First, it would continue incentives for permanent housing that serves chronically homeless people (adding families to the definition of chronic homelessness). Second, it would create a similar incentive to serve homeless families using rapid rehousing programs.

The Community Partnership Act includes provisions that increase flexibility and competitiveness of grantees in rural areas. Rural applicants could, at their discretion, apply under a simplified set of criteria. They could serve people they determine are in the worst housing conditions, including homelessness, in the community.

The Emergency Shelter Grants program would be renamed the Emergency Solutions Grants program and expanded to 20 percent of homeless assistance funding (in fiscal year 2007, it was 11 percent). The greater of 60 percent of that amount or the amount that had been spent the previous year could be used for traditional emergency shelter and outreach activities. The remaining amount would be for homeless prevention and rehousing activities that can serve people who are homeless or at risk of homelessness.

The application process would not change significantly for most applicants. The entity responsible for applying for funds would be called the Collaborative Applicant and would in most cases be the same entity that applies for Continuum of Care funds currently. The Collaborative Applicant would be responsible for monitoring the performance of funded projects and ensuring that they are following accepted standards for receiving federal grants. The Collaborative Applicant could under certain conditions become a Unified Funding Agency, which means they could receive funding directly from HUD and then distribute it to project sponsors.

Rural areas could choose to apply under a special rural section. Under that section, an applicant in a rural area (not necessarily a collaborative applicant) could apply directly to HUD for a grant. The selection criteria would be much simpler than for regular applications, particularly with respect to local planning and coordination requirements. Recipients of funds under the rural section would have more flexibility with respect to the eligible population and the uses of funds. Furthermore, applicants under the rural section would be eligible for the same amount of funding as if they applied under the regular process, but their applications would be judged in comparison to other rural areas, which could potentially make them more competitive.

Communities that can demonstrate that they are significantly reducing homelessness could apply for funding under a special High Performing Communities section. They would be eligible for the same amount of funding, but could use their funds to serve a broader population and for a broader set of activities as long as they continue to perform well.

Analysis

Collaborative Applicants

A Collaborative Applicant would be the entity responsible for submitting an application for funding to HUD. A Collaborative applicant could be a legal entity, such as a nonprofit organization or a state or local government agency, but they would not necessarily have to be. Collaborative Applicants that are legal entities can receive funding for administrative costs. It is likely that many Continuum of Care bodies would become Collaborative Applicants. A Collaborative Applicant could also appoint an agent to apply for a grant, receive and distribute grant funds, or perform other administrative duties.

If there is no Collaborative Applicant in a geographic area, or if the Collaborative Applicant for that area is not performing its duties, HUD could take remedial action, which could include appointing a Collaborative Applicant or allowing organizations apply for grants directly.

The duties of a Collaborative Applicant would be to,

- Design a collaborative process to apply for funding, evaluate outcomes, determine compliance, and establish funding priorities;
- Participate in the Consolidated Plan;
- Ensure participation in Homeless Management Information Systems (HMIS) to collect unduplicated counts of homeless people, analyze patterns of program use, and determine needs.

A Collaborative Applicant could also become a Unified Funding Agency, which would allow them to receive the entire grant for a community directly from HUD. The Unified Funding Agency would distribute funds to project sponsors to carry out the grants. The Unified Funding Agency would be responsible for ensuring that project sponsors are using accepted accounting practices and are getting periodic audits.

A Collaborative Applicant can become a Unified Funding Agency either when the Collaborative Applicant successfully applies for that designation, or when HUD determines the following:

- The Collaborative Applicant has the capacity to perform the duties of a Unified Funding Agency,
- The designation would benefit the community, and
- HUD and the Collaborative Applicant agree on the amount of technical assistance that will be provided to the Collaborative Applicant to help them perform their required duties.

When a Collaborative Applicant is a legal entity, it can receive 3 percent of the funds awarded to their community for administrative costs. If it is also a Unified Funding Agency, it can receive up to a total of 6 percent of funds for administrative costs.

Community Homeless Assistance Program

The Community Partnership Act would combine several HUD programs into one *Community Homeless Assistance Program*. The HUD programs that would be replaced, include the Supportive Housing Program, Shelter Plus Care, and Moderate Rehabilitation/SRO. The Safe Havens Demonstration would also be eliminated, although it has not been funded in recent years (Safe Havens are now funded through the Supportive Housing Program).

The eligible activities for the Community Homeless Assistance Program would include all of the activities that are currently eligible under the existing Continuum of Care programs. However, because they would all be included in one program, applicants would have more flexibility in how they design programs.

The eligible activities for the Community Homeless Assistance Program would be:

- Construction of new housing for transitional or permanent housing;
- Acquisition or rehabilitation to provide supportive services or transitional or permanent housing;
- Leasing property for supportive services or transitional or permanent housing;
- Rental assistance to provide transitional or permanent housing, including both project-based and tenant-based assistance;
- Operating costs for transitional or permanent housing;
- Supportive services with the goal of housing stability for people who are either homeless, were homeless less than 6 months ago but are now in permanent housing, or people in permanent supportive housing;
- Rehousing services, including 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, or other activities that help homeless people move immediately into housing or would benefit people who have moved into permanent housing in the last 6 months;
- For a Collaborative Applicant that is a legal entity, administration and oversight of HMIS;
- Operation and participation in HMIS;
- For a Collaborative Applicant that is a legal entity, up to 3 percent can be used for administrative costs;
- For a Collaborative Applicant that is also a Unified Funding Agency, up to an additional 3 percent for administrative costs (Unified Funding Agencies would be eligible for a total of 6 percent for administrative costs);

- For Project Sponsors, up to 7 percent for administrative costs;
- Reasonable costs for staff training.

The eligible population for the Community Homeless Assistance Program would change. Previously, HUD's Continuum of Care homeless assistance programs could serve any person who "lacks a fixed, regular, and adequate nighttime residence," including people living in emergency shelters, hotels paid for with public funds, transitional housing, and places not meant for human habitation. There were additional limitations, including that permanent housing could only serve people with a disabling condition. Under the Community Partnership Act, any homeless person is eligible for any activity, so people without disabilities are eligible for permanent housing. In addition, the definition of a homeless person is modified to include the following two scenarios:

1. An individual or family who meets all of the following requirements:

- Has a primary nighttime residence that is owned or leased by another person because the individual or family lacks the resources necessary to rent a decent, safe housing unit.
- The owner or renter of the residence referenced has notified the individual that they may stay for only a short period of time;
- The individual or family has changed primary residences three times in the past year or two times in the past 21 days; and
- The individual or family is unable to make a significant financial contribution to the housing costs of the owner or renter of the residence.

2. An individual or family who meets all of the following requirements:

- The individual or family has a primary nighttime residence that is a room in a hotel or motel because the individual or family lacks the resources necessary to rent a decent, safe housing unit;
- The individual or family lacks the resources to pay for the hotel or motel room for more than a short period of time; and
- The individual or family has changed primary residences three times in the past year or two times in the past 21 days.

Selection Criteria

The selection criteria for funding would be based on two things—the pro-rata need, and the collaborative application. For the first two years, the pro-rata need would work the same way it works under current practice.¹ After that, HUD would be responsible for

¹ Each community is assigned an initial pro-rata need amount. The amount is based on the formula for CDBG that represents the geographic area adjusted to ensure that 75 percent goes to metropolitan cities and urban counties that receive Emergency Shelter Grants funding, and 25 percent goes to metropolitan cities and urban

coming up with a new pro-rata need formula based on the number of homeless people, shortages of affordable housing, severe housing problems among extremely low-income households, and the poverty rate.

The collaborative application would be scored using the following criteria:

Past performance as measured by-

- Length of time people remain homeless;
- Extent to which people who exit homelessness experience another episode of homelessness;
- Thoroughness in reaching homeless people;
- Reductions in the number of homeless people;
- Jobs and income growth;
- Homelessness prevention.

Plans of the recipient to-

- Reduce homelessness;
- Reduce the length of time people are homeless;
- Address all relevant subpopulations;
- Incorporate best practices;
- Set quantifiable performance measures;
- Set timelines;
- Identify funding sources;
- Identify individuals or entities responsible for implementation;

Other factors include-

- The methodology for setting funding priorities, including the extent to which the process considers the full range of views, is based on publicly announced objective criteria, and is open to new proposals;
- Leveraging;
- Coordination with other entities serving homeless and at risk people;
- Other factors HUD determines are appropriate.

and non-urban counties that do not receive Emergency Shelter Grants. If a Collaborative Applicant covers more than one jurisdiction, their pro-rata need would be the sum of the pro-rata needs for all of the jurisdictions they represent.

Rural Housing Stability Assistance Program

An applicant in a rural area would have the option of applying for funds under the Rural Housing Stability Assistance Program instead of the Community Homeless Assistance program. The applicant would not have to be a Collaborative Applicant; they could be an individual organization.

Applications for funding under the rural component would be much simpler. The selection criteria would be the following:

- The participation of potential beneficiaries in determining need;
- The degree to which the project addresses the most harmful housing conditions in the community;
- The degree of collaboration with other entities;
- Performance of the organization in improving housing situations;
- For organizations that have previously received funding, the extent to which they improved conditions in the community;
- Other HUD determined criteria.

The competition under the rural program would use the same pro-rata formula, except that rural applicants would compete for funding against other rural applicants instead of against applicants for the Community Homeless Assistance Program.

Successful applicants could use funding for the same activities as under the Community Homeless Assistance Program as well as for homelessness prevention activities, including minor rehabilitation and payment of back rent, mortgage, or utilities. Funds could be used to serve homeless people or those at risk of becoming homeless, except that permanent housing and transitional housing would only be for people who are currently homeless. Successful applicants could use up to 20 percent of their grant for capacity building activities.

The option to apply under the Rural Housing Stability Assistance Program would be automatic. It would not require a separate appropriation from Congress like the existing rural program (which has never been funded).

A rural area would be defined as a place that is not in a Metropolitan Statistical Area or a place that is in a Metropolitan Statistical Area but in a rural census tract. An entire state would be considered rural if the state has a population density of less than 30 people per square mile, and more than 1.25 percent of its area is under the control of the federal government. Any of those states or any part of those states could apply under the rural program unless the applicant is composed solely of a metropolitan city. The Alliance calculates that the following states meet those criteria: Alaska, Idaho, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, and Wyoming.

Flexibility Incentive for High Performing Communities

Communities that make progress reducing homelessness could apply for designation as a High Performing Community. This designation would give them more flexibility in their eligible activities and in the people they serve in exchange for continued good performance. A community can apply for this flexibility if they meet all of the following benchmarks:

- The mean length of episodes of homelessness is either less than 20 days or has decreased by 10 percent from the year before;
- Of the people who leave homelessness, less than 5 percent become homeless again in the following 2 years, or the percentage who leave homelessness and become homeless again in the following two years decreases by 20 percent from the preceding year;
- Homeless people in the geographic area are actively encouraged to participate in homeless assistance services available in the area and every homeless person is included in the data used to determine compliance with this section;
- If the recipient has been designated a high performing community in the past, they used their funding effectively to reduce the number of people who became homeless.

If a community successfully applies for High Performing status, they could use their funding to perform any of the eligible activities under either the Community Homeless Assistance Program or for rehousing and homelessness prevention activities for people who are homeless or at risk of homelessness.

The bill would limit the number of communities that could receive the High Performing designation to ten per year for the first two years after the Community Partnership Act is enacted. After that, as many communities as meet the criteria could be designated. A High Performing designation would last for one year, but could be renewed annually.

Permanent Housing Renewals

Currently, permanent housing renewals are funded differently depending on the program. For Shelter Plus Care, renewals are funded for one year at a time outside of the Continuum of Care competitive process. Supportive Housing Program - Permanent Housing renewals are funded for 1-3 years as part of the competition. Moderate Rehabilitation/SRO renewals are funded from the same federal account that funds Section 8 assistance.

The Community Partnership Act would treat permanent housing renewals the way Moderate Rehabilitation/SRO renewals are currently treated. They would be funded out of the federal account that funds Section 8. They would be funded for one year at a time provided that they meet minimum standards and are still needed by the community. This treatment applies to leasing, rental assistance, or operating costs of permanent housing. It applies to permanent housing renewals that were originally funded under

Shelter Plus Care or Supportive Housing Program - Permanent Housing as well as to permanent housing renewals for the Community Homeless Assistance Program.

The practical effect of this change for communities is that renewals of permanent housing rental assistance and operating costs would not come out of a community's pro-rata need. It would result in much more funding for new projects, particularly permanent housing projects.

Incentives

HUD would be required to provide bonuses or other incentives for proven strategies that reduce homelessness generally or for a specific population. The proven strategies would initially include permanent supportive housing for chronically homeless individuals and families and rapid rehousing programs for homeless families. HUD could add other strategies based on research and after public comment.

The definition of chronic homelessness would add to the current definition families that are headed by a person that otherwise meets the criteria.

To meet the definition of chronic homelessness, an individual (adult or youth) or family would have to-

- Be currently homeless in an emergency shelter, safe haven, or place not meant for human habitation;
- Have been homeless continuously for at least 1 year or 4 times in the past 3 years in an emergency shelter, safe haven, or place not meant for human habitation;
- Have an adult head of household with a disabling condition. Disabling condition means a diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of those conditions.

People would also be considered chronically homeless if they previously met the criteria for chronic homelessness, but are currently in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital or other similar facility for less than 90 days.

Rapid Rehousing Programs would include those that provide short term flexible subsidies to overcome barriers to rehousing, support services concentrating on improving incomes to pay rent, and performance measures emphasizing rapid and permanent rehousing and that leverage funding from mainstream family service systems.

If a community has fully implemented a proven strategy for all homeless people to whom the strategy is targeted, they could receive the bonus or incentive to carry out any other eligible activity under the Community Homeless Assistance Program or the

rehousing and prevention activities for people who are homeless or at risk of homelessness.

Minimum Amount for Permanent Housing

Thirty percent of funding provided under the Community Partnership Act would be for permanent housing for homeless individuals with disabilities and homeless families with an adult member who has a disability. The calculation for the 30 percent figure would not include funding for communities that have fully implemented permanent supportive housing for chronically homeless people or funding for permanent housing renewals.

The 30 percent requirement would be suspended if there would not be enough funding to cover renewals of grants for all types of homeless assistance. The requirement would be permanently eliminated once HUD determines that the homeless assistance programs have funded at least 150,000 units of permanent supportive housing for homeless individuals and families with disabilities.

Ten percent of funding provided under the Community Partnership Act would be to permanently house families with children regardless of disability status.

Match

Under current practice, there are several different match requirements. The Community Partnership Act would replace all of those with a universal 25 percent match. The match could be cash or in-kind. If it is in-kind, it must be documented by a memorandum of understanding between the project sponsor and the entity providing the services. Projects that were previously funded for SHP leasing and did not have a match requirement would continue to not have any match requirement.

Timing of NOFA, Awards, Agreements, Site Control, Obligation, and Spending

- HUD would have to release the NOFA no more than 3 months after enactment of appropriations.
- Awards would be announced no later than 5 months after applications are due (6 months for the first two years after enactment).
- Project sponsors must meet all requirements for obligation no later than 9 months after an award is announced (24 months for acquisition, construction, or rehab). HUD could grant an extension.
- Funds must be obligated no later than 45 days after the project sponsor has met those requirements.
- A Unified Funding Agency that receives funding must distribute funding to project sponsors no later than 45 days after receiving a request for funds from the project sponsor.
- HUD may set a date by which funding must be expended. If it is not expended by that date, HUD would recapture the funds and redistribute them in the same geographic region if possible.

Administrative Costs and Capacity Building

Under the Community Partnership Act, the following would apply:

- Collaborative Applicants would be eligible for up to 3 percent of a communities grant for administrative costs or up to 6 percent if they were also a Unified Funding Agency.
- Individual project sponsors would be eligible for up to 7 percent for administrative costs.
- Entities that receive funding under the Rural component could use up to 20 percent of their funding for capacity building activities, which includes payment of operating costs and staff retention.

Emergency Solutions Grants

The Emergency Shelter Grants program would be renamed the Emergency Solutions Grants program and would be expanded. Under current practice, funding for Emergency Shelter Grants is entirely up to HUD. For fiscal year 2007, it was 11 percent. The Community Partnership Act would require that Emergency Solutions Grants are 20 percent of homeless assistance funding. No more than 60 percent or the total spent the previous year would be for traditional emergency shelter and outreach activities. The remaining amount (at least 40 percent in most cases) would be for rehousing and prevention for people who are homeless or at risk of homelessness.

Prevention and rehousing include the following activities:

- Provision of rental assistance to provide short-term or medium-term housing to homeless people or people at risk of homelessness. The rental assistance may include tenant-based or project-based rental assistance.
- Housing relocation or stabilization services for homeless people and people at risk of homelessness, including housing search, mediation or outreach to property owners, legal services, credit repair, providing security or utility deposits, rental assistance for a final month at a location, assistance with moving costs, or other activities that are effective at stabilizing individuals and families in their current housing or quickly moving them to other permanent housing.

At risk of homelessness means an individual or family who-

- Has income below 20 percent of median income for the geographic area;
- Has insufficient resources immediately available to attain housing stability; and
- Has moved frequently because of economic reasons, is living in the home of another because of economic hardship, has been notified that their right to occupy their current housing or living situation will be terminated, lives in a hotel or motel, lives in severely overcrowded housing, or otherwise lives in housing that has characteristics associated with instability and increased risk of homelessness.

Funding would continue to be distributed by the same formula that is used now. Other changes include-

- Removal of a 10 percent cap on staff costs;
- Removal of the 30 percent cap on prevention;
- Addition of family support services for homeless youth and mental health treatment as eligible services.

Technical Assistance

The Community Partnership Act would allow HUD to use up to 1 percent of homeless assistance funding for technical assistance to project sponsors or collaborative applicants. Over the past several years, Congress has limited the amount of Technical Assistance HUD can provide to a smaller amount.

Prohibition Against Excluding Families with Older Children

Emergency shelter, transitional housing, and permanent housing providers that serve homeless families and are funded by any of the HUD homeless assistance programs would not be allowed to exclude a family simply because of the age of the children, except under very limited circumstances, including when a provider has a major funding source targeted to children in a specific age group, the provider is implementing an evidence based practice that requires targeting to children of a specific age group, or the provider ensures that those families receive an equivalent housing resource elsewhere.

Exemption Related to HMIS for Victim Service Providers

Any provider whose primary mission is to provide services to victims of domestic violence, dating violence, sexual assault, or stalking may not disclose for the purposes of a homeless management information system any personally identifying information, including name, date of birth, social security number, address, contact information.

Funding Levels

HUD's homeless assistance programs received \$1.442 billion in fiscal year 2007. The Community Partnership Act would authorize \$2.2 billion for homeless assistance for fiscal year 2008. These would be the funding levels recommended for the programs. Final funding decisions are made through the Appropriations process, which frequently results in less funding than is authorized, and occasionally results in more.