COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
2013 Summary Statement and Initiatives
(Dollars in Thousands)

HOMELESS ASSISTANCE GRANTS	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2011 Appropriation	$1,905,000a	$2,208,661b	-$3,810	$4,109,851	$1,887,984c	$2,279,544c
2012 Appropriation/Request	1,901,190	2,216,615d	...	4,117,805	2,150,000	2,228,000
2013 Request	2,231,000	1,967,805e	...	4,198,805	1,665,000	1,911,000
Program Improvements/Offsets	+329,810	-248,810	...	+81,000	-485,000	-317,000

a/ Includes $12.6 million transferred to the Transformation Initiative.
b/ Includes $37.1 million in recaptures of prior year obligations in fiscal year 2011,
c/ Funds transferred to the Transformation Initiative are not reflected in Obligations or Outlays.
d/ Includes $25 million in anticipated fiscal year 2012 recaptures.
e/ Includes $20 million in anticipated fiscal year 2013 recaptures.

1. What is this request?

In 2013, the Department requests $2.231 billion to support programs designed to prevent and end homelessness for the approximately 650,000 people who experience homelessness on a given night, and for the 1.59 million people who use shelter or transitional housing during the year (source: *2010 Annual Homeless Assessment Report to Congress*). This represents an increase of $330 million over the fiscal year 2012 enacted amount, which will fund the increased competitive renewal demand in 2013 in addition to the funding necessary to meet the new HEARTH requirements and to continue implementation of the *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness (FSP)*. The requested increase reflects the priority and effectiveness of these programs, the results of which are reflected in a 13.5 percent reduction in chronic homelessness since 2007 and the development of nearly 89,000 permanent supportive housing beds since 2001.

However, this request does not fully fund HEARTH as authorized, which HUD estimates would cost nearly $4.4 billion (including meeting the new 30 percent permanent supportive housing requirement). The Administration proposes a budget that funds each of the priority areas identified in HEARTH, but the ESG and Rural Housing Stability programs are not funded at the fully authorized levels. The Budget also reflects the Administration's commitment to implementing the FSP.

Homeless Assistance Grants

The programs included in the Homeless Assistance Grants (HAG) account are key targeted programs to serve vulnerable homeless and at-risk individuals and families through a wide variety of intervention types ranging from homelessness prevention and emergency shelter to rapid re-housing, transitional housing, and permanent supportive housing. Many of these programs also provide the supportive services necessary to address underlying causes of homelessness and barriers to instability, such as mental health services and job counseling. The programs funded through the Continuum of Care competitive process provide the community structure for comprehensive and data-driven decision making at the local level, and are an important component in meeting the goals of the FSP. The broad goals of the FSP include:

1. Building on past progress, end chronic homelessness within 5 years;
2. Prevent and end homelessness for veterans within 5 years;
3. Prevent and end family and youth homelessness in 10 years; and
4. Set a path to ending all types of homelessness.

These funds also leverage significant investment from other public and private sector resources – new projects funded in HUD's 2010 Continuum of Care competition leveraged over $632 million in other cash and in-kind resources against the $216 million that was awarded – a $3 dollar investment from other sources for every dollar of HAG funds awarded for new projects. Approximately 20 percent of leveraged funds were from the HOME program. Competitive renewal projects and ESG recipients are also required to provide a match--cash and in-kind--which often exceeds the statutory requirement.

HUD has worked over the last 10 years to better understand the scope of homelessness, the needs of those who present for homeless services, and the outcomes of its programs. Outcomes are tracked in several ways, and the implementation of the McKinney-Vento Act as amended by the HEARTH Act provided both HUD and its grantees with new goals and tools to measure and improve performance. This continues and further strengthens the successful history of data driven policy making for the HAG programs. The FSP has provided a clear vision and community strategies that can be used to ensure continuous improvement and increased positive outcomes for the people served by them. Goals and outcome measures are described later in this document.

The HEARTH Act changed the allocations for HUD's homeless assistance grants. Specifically, the Emergency Solutions Grants program, as authorized by HEARTH, is allocated as 20 percent of the overall HAG appropriation. A set-aside for the Rural Housing Stability Assistance Program is set at 5 percent of the funds for the Continuum of Care (CoC) competition, and the remaining funds are allocated through the CoC competition. This structure holds unless the renewal burden in the competition exceeds the funds available, at which point the ESG program can be adjusted in order to meet the renewal demand. In addition to these changes, the HEARTH Act mandates several changes to specific line items at the CoC and project levels, which will significantly increase the cost of the renewal burden in 2013. For example, funding for project-level administrative expenses is increased up to 10 percent and leasing and operations grants must be increased in relation to Fair Market Rents (FMR) in the grantee area. Moreover, for the first

time, CoCs can receive their own planning and administrative funds capped at either 3 percent or 6 percent depending on how they choose to apply. These resources will help communities to build capacity for strategic planning and sound fiscal management.

2. What is this program?

For fiscal year 2013, the Department requests $2.231 billion for the HAG account. The requested funds can be categorized via the HEARTH Act authorized programs and eligible activities as follows:

- **Emergency Solutions Grants:** $286 million
  ESG, implemented for the first time in fiscal year 2011, includes funds for a variety of life-saving activities in addition to newer interventions like rapid re-housing (RRH) and homelessness prevention that have proven to be successful in many communities at preventing or ending homelessness. HUD is also conducting evaluations of both program types to understand which communities have developed the most successful models in order to replicate those models in other areas. Eligible activities such as emergency shelter, street outreach, and essential services are often a community's first defense in serving people in crisis and to engage people who are living on the streets. Fiscal year 2013 is the first time since 2009 that communities do not have the resources that were made available to them as part of the Homelessness Prevention and Rapid Re-housing Program (HPRP), and ESG will be an essential component of continuing the program infrastructure that was started via HPRP. Without ESG funds, many communities will end RRH or homelessness prevention projects that had positive outcomes. In fact, ESG requires grantees to use at least 40 percent of their funds on these activities so that new and successful programs can continue.

  - **Continuum of Care Program** (CoC): $1.94 billion
    o   Renewal of Existing projects: $1.91 billion
    o   New Permanent Supportive Housing and CoC Planning: $22 million
    o   Homeless Management Information System: $8 million

  The CoC Program is HUD's largest and broadest targeted program to serve homeless men, women and children. It also provides the infrastructure for the implementation of a comprehensive planning approach, data collection and analysis, and performance measurement. CoCs have the dual role of planning and operating programs, and use data collected through Homeless Management Information Systems (HMIS) to inform planning decisions and track performance at both the project and systems levels. Eligible activities include: CoC planning activities, acquisition, rehabilitation and new construction for capital projects, leasing, rental assistance, housing operations, HMIS, supportive services, and administration.

Homeless Assistance Grants

Funds for the CoC program are awarded through a national competition. HUD currently funds 7,400 projects, with an average of 87 percent of funds in a given year going to renew existing projects (see description of renewal demand below). While existing projects are protected in the HEARTH Act, HUD encourages CoCs to carefully review the performance of each project in its portfolio and provides a mechanism to reallocate funds for underperforming or underutilized projects for new activities. Policy priorities for the CoC program are articulated through the annual Notice of Funds Availability (NOFA), which is driven by the priorities and goals described in the FSP.

Technical assistance (TA) is the foundation of the implementation of the HEARTH Act and CoC program. HUD uses TA resources to develop and provide guidance to communities on critical compliance issues; to work directly with communities to develop strategic plans and action steps to improve project and community level performance; to develop tools and provide direct assistance to improve data collection and reporting to HUD; and to increase the overall capacity of grantees to understand their own markets and manage their portfolios successfully.

The chart below details the number and type of renewal and new projects in the most recent CoC competition. This does not include technical assistance, which is allocated under a separate NOFA process.

FY 2010 Funding Requests
(Dollars in Millions)

	Total Projects Requested	Total $ Requested	New Applicants	$ New Applicant Request	Renewal Applicants	$ Renewal Request
Supportive Housing Program	6,200	$1,124.2	626	$156.8	5,574	$967.3
Shelter + Care	1,334	$518.1	146	$77.3	1,188	$440.8
Single Room Occupancy	2	$2.3	2	$2.3	0	$0
Total	**7,536**	**$1,644.7**	774	$236.6	6,762	$1,408.1

FY 2010 Funding Awards
(Dollars in Millions)

	Total Projects Funded	Total $ Funded	New Applicants Funded	$ New Applicant Funds	Renewals Funded	$ Renewal Funds
Supportive Housing Program	6,113	$1,104.1	548	$138.5	5,565	$965.6
Shelter + Care	1,317	$521.8	141	$75.6	1,176	$446.2
Single Room Occupancy	2	$2	2	$2.3	0	$0
Total	**7,432**	**$1,628.3**	691	$216.5	6,741	$1,411.9

Renewal Demand: The estimates for 1-year renewal needs are based primarily on three factors: (a) the amount of renewals from the prior year which will be expected to renew again (this covers all on-going, accumulating renewals from prior years); (b) the amount of new awards made 1 to 5 years prior to the year for which renewal demand is being estimated, which will now be renewed for the first time; and, (c) the average rate of increase in renewal demand (with FMR updates factored in) for the previous 5-year period. Based on HUD's experience, not all rental assistance grants eligible to seek renewal actually do so in any given year. Therefore, the renewal estimates from known factors (a) and (b) above are contained within a range to accommodate the unknown percentage of projects that could renew in a given year but do not. The following chart details HUD's estimates on renewal demand for 5 years.

Fiscal Year	Estimated Renewal Need
2012	$1,537,807,454 - $1,637,949,662
2013	$1,805,601,400 - $1,923,182,382
2014	$1,856,726,802 - $1,977,637,076
2015	$1,890,642,555 - $2,013,761,427
2016	$1,925,521,647 - $2,050,911,849
2017	$1,944,693,328 - $2,071,331,993

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Rural Housing Stability Assistance Program (RHSP): $5 million

The RHSP is a new competitive program implemented for the first time in fiscal year 2012. This program is targeted to rural areas across the country that has little or no Federal investment in preventing or ending homelessness. The program is unique because it recognizes that homelessness is often different in rural communities--and has eligible activities that reflect these differences. For example, HUD can prevent homelessness by making repairs to housing that is currently occupied by the owner. It also allows for capacity building activities--which are important to building successful projects at the local level.

Transformation Initiative

In fiscal year 2013, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent to the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes; research, evaluations and program metrics; program demonstrations; technical assistance and capacity building and Information Technology. Departmentwide, no more than $120 million is estimated to be transferred to the Transformation Initiative Fund account in fiscal year 2013 although transfers could potentially total up to $214.8 million. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

Staffing

FTE	2011 Actual	2012 Estimate	2013 Estimate
Headquarters	40	39	40
Field	226	219	220
Total	266	258	260

Under the Office of Community Planning and Development (CPD), the HAG Programs are administered with staff assigned to the Office of Special Needs Assistance Programs (SNAPS). Headquarters SNAPS staff provide oversight, management and policy direction to the field offices which are delegated grants management duties undertaken by area field offices (43 state of local CPD divisions), for program activities that involve 5 percent of CPD resources. This CPD Headquarters office is responsible for the administration of six separate programs in 2013 (Emergency Solutions Grants, Continuum of Care, Rural Housing Stability Assistance Program, Technical Assistance, Federal Surplus Property Disposition Program, and the Base Realignment and Closure Program) in addition to the pre-HEARTH programs/grants that are continue to operate under legacy regulations. This includes developing and disseminating regulations, policy and procedures for the programs, developing competitive grant NOFAs and conducting reviews annually, tracking goals and resources under the *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness*,

collaborating with related Federal agencies (DHHS, VA etc.), managing the allocations under the HUD-VASH program as the subject matter experts on the issue of Veteran homelessness in the Department, planning and coordinating the use of technical assistance resources, serving as grants technical monitors, program monitoring activities, and other functions.

Related HQ staffs are involved in support and administrative functions on budgeting, human resource functions, financial transactions information technology/data systems, and contracting, working closely with other HUD overhead support of legal, financial, human resource and related management oversight.

CPD field offices are responsible for compliance and monitoring as well as review and approval of grantee submissions such as Consolidated Plans, Annual Action Plans, performance and reporting, and for assisting in review of competitive applications and approval and oversight of related competitive grant agreements, performance and reporting. Staff also guides the provision of technical assistance to ensure compliance with HUD programs and regulatory requirements and support grantee capacity to administer Federal resources and address compliance issues, as needed, for effective and appropriate use of resources. The FTE levels for Homeless Assistance Grants programs in fiscal year 2012 are 39 in HQ and 219 in field offices.

The Office of Special Needs Assistance Programs is requesting an increase of 2 FTE for fiscal year 2013 over fiscal year 2012. For the Homeless Assistance Grants program, these new FTE will help with the implementation of the HEARTH Act and with meeting the goals of the Federal Strategic Plan to Prevent and End Homelessness.

3. Why is this program necessary and what will we get for the funds?

Understanding Need
Each year, HUD publishes its *Annual Homeless Assessment Report to Congress (AHAR)*. This report provides valuable information on the scope of homelessness and the needs of the persons served. It provides critical data to HUD and other policy makers so they can make informed decisions, and also provides the data that is the basis for the targets and goals set for the FSP. The data itself is collected by communities and reported to HUD in the CoC competition, and includes point-in-time data collected as a "snapshot" of the number and characteristics of persons who are homeless on a given night annually, as well as a longitudinal view of persons being served in emergency shelter, transitional housing, permanent housing and HPRP. It allows HUD to track trends in homelessness and make appropriate adjustments to its programs and policies to fit the need.

The most recent AHAR shows that, while the total number of homeless has remained relatively steady, the composition has begun to change. The number of people experiencing homelessness on a single night increased by 1.1 percent between 2009 and 2010: from 643,067 in January 2009 to 649,917 in January 2010. Nearly 1.6 million people spent at least one night in an emergency shelter or transitional housing program during the 2010 AHAR reporting period, a 2.2 percent increase from 2009. However, the report showed some concerning trends in sheltered homelessness:

Homeless Assistance Grants

- Since 2007, the annual number of people using homeless shelters in principal cities has *decreased 17 percent* (from 1.22 million to 1.02 million), and the annual number of people using homeless shelters in suburban and rural areas has *increased 57 percent* (from 367,000 to 576,000).
- The number of homeless persons in families has *increased by 20 percent* from 2007 to 2010, and families currently represent a much larger share of the total sheltered population than ever before.

While the exact reasons for these changes have not yet been determined, the data point to a few potential causes. First, the recession has had an impact on families and those living in suburban and rural areas that may not have experienced homelessness before. It is clear that most homeowners who lose their homes to foreclosure do not go directly into homelessness, but exhaust other resources before they present for homeless assistance. Therefore, there is a time lag between foreclosure and an increase in homelessness in the hardest hit areas. Also, the chronic homeless initiative has been highly successful in urban areas where the majority of homeless people are located.
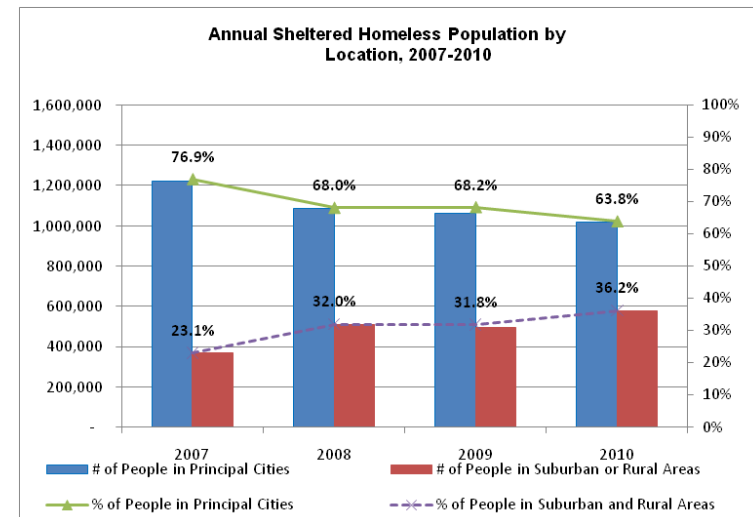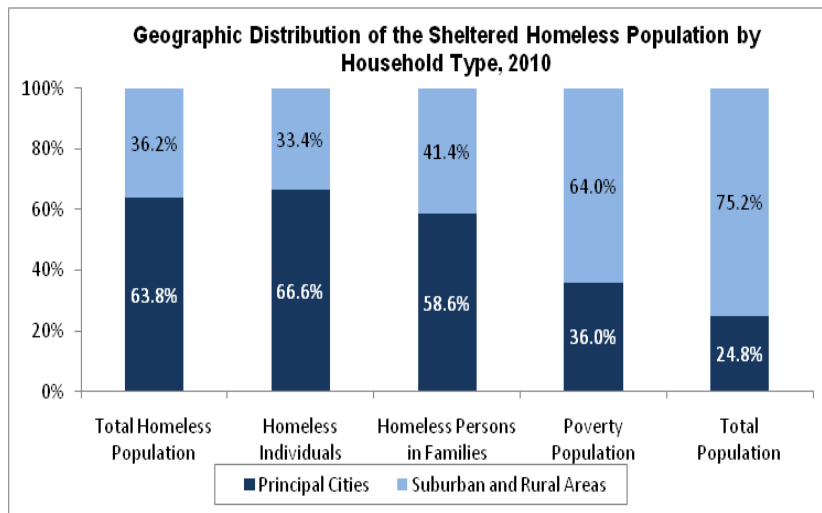
The AHAR also allows us to understand how the homeless population is distributed geographically – specifically, where high-need areas are located. Forty percent of people counted as homeless on the night of the Point-in-Time count were located in California, New York, or Florida. These three states account for 25 percent of the total U.S. population.

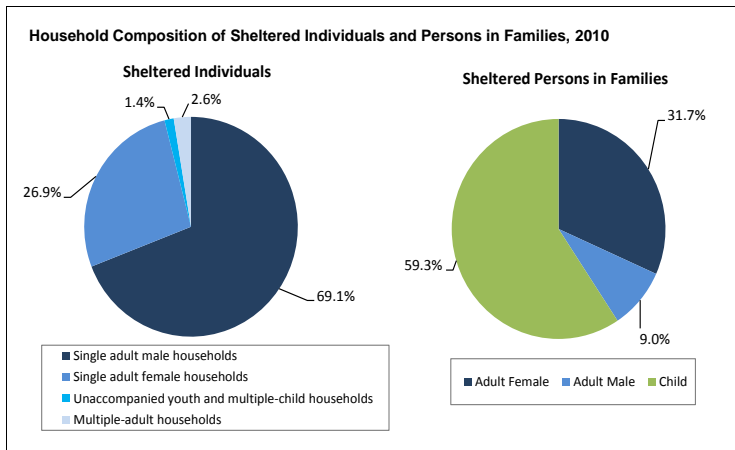## Percentage of National Homeless Population by State
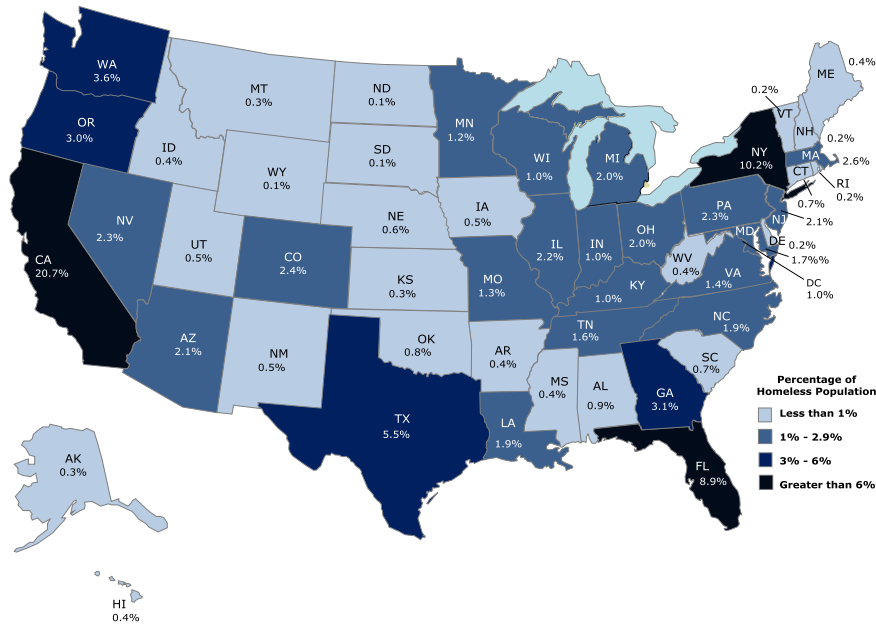
In addition to trends and geographic distribution, understanding the needs of persons who are homeless is key to making sound policy decisions and designing programs that work. For example, AHAR data shows that a typical sheltered homeless person is a male adult, a member of a minority group, between the ages of 31 and 50 and presenting for services alone. When compared with the U.S. and poverty populations, a homeless person is also more likely to be disabled. See the chart below for specific disability areas.

Homeless households with children, however, look different from the population as a whole. About 59 percent of persons in homeless families are children, and the adults in these families tend to be younger (age 30 or younger). Persons in families are also more likely to be headed by a woman and less likely than other homeless individuals to be disabled. The chart below illustrates the distribution of persons who present as families and individuals.

Finally, in order to implement the goals as outlined in the FSP, HUD tracks specific subpopulations in addition to families, including persons who are chronically homeless and veterans.

- According to the 2009 Supplemental AHAR Report on Veteran Homelessness, there are approximately 75,600 veterans who are homeless on any given night, and an estimated 136,300 veterans who use emergency shelter or transitional housing in a year. Veterans are over-represented in the homeless population when compared to the total U.S. population.

Household Composition of Sheltered Individuals and Persons in Families, 2010

Sheltered Individuals

- 1.4%
- 2.6%
- 26.9%
- 69.1%

Legend:
- Single adult male households
- Single adult female households
- Unaccompanied youth and multiple-child households
- Multiple-adult households

Sheltered Persons in Families

- 31.7%
- 59.3%
- 9.0%

Legend:
- Adult Female
- Adult Male
- Child

2010 Sheltered Subpopulations on the Night of the 2010 PIT Count	
Subpopulation	**Percentage of Sheltered Homeless Population**
Serious Mental Illness*	26.2%
Substance Abuse*	34.7%
HIV/AIDS*	3.9%
Domestic Violence Survivors	12.3%
Unaccompanied Youth	1.1%

* This information was collected only for adults

Source: Continuum of Care Applications: Exhibit 1, CoC Point-in-Time Homeless Population and Subpopulation, 2007-2010

- The January 2010 count described in the AHAR found that 109,812 homeless persons met HUD's definition of chronically homeless. While the count between 2009 and 2010 remained relatively steady (a 1 percent decrease), the number of chronically homeless has decreased by 13.5 percent between 2007 and 2011.

Program Types and Interventions
The HAG programs fund a variety of program types that address the needs of individuals and families who are homeless as described in the previous section. Communities are required to conduct a gaps analysis each year, and fund or reallocate projects based on the gaps identified.

A typical Continuum of Care includes at least emergency shelter to house persons in crisis, street outreach and other essential services to engage people who may be living on the streets and/or be service-resistant, transitional housing to help individuals and families move to stability within 2 years, permanent supportive housing for homeless disabled persons, and a variety of support services to help identify and maintain permanent housing. More recently--as best practices have emerged--communities have implemented newer, more cost-effective intervention models like homelessness prevention and RRH for persons who are at risk of homelessness and who may have fewer barriers to permanent housing.

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Development of permanent supportive housing has been a policy priority for HUD since 2005, which ensures that HAG funds are targeted to the homeless persons with the highest level of need. This type of intervention is designed for the most difficult to serve population – persons who are chronically homeless and homeless individuals and families with significant disabilities. They are often serving people who have been living on the streets or in shelters for many years. Research conducted by the University of Pennsylvania and others clearly shows that these programs have proven to be cost effective. Before housing placement, research showed that this disabled population accumulated, on average, $40,451 in public service use before housing placement. After

COST-BENEFIT ANALYSES OF PERMANENT SUPPORTIVE HOUSING

After one year in housing, hospitalizations, emergency services, jail time, detox, and sobering center costs decreased 50% ($4 million) for the heaviest system users.

Healthcare, detox, law enforcement, and other county services dropped 50% after housing – from $32,000 per person to $16,529. Healthcare alone dropped 88%.

Housing people who are homeless cuts the average costs of services they consume in half. After housing, average savings was $944 per person.

Annual cost of housing and services per person dropped from $33,440 per person to $25,519, or 24%. The housing retention rate is 82%.

It would cost $15,000 to house a homeless person for one year – one-third of what he/she would cost the community while living on the street.

The total cost of services was decreased 39% from pre- to post-supportive housing per year – from $4,828 per person to $2,414. Mental health hospital use decreased 90%.

Following placement, people experienced a 35% decrease in medical and mental health services and a 38% decrease in jail use. Costs in services decreased from $40,451 to $24,170 per person.

Compared to a control group, case management costs increased and criminal justice system costs decreased. Overall, costs decreased 98% and saved the city $3 million.

Jail visits dropped by 78% ($400,600) and hospital admissions by 79% ($1,245,012) after services.

The amount of savings in hospital and ambulance services for the 66 individuals placed in housing totaled $274,179 over 6 months.

Participants of a frequent user program who entered permanent housing saw a 34% decrease in emergency room visits, compared to 12% for those who received services but not permanent housing.

○ Statewide study
● City-specific study

placement, savings in public service use was estimated at $12,146 per placement in housing. (Culhane, Metraux, & Hadley, *Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing*, 2002). In 2010, HUD allocated nearly $997 million--over 60 percent of its competitive funds--towards new and renewal permanent supportive housing projects. Recently, HUD conducted a literature review of studies related to cost effectiveness of permanent supportive housing projects. The map, above, details the findings of several of these studies, which clearly indicate cost savings and increased positive outcomes for program participants.

HUD continues to conduct its own research projects on the efficacy of program models and to work with top researchers to understand what program types and policies it should prioritize through the competitive process. It is clear from the outcomes on chronic homelessness as stated above that focused Federal attention can make a difference in the homeless population. Current research projects underway include a broad-range study on what types of interventions are most effective for homeless families, a study on youth homelessness, an evaluation of the RRH model, and an evaluation of homelessness prevention.

Existing Resources
In addition to tracking the number and characteristics of persons who are homeless, HUD closely tracks the nationwide inventory of homeless programs and beds, including those that are not HUD-funded. The purpose of tracking this inventory is to understand where there are potential gaps in the national landscape and to ensure that communities are tracking those gaps and making strategic resource allocations. HUD also tracks the utilization rates of beds by type in order to understand the flow of homeless persons in and out of the homeless services system and to help communities to improve program models. In the 2010 CoC competition, HUD funded nearly 308,000 beds that are projected to serve 356,000 people per year.

The chart below shows the number of beds in each category that were reported as McKinney-Vento funded in the 2010 Housing Inventory Count.

| McKinney-Vento Funded Bed Inventory			
Program Type	**Beds - Families**	**Beds - Individuals**	**Total Beds**
Emergency Shelter	28,039	36,488	64,527
Transitional Housing	66,360	34,690	101,050
Permanent Supportive Housing	58,940	82,430	141,370
Safe Havens		1,880	1,880
TOTAL BEDS	153,339	155,488	308,827

Homeless Assistance Grants

Overall, HUD's policies as detailed in the annual NOFA regarding permanent supportive housing have been effective in increasing not just those units funded by HUD, but units funded through other sources. The chart below shows the overall change in bed inventory since 2006 – beginning in 2009 the national inventory of permanent supportive housing was greater than either emergency shelter or transitional housing. This can, at least in part, explain the annual declines in the number of chronically homeless persons.

Key Initiatives: Goals and Outcomes to Date
HUD has undertaken several policy and administrative initiatives that have resulted in positive outcomes for the program and for those being served by HUD's homeless programs. Several initiatives are briefly described below and include the purpose of the initiative itself and the outcomes to date.

The Homelessness Prevention and Rapid Re-Housing Program (HPRP): HPRP, a $1.5 billion program, was funded as part of the American Reinvestment and Recovery Act of 2009 and was intended to mitigate the effects of the housing and economic crisis by preventing homelessness for at-risk individuals and families and to open up resources inside of over-taxed homeless services systems through rapid re-housing. As of June 2011, the program served approximately 1 million people since its launch in July 2009. Eighty-eight percent of households that exited the program reported exiting to permanent housing. In the first year, 77 percent of persons served in the program were served through homelessness prevention, while the other 23 percent were homeless at the time of program entry and re-housed through HPRP. In many communities HPRP was leveraged as a key resource for homeless veterans entering HUD VASH, since it could provide a security deposit and first month's rent – activities not eligible under HUD-VASH. Over 15,000 veterans were served in HPRP, nearly 5,000 of whom exited to HUD-VASH. HPRP allowed many communities to implement homelessness prevention and RRH programs for the first time, and helped to build capacity at the local level on these emerging practices as well as on advanced data collection and reporting. These and successes are the basis in most communities for the activities that activities will be continued in 2013 on a smaller scale via the ESG program, and are in large part the basis for the increase in the request for ESG.

Changes to Homeless Housing Inventory 2006-2010
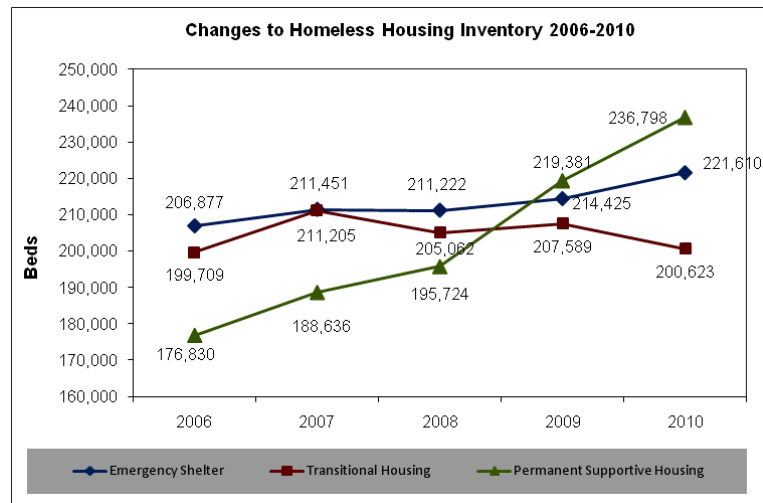
Homeless Assistance Grants

Permanent Supportive Housing and Chronic Homelessness: As described earlier in this section, HUD has focused its resources on the hardest to serve population by making development of permanent supportive housing a key policy priority in its annual NOFA since 2005. While the HAG appropriation has required for a number of years that HUD expend at least 30 percent of its funding on permanent supportive housing, HUD has consistently exceeded this target. In 2009, for the first time the number of permanent supportive housing (PSH) beds on line exceeded either the number of emergency shelter or transitional housing beds. As noted above, the $3 to $1 leveraging ratio indicates that grantees are learning to utilize sophisticated financing mechanisms to fund PSH projects, no longer relying solely on targeted programs to develop new projects. HOME program funds have proven to be a key source of financing, representing 20 percent of the leveraging amount for new projects in 2010. The result, in part, of this focus has been a 39 percent decrease in the number of chronically homeless persons between 2005 and 2011 – 13.5 percent alone since higher quality data became available in 2007.

Demographic Characteristics of Sheltered Homeless Veterans, All Veterans, and All Adults, 2009			
Characteristic	*Sheltered Homeless Veterans*	*All Veterans*	*All Adults*
Number	136,334	22,906,784	231,718,105
Gender			
Female	7.5%	6.8%	51.5%
Male	92.5%	93.2%	48.5%
Ethnicity			
Non–Hispanic/non–Latino	88.9%	94.8%	86.4%
Hispanic/Latino	11.1%	5.2%	13.6%
Race			
White, non–Hispanic/non–Latino	49.2%	81.2%	68.1%
White Hispanic/Latino	8.3%	3.6%	8.6%
Black or African American	34.0%	10.5%	11.8%
Asian	0.3%	1.2%	4.6%
American Indian or Native	3.4%	0.7%	0.8%
Native Hawaiian or other Pacific Islander	0.4%	0.1%	0.1%
Other/Several races	4.4%	2.7%	6.0%
Age			
18 to 30	8.4%	8.0%	24.2%
31 to 50	44.6%	23.1%	36.5%
51 to 61	38.1%	21.4%	18.5%
62 and older	8.9%	47.4%	20.8%

Sources: 2009 Homeless Management Information Systems; Census Bureau 2006-2008 American Community Survey 3-Year Estimates.

Homeless Veterans: The Administration's goal, as described in the FSP is to end homelessness among veterans by 2015. While the implementation of HUD-VASH is the cornerstone of the Department's portion of the goal, the targeted programs funded through the HAG account also play an important role. First, data collected by CoCs and reported to HUD provides the baseline for enumerating homelessness among veterans and understanding their characteristics. In 2011, the VA agreed to allow their housing and service providers to participate in local Homeless Management Information Systems (HMIS) so that CoCs can more accurately count and determine service needs for veterans in their geographic area. In 2010, for the first time and annually since, HUD and VA issued a joint report on homeless veterans as a supplement to the AHAR. This data is used to determine the allocations for HUD-VASH, which is administered jointly by HUD and VA. Second, over 3,000 homeless veterans enter HAG PSH programs annually. Third, as mentioned above, use of RRH programs (HPRP or ESG) to allow homeless veterans to more rapidly gain access to permanent housing through HUD-VASH will continue to be a message jointly issued by HUD

and VA. Finally, HUD launched in 2011 the Veteran Homelessness Prevention Demonstration program (VHPD), a $10 million project aimed at preventing homelessness for veterans returning from deployment in Iraq and Afghanistan.

Homeless Management Information Systems (HMIS): Implementation of HMIS began in the late 1990s by sophisticated communities that understood the power of gathering and using good data in the effort to prevent and end homelessness. HUD incentivizes participation in HMIS, as well as high-quality data and high bed coverage, through its annual CoC application. Communities that have implemented successful HMIS data systems and that submit their data for use in the AHAR receive points. HUD also provides significant technical assistance for HMIS-- including needs assessments and on-site assistance as needed to improve data quality, community participation and data analysis. As a result of both technical assistance and incentives, participation in the AHAR went from 63 CoCs in 2005 to 411--over 90 percent of funded CoCs - in 2010. The successful HMIS Initiative has changed the way that HUD and CoCs do business, moving from using often anecdotal or inconsistent evidence to using quality data for policy decisions. HMIS has also grown to include other Federal partners. In 2011, both VA and HHS committed to allowing HMIS to be used by their grantees – thereby continuing to improve the collective knowledge about homelessness and improve the programs that serve people who are homeless. In addition to allowing HUD and CoCs to understand the needs of homeless persons, HMIS is a critical component to understanding project and system level performance.

e-snaps Grants Management System: In 2008, HUD launched the *e-snaps* program, a grants management system designed to move HUD from a paper-based competition system to an electronic one. While an undertaking of this magnitude (including over 7,400 applications per year) encountered some barriers, *e-snaps* has revolutionized the CoC competition, taking a process that required at least 6 months of staff time while on paper down to 60 days or less, and reducing administrative and financial burden for HUD and its grantees. HUD continues to build *e-snaps* into a life-cycle grants management system by launching modules designed to allow field staff to automate the grant agreement process and improve reporting.

HEARTH Act Implementation: In 2009, Congress passed and the President signed the HEARTH Act (which amended the McKinney-Vento Homeless Assistance Act) into law. In 2013, HUD will continue implementing the McKinney-Vento Homeless Assistance Act as amended by the HEARTH Act. Many grantees will be in the early stages of the transition from the current programs to the new ESG, CoC, and Rural Housing Stability Assistance programs.   Finally, grants for CoC planning provided under the HEARTH Act for the first time in the 2012 funding cycle will be a key resource for communities working to improve their homelessness efforts and maximize the effectiveness of Federal funding and matching resources.

Federal Strategic Plan to Prevent and End Homelessness: In 2010, the United States Interagency Council on Homelessness (USICH) published the Opening Doors: Federal Strategic Plan to Prevent and End Homelessness (FSP). The FSP employs a partnership between government and the private sector to reduce and end homelessness and maximizes the effectiveness of the Federal Government in contributing to the end of homelessness. The fiscal year 2013 Budget proposes to continue the

implementation of the FSP. The FSP includes 10 objectives and 52 strategies in support of the four major goals to prevent and end homelessness discussed above.

The HAG program plays a major role in the implementation of the FSP strategy. The fiscal year 2013 Budget for HAG includes costs for rapid re-housing and Permanent Supportive Housing (PSH) interventions that--based on data from the 2010 AHAR--will build upon the HEARTH Act implementation to provide communities with the tools needed to meet these aggressive national goals. The request fully funds renewals of existing contracts, increases funding for the ESG formula grant program, provides funding to the Rural Housing Stability Assistance program, and also includes critical funds needed to build capacity at the local level--both in rural and metropolitan areas--for communities to strategically plan to maximize current and new resources.

The FSP calls for an unprecedented level of cross-agency collaboration, in particular between HUD, the Department of Health and Human Services (HHS), and the Department of Veterans Affairs (VA). Although HAG funds provide the core funding for CoCs across the country, homelessness will not be solved solely through the targeted programs in the HAG account. HUD's role in the FSP focuses on critical housing interventions, including RRH, PSH, and affordable low-income housing, while the other agencies will focus more on the service needs of individuals, families, and veterans experiencing homelessness.

Leveraging Other Resources: Renewal competitive projects leveraged nearly $861 million in cash and in-kind resources against HUD's Continuum of Care awards in 2010. Of that, approximately $7 million was funding from the CDBG or HOME programs, which provide critical rent subsidies or operating funds for homeless projects in many communities. At least 140 individual projects serving homeless men, women and children rely on HOME and CDBG funds to operate. In addition to leveraging by renewal projects, new projects leverage significant investment from other public and private sector resources. For example, new projects funded in HUD's 2010 Continuum of Care competition leveraged over $632 million in other cash and in-kind resources against the $216 million that was awarded – a $3 dollar investment from other sources for every dollar of funds awarded for new projects. Approximately 20 percent of leveraged funds were from the HOME program.

Fiscal year 2011 carryover funds totaled $2.2 billion. There are two primary factors resulting in this substantial carryover balance – one that is institutional and one that is related to the implementation of HEARTH. Specifically, the timing of the Continuum of Care NOFA and the review time needed for the over 7,000 applications received generally result in the carryover of funds, and the funds appropriated in any given fiscal year cover renewal grants whose terms end in the following calendar year. Additionally, in fiscal year 2011, HUD determined that additional funds would be allocated to the new Emergency Solutions Grants (ESG) program through a second allocation. The additional $90 million allocated for this purpose was announced on November 15, 2011 with the release of the ESG interim rule.

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The fiscal year 2012 Continuum of Care NOFA is currently on hold while the Department finalizes the Continuum of Care and Rural Housing regulations, as part of the implementation of the HEARTH Act. HUD expects to post the regulations for public comment in 2012.

Impact of a Reduction in Funding
A reduction in funding below the requested level would have drastic impact on the projects funded by the HAG account. In such a scenario, HUD would first dedicate funds to its competitive renewal projects for the Continuum of Care (CoC) program, next dedicate funding to the ESG program, and finally to new programs. For example, an appropriation in fiscal year 2013 at fiscal year 2012 levels would not fund a renewal level for both ESG and CoC, resulting in cuts to renewal programs that would end housing and services for nearly 20,000 homeless persons in the competitive programs or subjecting the ESG program to deep cuts, impacting funding to shelters and compromising the national shelter system for homeless persons. Because the HAG account directly impacts shelter, housing and services to homeless persons, the human impact of budget reductions could be great. The ESG program alone funds approximately 4,626 shelters and 64,527 beds that serve over 400,000 persons annually.

In addition to the human impact, funding reductions would have an adverse impact on the Administration's ability to implement either the HEARTH Act or the *FSP*, which will likely halt national progress to solving homelessness. At any scenario that is at fiscal year 2012 funding or lower, no new projects will be created. HUD has committed to serve 22,000 persons with RRH funding through the ESG program and to establish 8,340 new units in the CoC program that will serve over 15,000 homeless persons.

4. How do we know that this program works?

The implementation of the HEARTH Act programs provided HUD and its grantees with new goals and tools to increase performance both at the project level and the system level. For example, HEARTH requires ESG grantees to participate in HMIS and requires consultation between ESG recipients and CoCs in the allocation of scarce resources. In 2010, HUD published guidance on how CoCs can use data to track progress on the performance measures required in HEARTH, which most significantly includes decreasing the number of people who are homeless, decreasing the average length of time people are homeless, and decreasing the rate of recidivism. HUD will incentivize high performance on these and other indicators through the CoC competition, providing points to communities with higher rates of success than others. The first year of data for these measures will be available in 2013.

At the project level, HUD continues to track successful outcomes such as housing stability and movement from transitional to permanent housing. In 2010 (the most recent year of data), HUD programs performed well against aggressive national goals:

- 71 percent of persons exiting transitional housing left to permanent housing; and
- 81.3 percent of persons in permanent housing remained stable for 6 months or more.

Homeless Assistance Grants

HUD also tracks progress against two overarching goals on homelessness, for which we must report quarterly (as applicable):

Subgoal 2A: End homelessness and substantially reduce the number of families and individuals with severe housing needs
For those people who are without housing or who are at risk of losing their homes, the provision of homelessness prevention or housing options such as RRH or PSH along with supportive services can help stabilize their situation and put them on a path toward their highest possible level of self-sufficiency. These services require that housing providers establish partnerships with a variety of public and private health, human service, and job training and placement organizations. SNAPS intends to use its HPRP, ESG, and CoC programs, as well as the new HEARTH Act programs to increase the number of families, veterans, chronically homeless, and others served with RRH, PSH, and homelessness prevention services. SNAPS will also continue to build the capacity of local CoCs to increase the number of CoCs with centralized or coordinated approaches to "triage" homeless persons to the most appropriate housing type – a key strategy in the FSP.

HUD's policies have a direct impact on the homeless population, as evidenced by the 13.5 percent decrease since 2007 of the number of chronically homeless persons nationwide – in spite of difficult economic times. The chart below illustrates the decrease over time.

Trends In Chronic Homelessness, 2007-2011
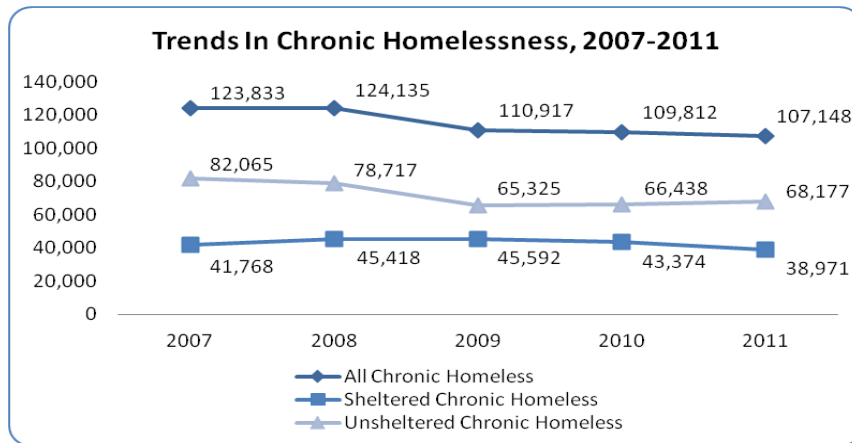
Meeting this goal will also require a variety of appropriate affordable housing options. To meet this part of the goal, Community Planning and Development (CPD) is working closely with Public and Indian Housing (PIH) and the Office of Housing to incentivize the use of turnover tenant-based vouchers, Public Housing, and multifamily properties to serve additional homeless households. HUD also proposes to invest in service coordination for the homeless and at-risk households served through these programs to improve housing retention.

Subgoal 2B: Expand the supply of affordable rental homes where they are most needed

Through its competitive programs, SNAPS will fund the production of new PSH units in support of this subgoal. The basis for tracking McKinney-Vento funded units that come on line each year is the Housing Inventory Count (HIC), which is required to be submitted to HUD as part of the annual CoC competition. The HIC includes data on units that are recently brought on line as well as units in the pipeline. SNAPS also tracks the number of beds/units funded in each annual competition. In the 2011 competition, HUD expects grantees to bring over 8,000 new PSH units on line.

Homeless Assistance Grants

Combating Waste, Fraud and Abuse

To reinforce grantee compliance with Federal regulations and combat fraud, waste, and abuse, HUD monitors its grantees, provides grants management guidance, and offers significant technical assistance. Effective oversight and monitoring based on a statistically-based risk analysis process helps ensure projects are efficient and effective and that grant funds are spent properly. In response to a recent Office of Inspector General (OIG) audit of the Supportive Housing Program, which had no major findings but emphasized the importance of diligently holding grantees accountable, HUD will re-emphasize in its guidance to field offices and grantees the importance of ensuring that prospective project sponsors are not on the Federal debarment or suspension list, that there are no conflict of interest issues identified for the grantees, and that grantees are monitoring their subrecipients. OIG also audited the HAG account in fiscal years 2010 and 2011, and found no major compliance issues other than the need to close out old grants to re-use funds in a future competition.

HUD was aggressive in educating grantees about waste, fraud and abuse in the implementation of HPRP by including OIG staff and presentations about monitoring in its initial training sessions. In addition, HUD has worked with OIG to develop certifications and standards to assist grantees to identify potential fraud and prosecute any fraud cases. While several OIG audits have been completed of HPRP program grantees, it has resulted in a minimal amount of questioned costs and repayment.

COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Summary of Resources by Program
(Dollars in Thousands)

Budget Activity	2011 Budget Authority	2010 Carryover Into 2011	2011 Total Resources	2011 Obligations	2012 Budget Authority/ Request	2011 Carryover Into 2012	2012 Total Resources	2013 Request
Continuum of Care (S+C, SHP, Rural)	$1,657,577	$2,177,984	$3,835,561	$1,765,360	$1,608,190	$2,077,586	$3,685,776	$1,937,000
Emergency Solutions Grants Formula (ESG) .	225,000	...	225,000	92,779	286,000	132,221	418,221	286,000
Technical Assistance ..	...	12,117	12,117	11,295	...	820	820	...
National Homeless Data Analysis Project	5,988	6,000	11,988	6,000	7,000	5,988	12,988	8,000
Nation's Veterans Demonstration	...	10,750	10,750	10,740	...	...	...	...
Homeless Research	...	1,810	1,810	1,810	...	...	...	...
Transformation Initiative	<u>12,625</u>	<u>...</u>	<u>12,625</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	1,901,190	2,208,661	4,109,851	1,887,984	1,901,190	2,216,615	4,117,805	2,231,000

NOTES
1. The 2011 Obligations do not match the fiscal year 2012 President's Budget Appendix due to accounting adjustments.
2. With Congressional approval, $4 million in recaptures of grant funds were transferred to Technical Assistance in fiscal year 2010, and $6 million in recaptures of grant funds were transferred to Technical Assistance in fiscal year 2011. The funds are being used to provide grantees training and assistance with the transition to the new program alignment authorized by the HEARTH Act.
3. 2010 Carryover into 2011 includes fiscal year 2011 recaptures of prior year obligations in the amounts of $35.8 million in Continuum of Care and $1.3 million for Technical Assistance.
4. Continuum of Care 2011 Carryover Into 2012 includes $25 million in anticipated fiscal year 2012 recaptures.

COMMUNITY PLANNING AND DEVELOPMENT
HOMELESS ASSISTANCE GRANTS
Appropriations Language

The fiscal 2013 President's Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For the emergency solutions grants program as authorized under subtitle B of title IV of the McKinney-Vento Homeless Assistance Act, as amended; the continuum of care program as authorized under subtitle C of title IV of such Act; and the rural housing stability assistance program as authorized under subtitle D of title IV of such Act, [$1,901,190,000] *$2,231,000,000*, of which [$1,896,190,000] *$2,226,000,000* shall remain available until September 30, [2014] *2015*, and of which *$5,000,000* shall remain available until expended for project-based rental assistance with rehabilitation projects with 10-year grant terms and any rental assistance amounts that are recaptured under such continuum of care program shall remain available until expended: Provided, That not less than [$250,000,000] *$286,000,000* of the funds appropriated under this heading shall be available for such emergency solutions grants program: Provided further, That not less than [$1,593,000,000] *$1,937,000,000* of the funds appropriated under this heading shall be available for such continuum of care and rural housing stability assistance programs: Provided further, That up to [$7,000,000] *$8,000,000* of the funds appropriated under this heading shall be available for the national homeless data analysis project: Provided further, That all funds awarded for supportive services under the continuum of care program and the rural housing stability assistance program shall be matched by not less than 25 percent in cash or in kind by each grantee: Provided further, That for all match requirements applicable to funds made available under this heading for this fiscal year and prior years, a grantee may use (or could have used) as a source of match funds other funds administered by the Secretary and other Federal agencies unless there is (or was) a specific statutory prohibition on any such use of any such funds: Provided further, That the Secretary shall renew on an annual basis expiring contracts or amendments to contracts funded under the continuum of care program if the program is determined to be needed under the applicable continuum of care and meets appropriate program requirements and financial standards, as determined by the Secretary: Provided further, That all awards of assistance under this heading shall be required to coordinate and integrate homeless programs with other mainstream health, social services, and employment programs for which homeless populations may be eligible, including Medicaid, State Children's Health Insurance Program, Temporary Assistance for Needy Families, Food Stamps, and services funding through the Mental Health and Substance Abuse Block Grant, Workforce Investment Act, and the Welfare-to-Work grant program: Provided further, That all balances for Shelter Plus Care renewals previously funded from the Shelter Plus Care Renewal account and transferred to this account shall be available, if recaptured, for continuum of care renewals in fiscal year [2012: Provided further, That the Department shall notify grantees of their formula allocation from amounts allocated (which may represent initial or final amounts allocated) for the emergency solutions grant program within 60 days of enactment of this Act] *2013*.

Homeless Assistance Grants

Changes from 2012 Appropriations

HUD proposes removing the language requiring the Department to notify grantees of their formula allocation within 60 days. This language is redundant with internal HUD policy which already ensures grantees are notified in a timely manner. HUD will continue to ensure that the grantees of the ESG program are notified of their formula allocations soon after appropriation.