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Part 2

HOMELESS HOUSING PROGRAMS CONSOLIDATION AND FLEXIBILITY ACT

MARCH 3, 1998.—Ordered to be printed

Mr. LEACH, from the Committee on Banking and Financial Services, submitted the following

SUPPLEMENTAL REPORT

[To accompany H.R. 217]

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, February 23, 1998.

Hon. JAMES A. LEACH,
Chairman, Committee on Banking and Financial Services, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 217, the Homeless Housing Programs Consolidation and Flexibility Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Carla Pedone.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 217—Homeless Housing Programs Consolidation and Flexibility Act

Summary: H.R. 217 would amend Title IV of the Stewart B. McKinney Homeless Assistance Act to consolidate seven existing housing programs for the homeless into one block grant and would authorize appropriations to fund it. The block grant would be allocated among state and local governments and split into two funds: a Permanent Housing Development Activities Fund, allocated by national competition, and a Flexible Block Grant Fund, allocated by formula. The bill would also authorize funding for the food and

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shelter program administered by the Federal Emergency Management Agency (FEMA) and for the Interagency Council on the Homeless.

H.R. 217 would authorize an estimated total $4.4 billion over the fiscal years 1999–2002. CBO estimates that enactment of the bill would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply.

H.R. 217 contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would impose no costs on state, local, or tribal governments except as a condition of receiving federal assistance.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 217 is shown in Table 1 on the following page. The bill would authorize the appropriation of an estimated $1.1 billion for each fiscal year through 2002. Total outlays for the affected programs would increase from an estimated $867 million in 1998 to between $1.0 billion and $1.2 billion a year over the 1999–2003 period.

TABLE 1.—ESTIMATED COST TO THE FEDERAL GOVERNMENT

	By fiscal years, in millions of dollars—					
	1998	1999	2000	2001	2002	2003
Spending for Homeless Programs [1] Under Current Law:						
Budget Authority	913	0	0	0	0	0
Estimated Outlays	867	914	1,011	721	471	195
Proposed Changes:						
Authorizations of Appropriations	187	1,101	1,101	1,101	1,101	0
Estimated Outlays	0	121	195	364	667	784
Spending for Homeless Programs Under H.R. 217:						
Budget Authority/Authorizations	1,100	1,101	1,101	1,101	1,101	0
Estimated Outlays	867	1,035	1,206	1,085	1,138	979

[1] Budget authority and outlays under current law include those for FEMA's emergency food and shelter program and for HUD's homeless assistance grants, supportive housing, Section 8 moderate rehabilitation of single room occupancy units, shelter plus care, emergency shelter grants, and the innovative homeless initiatives demonstration. The budget authority for 1998 reflects a rescission of $10 million for the supportive housing and the shelter plus care program combined.

The costs of this legislation fall within budget function 600 (income security).

Basis of estimate: CBO assumes that the authorized amounts would be appropriated by the beginning of each fiscal year, except for fiscal year 1998.

Federal Emergency Management Agency Food and Shelter Program

Section 4 of H.R. 217 would authorize, for each of the fiscal years 1999 through 2002, the appropriations necessary to carry out FEMA's food and shelter program under Title III of the Stewart B. McKinney Homeless Assistance Act (hereafter referred to as the McKinney Act). Assuming that appropriations would continue to be made at the 1998 level, the bill would add a total of $400 million in budget authority and outlays over the 1999–2003 period (see Table 2).

TABLE 2.—ESTIMATED AUTHORIZATIONS BY SECTION OF THE BILL

	By fiscal years, in millions of dollars—				
	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION					
Section 4—Federal Emergency Management Food and Shelter Program:					
Estimated Authorization Level	100	100	100	100	0
Estimated Outlays	100	100	100	100	0
Section 5—Permanent Housing Development and Flexible Block Grant Homeless Assistance Program:					
Authorization Level	999	999	999	999	0
Estimated Outlays	19	93	262	565	784
Section 6—Interagency Council on the Homeless:					
Authorization Level	1	1	1	1	0
Estimated Outlays	1	1	1	1	(1)
Administrative Costs:					
Estimated Authorization Level	1	1	1	1	0
Estimated Outlays	1	1	1	1	(1)
Total:					
Estimated Authorization Level	1,101	1,101	1,101	1,101	0
Estimated Outlays	121	195	364	667	784

[1] Estimated outlays are less than $0.5 million.

Homeless Housing Assistance Block Grant

Section 5 of H.R. 217 would consolidate existing housing programs for the homeless into a single block grant that would be allocated among state and local governments. The grant would be divided into two funds: a Permanent Housing Development Activities Fund and a Flexible Block Grant Homeless Assistance Fund.

The fund for permanent housing development activities would receive 25 percent of total funding in 1999 and 30 percent in later years. Funds would be distributed through a national competition. Eligible activities would be restricted to new construction, substantial rehabilitation, or acquisition of structures that would have to provide housing for homeless people for 20 years. In addition, up to 35 percent of this fund could be used to support Section 8 moderate rehabilitation assistance in single-room occupancy units for 10 years.

The fund for flexible block grants would receive the remaining 75 percent and 70 percent of total funding in 1999 and later years, respectively. Funds would be distributed by formula. Eligible activities would include the permanent housing development activities described above as well as most activities that were eligible for funding under the various programs authorized under current law in Title IV of the McKinney Act, including but not limited to supportive housing, emergency shelter grants, and supportive services.

H.R. 217 would authorize $1 billion per year for Title IV of the McKinney Act as amended by H.R. 217. Of that amount $999 million would be available for the block grants, with the remaining $1 million set aside to help fund the Interagency Council on the Homeless, which is further discussed below. Estimated outlays for block grants over the 1999–2003 period would rise from $19 million in 1999 to $784 million in 2003. CBO assumes that outlays for the flexible block grants would occur at the same rate as that assumed in CBO's baseline for the 1998 appropriation for homeless housing assistance grants. (Since 1995, appropriations for homeless programs have been made in a lump sum without specific set-asides for the individual programs authorized under current law in the McKinney Act.) However, CBO assumes that outlays for the permanent housing development activities would occur at a relatively slow pace, consistent with historical spending patterns for new construction programs.

For 1998, $913 million has already been appropriated for McKinney Act Title III and Title IV programs, net of a $10 million rescission. No outlays are projected from any additional 1998 funding under the bill's authorizations.

Interagency Council on the Homeless

Section 6 of H.R. 217 would reauthorize funding for the Interagency Council on the Homeless (the council), which ceased to receive appropriations starting in fiscal year 1994. The bill as reported by the Committee on Banking and Financial Services would authorize funding for the council at 0.12 percent of amounts available in any fiscal year to carry out programs authorized by the McKinney Act, as amended by H.R. 217. That language would imply that an estimated $1 million would be available each year.

Administrative costs for coordination of homeless programs

The amounts authorized for the Interagency Council on the Homeless could be insufficient, especially in certain years, to carry out the responsibilities specified in the bill. Additional administrative costs may also be incurred by the six agencies, especially the Department of Housing and Urban Development (HUD), that administer programs that include activities for the homeless.

Under H.R. 217, the council would have certain responsibilities in addition to those currently specified in Title II of the McKinney Act. Those responsibilities include interagency coordination to ensure that the five agencies other than HUD provide adequate funding for homeless activities under a host of programs specified in the bill to complement those provided by HUD. If the council determines that insufficient coordination takes place in any year, the council, together with HUD, would have to carry out a companion services block grant program, which would be funded by up to 10 percent of the funding available for the programs specified in the bill. Total funding for those grants could not exceed the amount made available for the housing block grants. The bill does not specify, however, what action the council should take if some agencies comply but others do not. Those block grants would be distributed among grantees eligible for the housing assistance block grants.

To meet those responsibilities, especially if a companion block grant needed to be administered, additional staff might be required by the council and the agencies. CBO expects that the combined additional administrative costs could range from $1 million for coordination activities alone to $1.5 million in years when companion block grants would be administered. That estimate assumes requirements for additional full-time equivalent staff in all agencies combined ranging from around eight to twelve.

Pay-as-you-go considerations: None.

Estimated impact on State, local, and tribal governments: H.R. 217 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments except as a condition of receiving federal assistance. In fiscal year 1998, $913 million was appropriated for grants to state and local governments (and, to a lesser extent, non-profit organizations) from the programs reauthorized in the bill. CBO estimates that under H.R. 217, such grants would total $1.1 billion in fiscal year 1999 and $4.4 billion over the 1999–2002 period.

Estimated impact on the private sector: None.

Estimate prepared by: Federal cost: Carla Pedone. Impact on State, local, and tribal governments: Marc Nicole. Impact on the private sector: Bruce Vavrichek.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

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