

The National Perspective

Follow the Money

How HUD Influences Services for Homeless Families

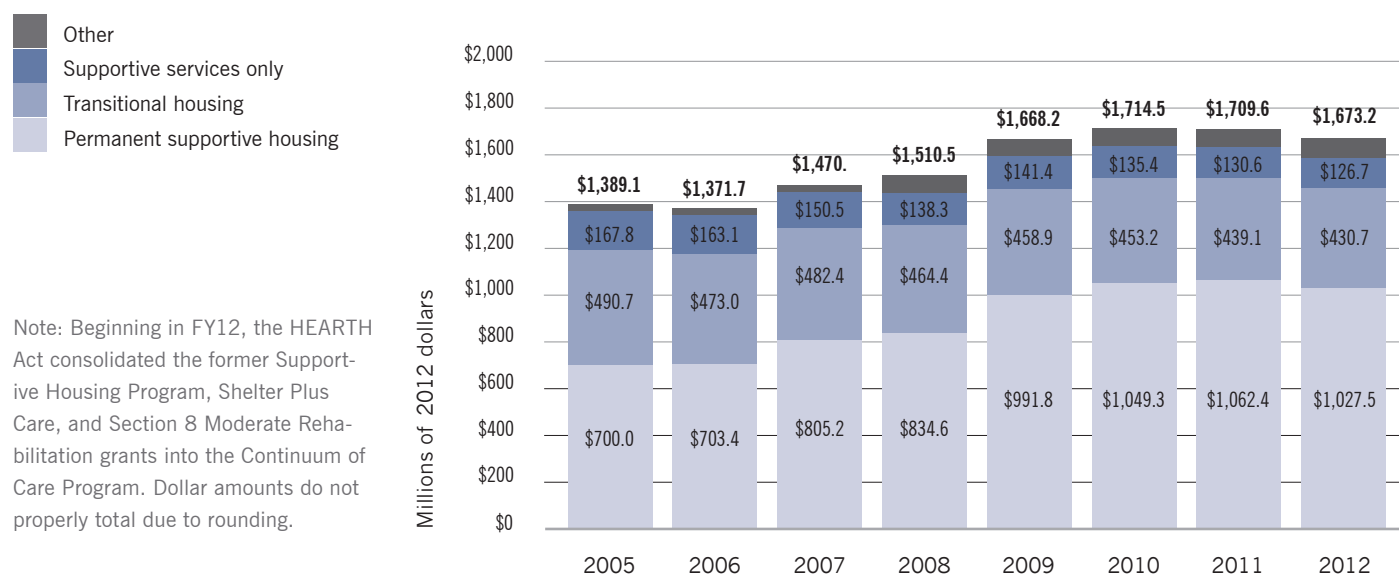
The U.S. Department of Housing and Urban Development (HUD) affects the way communities deliver services to homeless families through the Continuum of Care (CoC) Program's competitive funding-application process. To be awarded a share of the \$1.4–\$1.7 billion annual grant for transitional housing, supportive-service only programs (which provide services such as street outreach or child care but not housing), rapid rehousing, permanent supportive housing, and other projects, communities must submit applications that are scored, in part, according to federal policy priorities determined by HUD. Communities that score higher on their CoC Program applications are more likely to receive funding for their projects.

In order to assess how HUD has shaped public policy to address family homelessness, ICPH examined CoC Program

notice of funding availability (NOFA) documents between federal Fiscal Year (FY) 2005 and FY13. ICPH's analysis found that HUD has given communities few incentives to serve homeless families with children. Instead, the agency has consistently prioritized the conversion of service-rich transitional housing—a model that primarily serves families—into permanent supportive housing for chronically homeless adults and rapid rehousing, two models that emphasize housing over services.

While there is no question that chronically homeless adults need housing and supportive services, HUD's prioritization of their care—without similar effort for homeless families—has been influential. Funding for permanent supportive housing increased 46.8%, from \$700 million in FY05 to \$1,028 million in FY12 (see Figure 1). Subsequently, chronic homelessness

Figure 1
CONTINUUM OF CARE PROGRAM FUNDING (by program component and fiscal year)



Note: Beginning in FY12, the HEARTH Act consolidated the former Supportive Housing Program, Shelter Plus Care, and Section 8 Moderate Rehabilitation grants into the Continuum of Care Program. Dollar amounts do not properly total due to rounding.

Source: U.S. Department of Housing and Urban Development, HUD's Continuum of Care Program Funding Awards by Program Component, Fiscal Years 2005–12; U.S. Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, April 2014.

The National Perspective

among single adults declined by one-quarter (25.2%) between 2007 and 2013, according to the annual single-night count in January. Funding for transitional-housing and supportive-service-only projects decreased by 15.4% during the same period, from \$659 million in FY05 to \$557 million in FY12; the number of homeless family members accessing shelter over the course of one year rose by 13.1% between 2007 and 2012.

Prioritizing Permanent Supportive Housing

HUD articulates five to six national policy priorities for the CoC Program each funding cycle. In six out of nine NOFAs examined (FY05, FY07, and FY10–13), one of HUD’s priorities was to increase the number of permanent supportive housing beds for chronically homeless individuals. In the FY13 NOFA, decreasing the number of chronically homeless adults and increasing the percentage of permanent supportive housing units dedicated to this population were added as priorities. In contrast, decreasing family homelessness was made a priority only in FY10 and FY11, while moving families without shelter into rapid rehousing programs was a priority in FY13.

HUD’s policy priorities are reflected in its competitive scoring process. In FY05–11 the agency awarded an unspecified number of points for strategic planning to end chronic homelessness for individuals but did not require CoCs to make similar efforts for families. One criterion that HUD used to assess CoC performance over this seven-year period was whether or not communities made progress toward increasing the number of permanent supportive housing beds. Despite being a policy

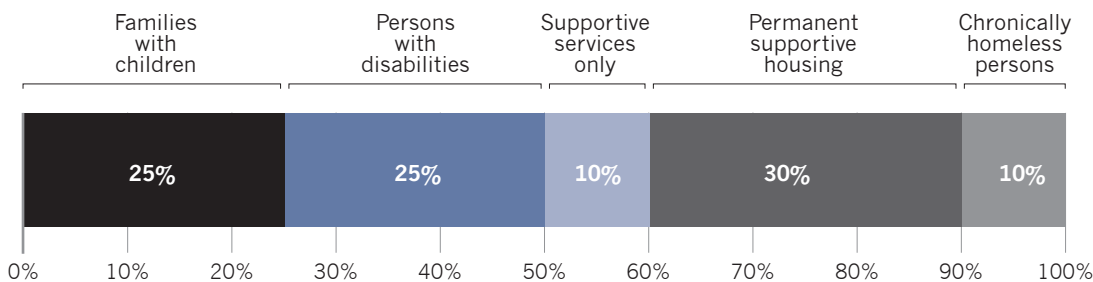
priority in FY10 and FY11, reducing family homelessness was only a performance indicator in FY11.

In FY05–11 HUD was required, per the McKinney-Vento Homeless Assistance Act (McKinney-Vento), to dedicate a percentage of funds to specific populations. After applications were scored, certain projects were selected—even if they were a lower local priority—in order to meet these minimum thresholds. Overriding HUD’s own policy priorities, at least 25% of funding had to be spent on services for families. Given the lack of incentives for communities to prioritize families in their applications, this McKinney-Vento provision was the only way services were ensured for families over this time period. While McKinney-Vento stipulated that 25% of monies were also set aside for persons with disabilities and 10% for supportive-service programs, Congress added the requirement that 30% of funds be allocated for permanent supportive housing through its annual appropriations acts (see Figure 2). In addition, the Permanent Housing Bonus (officially known as the Samaritan Housing Initiative in FY05–07) awarded approximately 10% of funds to serve chronically homeless persons or those with disabilities. These funding requirements inherently disadvantaged homeless families; families represent roughly 35% of all homeless persons but received only 25% of CoC Program funding, highlighting a tension between local need and federal funding priorities.

Converting Transitional into Permanent Housing

HUD is charged with implementing the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of

Figure 2
REQUIREMENTS FOR CONTINUUM OF CARE PROGRAM FUNDING IN FISCAL YEARS 2005–11
(by target population or program component)



Note: Funding requirements for families with children, persons with disabilities, and supportive-services-only programs were limited to the Supportive Housing Program (SHP) grant. Allocations for permanent supportive housing included SHP, Shelter Plus Care (S+C), and Section 8 Moderate Rehabilitation grants, excluding amounts for S+C renewal contracts. For individuals experiencing chronic homelessness, dollars were capped at 15% of a community’s total award or \$6 million, whichever was less, while the Samaritan Housing Initiative required a minimum of 10% of funding for all CoCs.

Source: U.S. Department of Housing and Urban Development, Notice of Funding Availability (NOFA) for the Continuum of Care Program, Fiscal Years 2005–11.

2009, significant legislation that amended McKinney-Vento and appeared to shift policy priorities away from transitional housing and supportive services to permanent supportive housing and rapid rehousing. Although HUD released new regulations for the CoC Program in 2012 based on the HEARTH Act, this was not a policy shift; HUD had already placed an “emphasis on housing activities” in the FY05–11 NOFAs, awarding more points to CoCs that requested a greater percentage of new funds for housing than for supportive services.

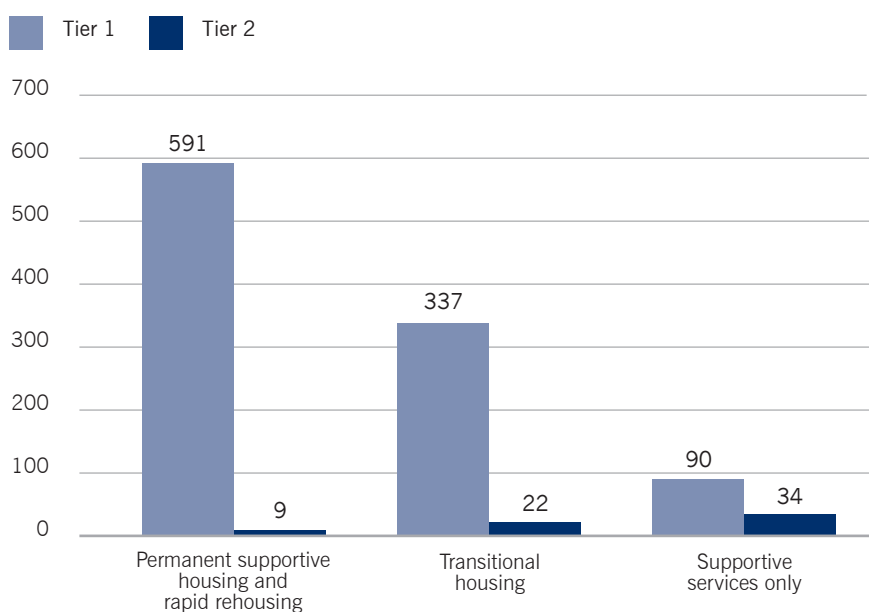
In FY12 HUD began to intensify these efforts and announced that new permanent supportive-housing and rapid-rehousing projects would be funded before new transitional housing and programs that provide supportive services only. Communities were also required to rank existing projects in order of importance, dividing them into two tiers. The higher-priority Tier 1 projects were expected to be funded based on initial grant estimates from HUD, and the lower-priority, or Tier 2, projects were to be funded only if additional money was available, to be awarded first to the highest-scoring CoCs. This ranking system was employed in FY13 as well, but HUD stated that permanent supportive housing or rapid rehousing programs (collectively referred to as “permanent housing”) would be the only new projects funded.

In order to measure the extent to which localities are following HUD’s incentive to convert transitional-housing and supportive-service projects into permanent housing through the tier system, ICPH searched online for the FY13 Tier 1 and 2 project-ranking lists for the 45 communities with the most emergency shelter and transitional-housing beds for families. Locating 17 lists, ICPH found that these CoC jurisdictions designated fewer transitional-housing or supportive-service programs (427, or 41.9%) than permanent-supportive housing projects (591) as Tier 1, and placed six times more transitional-housing or supportive-service programs (56, or 86.2%) on their Tier 2 lists (see Figure 3). Although these lists did not differentiate between projects serving families or individuals, these 17 jurisdictions dedicated 56.7% of all transitional-housing beds for families in 2013.

Hard Choices

HUD and communities have been tasked with making the difficult decision to prioritize ending chronic homelessness at the expense of families. Although funding has remained relatively stagnant despite increasing need, HUD anticipates sufficient investment in permanent housing to end veteran and chronic homelessness by 2015 and 2016, respectively. Given the focus on chronic homelessness in prior NOFAs and the significant emphasis on rapid rehousing for families in FY13, it is reasonable to expect that HUD will continue to shift investments away from transitional housing and supportive services in its effort to reach the goal of ending family and youth homelessness by 2020. HUD provides several incentives for communities, looking to maximize CoC Program funding, to systematically phase out these programs in favor of permanent housing. However, localities around the country should carefully examine the outcomes of all housing models and critically assess HUD’s priorities in relation to their local context and service needs. ■

Figure 3
NUMBER OF PROJECTS RANKED BY COCS AS TIER 1 OR 2 IN FISCAL YEAR 2013
(by program component)



Source: ICPH analysis of Tier 1 and 2 project-ranking lists for Fiscal Year 2013 CoC Program applications to HUD. ICPH examined 17 out of the 45 jurisdictions with the most emergency-shelter and transitional-housing beds for families, including Anaheim, Los Angeles, Oakland, and San Jose, California; Boston, Massachusetts; Chicago, Illinois; Dallas, Fort Worth, and Houston, Texas; Orlando and Miami, Florida; and the Balance of State for Arizona, Georgia, Indiana, Iowa, New Mexico, and Wisconsin.