

### Continuum of Care Leadership, Grantees, and Stakeholders –

In September of last year, HUD held two national conferences to begin the process of familiarizing communities with the policy and performance requirements that will govern the new HEARTH Act programs. In the plenary session, we briefly discussed the connection between the roll-out of the new programs authorized under HEARTH and the appropriation levels HUD may receive in this and the coming years. As you are probably seeing in the news, the budget situation has changed since September – which has an impact on the high-priority items we are working on in SNAPS, including the HEARTH regulations and the 2011 competition.

Fiscal Year 2011 has thus far proven to be a challenging year, and we at HUD know and understand that the uncertainty about the 2011 budget has been a matter of great concern to our grantees and stakeholders. We also know that you were expecting to see, in the near term, the new regulations for the Emergency Solutions Grants, Continuum of Care, and Rural Housing Stability programs. I want to take a moment to update all of you on the budget and how it has affected our plans to implement HEARTH. Let me summarize for you where we stand on these critical items:

#### FY2011 Budget:

- As is the case in all federal agencies, we are awaiting a final FY2011 appropriation from Congress and have been operating under Continuing Resolutions, the most recent of which expires March 18. Because we do not know the final funding level for FY2011, ESG formula funds (which are usually released along with other formula programs early in the year) have not been released.
- There are several possible scenarios regarding the budget amount for 2011, and HUD is working to ensure that we have viable options for each scenario that minimizes the adverse impact – if there is one – on CoCs and grantees. Developing planning options for whatever scenario becomes reality is our priority at present. This includes how and when we will conduct the 2011 Continuum of Care competition and what elements of HEARTH can be included in the competition.
- Last week's House-passed appropriation (H.R.1 -- a full-year Continuing Resolution) held HUD's targeted homeless programs steady at the 2010 funding level. At that level, HUD projects that ESG and competitive renewals can be funded. However, the HEARTH Act could not be fully funded. We commit to providing you with as much information as possible once it becomes clear what the funding level will be.

#### HEARTH Regulations:

- We continue to move the regulations through the clearance process, which includes review and approval by several different offices within HUD and with Office of Management and Budget. **Until the new regulations are released and effective, grantees must continue to use the current regulations.** This includes the definition of homelessness.
- HUD is in the final stages of clearance for the new definition of homelessness, which will include changes made in response to the public comments that we received last summer. HUD plans to provide training on the new definition and will clearly state when the new definition will be effective.
- As stated above, the 2011 appropriation level will determine, to a large extent, what provisions of HEARTH can be implemented in 2011 and what the process will be for implementation of the regulations. For example, although HEARTH allows for increased administrative dollars for

## Update on HEARTH and FY2011 Budget

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projects and planning funds for CoCs, those provisions can only be implemented if there are sufficient funds to cover those costs. Consequently, only when the 2011 budget is finalized will HUD be able to communicate its plans for this year's funding.

Although the current situation is challenging for all of us, HUD is focused on providing communities with the resources needed to successfully implement HEARTH within the limits of the final appropriation for FY2011. In the coming months, we will be launching a comprehensive self-assessment tool for CoCs to use to help identify where strategic planning efforts should focus at the community level. We will also be launching other technical assistance tools and resources over the rest of the year.

HUD will continue to keep you informed of our progress and of the impact of the FY2011 budget process. I encourage all CoCs to continue conducting strategic planning conversations, because these conversations will be critical for the successful local implementation of both HEARTH and the *Federal Strategic Plan to Prevent and End Homelessness*.

Thank you all, as always, for your hard work on behalf of the homeless men, women, and children we serve.

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