

The purpose of this message is to provide Continuums of Care (CoCs), competitive and formula grantees and other community stakeholders with information regarding how HUD will proceed with its homeless assistance programs for the remainder of Fiscal Year (FY) 2011.

On April 8 Congress passed a Continuing Resolution for the remainder of FY2011 that funded the programs operated by the Office of Special Needs Assistance Programs (SNAPS) at \$1.905 billion. This amount represents a small increase over our FY2010 appropriation, but does not fully fund the Administration's request of \$2.055 billion. Over the last several weeks, we have been reviewing our appropriation law and have developed a plan of action for the remainder of FY2011 as outlined below.

ESG Formula Program

The appropriation language directs HUD to implement the new Emergency Solutions Grant (ESG) program at a level of *at least \$225 million*. This is an increase of at least \$65 million over the national FY2010 allocation amount of \$160 Million. HUD is currently making a final determination on the allocation amount for ESG and will soon provide that information. Planning allocations for grantees based on \$225 million are already posted on HUD's web site at <http://www.hud.gov/offices/cpd/about/budget/budget11/index.cfm>. Please note that this amount may increase.

HUD has considered the following in making decisions about how to best implement the new ESG program this year:

- Congress clearly added new funding for the Emergency Solutions Grant Program with the expectation that new money should be spent under the HEARTH Act Amendments. The Emergency Solutions Grant Program (including amendments to the consolidated plan regulation) and Homeless Definition regulations have been prioritized and are continuing to move through the clearance process. However, we do not have an immediate release date at this time;
- In developing their 2011 Annual Action Plans for ESG, HUD has advised ESG grantees to assume funding based upon their 2010 allocation and to follow the existing ESG regulations. Nearly all ESG grantees have developed their 2011 programs (and in some cases have submitted an application to their Field Office) under this direction; and
- Many ESG grantees are ready to proceed to grant execution with HUD so they can renew the funding of existing programs.

In order to carry out these priorities with the least amount of confusion given the status of the regulations and the substantial amendment process, HUD has determined that it will:

- Allocate and execute grants for \$160 million of 2011 funds immediately under the existing ESG regulations; and
- Allocate the additional funding in a second phase once an Emergency Solutions Grant rule is published for effect. Grantees would be required to complete a substantial amendment of the Consolidated Plan/Action Plan, as necessary, at that time.

2011 Continuum of Care Competition

Except for Emergency Solutions Grants, the appropriation language does not specifically provide funding to the other new programs authorized under the HEARTH Amendments. In other words, the FY2011 funds are made available to the current competitive programs rather than the new programs authorized under HEARTH. Additionally, the level of funding for the Homeless Assistance Programs overall would not allow HUD to implement many key provisions of the HEARTH Act. Therefore, HUD will not implement the new CoC program or the Rural Housing Stability Program in FY2011. We hope to have both the authority and the funds to more fully implement HEARTH in FY2012.

- HUD is confident that we have been appropriated enough funding to cover renewal programs even with the new ESG program at the higher level.
- The 2011 Continuum of Care competition will be handled as it has been in the past, including Exhibit 1 and Exhibit 2 for new and renewal Supportive Housing (SHP), Shelter Plus Care (S+C) and SRO Section 8 Moderate Rehabilitation (SRO) programs.
 - Funding for new projects will very likely be less than what we have awarded in the past, making the process for getting new projects even more competitive.
 - HUD will continue to announce the results of the CoC competition in two phases, with renewal awards being prioritized and announced within 60 days of the close of the competition.
- SNAPS intends to launch the Registration portion of the CoC competition *in the next 30-45 days*, and the application portion of the competition soon after Registration closes. This schedule will allow for renewal awards to be made before projects begin to expire in January 2012.

Other Targeted Homeless Resources

In accordance with the goals of the *Federal Strategic Plan to Prevent and End Homelessness*, HUD requested additional resources in its FY2011 Budget submission to serve homeless households through its mainstream programs. We have good and bad news on this front:

- The \$85 million request for 10,000 Housing Choice Vouchers for two demonstration projects (one for homeless and at-risk families, one for the chronically homeless) designed and operated in coordination with the Department of Health and Human Services (HHS) was not funded. HUD has included a similar proposal in its FY2012 budget request.
- HUD did receive an appropriation to continue the successful HUD-VASH program. \$50 million will fund approximately 7,000 Housing Choice Vouchers for homeless veterans and their families. As with past rounds, SNAPS will assist in the allocation of the vouchers and the program will be administered through local Public Housing Agencies. Services and intake will be provided by the VA.

HEARTH Implementation

SNAPS will continue to work on the remainder of the HEARTH Act regulations (Homeless Management Information Systems, the Continuum of Care Program and the Rural Housing Stability Program) and release them for public comment in the coming months. A few notes and reminders:

1. Current regulations remain in place until we have new regulations released for effect. We will clearly state when each of the new regulations takes effect, and will provide technical assistance and training resources to get grantees up to speed on the new requirements. This includes the definition of homelessness.
2. In the conferences we held last September, we encouraged communities to begin thinking strategically about their resources and how they can best be used to meet the needs in their community. We continue to encourage this kind of thinking, especially when it includes an open and honest dialogue within the community about what works and what doesn't for the people we serve. *However, communities should not interpret this desire for strategic planning at the local level as a wholesale rejection of a specific type of program by HUD.* We recognize that different program models meet different needs – like the needs of youth, people recovering from substance abuse, and domestic violence victims. It is incumbent upon each CoC to determine what the right mix of program types and models is for your community and make the sometimes difficult decisions to get to that mix.
3. We will continue to keep you updated with any new resources that become available and on the progress of the regulations as they are released for public comment.

While I wish I had better news on the budget and could say that we are moving forward with full implementation of HEARTH, I want to remind all of you how lucky we are to have received additional funds for the homeless programs and HUD-VASH in this budget environment. These increases are a testament to the incredible work that our grantees do every day to move homeless families and individuals into housing and to provide much-needed support services. Our ability to use the data collected and provided to us by communities helps us clearly articulate both need and progress, which is important when we submit our budget proposals to Congress.

Thank you all so much for your hard work on behalf of the people we serve.

Ann

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