

REAPPROACHING HUD AS A FUNDER FOR HOMELESS YOUTH HOUSING AND SERVICES: Reauthorized McKinney-Vento Homeless Assistance Program

The Alliance wishes to encourage homeless youth service providers to become involved in the Continuum of Care process and apply for funding for two primary reasons: (a) increased funding in FY2010 and FY2011 offers a greater opportunity to expand your local housing supply; and (b) changes in statutory language allow greater flexibility to design housing programs which meet the needs of homeless youth.

This issue brief outlines changes in appropriations and authorization language for HUD's McKinney-Vento Homeless Assistance program and focuses on how these changes may benefit homeless youth. Changes in program eligibility will allow agencies to offer housing, rapid re-housing, and services designed to facilitate family reunification and prevent youth from running away. Communities wishing to expand homelessness prevention, early intervention, and housing services to unaccompanied youth should look to the HUD Continuum of Care process and McKinney-Vento Homeless Assistance Programs.

WHY SHOULD HOMELESS YOUTH SERVICES PROVIDERS RECONSIDER HUD?

1. **More Money**: There is the potential that nearly \$400 million in new funds will be appropriated by Congress to the McKinney-Vento Homeless Assistance programs in FY2010 and FY2011. Up to 10 percent of McKinney-Vento funds can be used to serve youth who do not meet HUD's definition of homelessness.
2. **Definition Expanded**: The new law changes the definition of homelessness to include recognition of youth, including doubled-up homeless individuals.
3. **New Funding Flexibility**: The new law creates greater flexibility to create innovative services and housing programs (allowing nonprofits to pick and choose which program components will be covered with McKinney-Vento funds).
4. **Moves from Crisis Intervention to Prevention**: Offers new funding for prevention and rapid re-housing services that could be used to work with youth and their families to securing housing opportunities.
5. **Stops Shelters from Evicting Teen Boys**: The new law prohibits all HUD funded shelter and transitional programs from barring entry to individuals based on age (including the practice of barring teenage boys from entering family-based shelters).

APPROPRIATIONS

On May 20, 2009, President Obama signed into law the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act which reauthorized and overhauled HUD's McKinney-Vento Homeless Assistance Programs. HUD's McKinney-Vento Homeless Assistance programs include the following:

- Supportive Housing Program (SHP)
- Shelter Plus Care Program (S+C)
- Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program
- Emergency Shelter Grant (ESG)

The process of applying for homeless assistance funding under the new federal law will be similar to the current process. Applicants in a community continue to organize into a Continuum of Care and submit a joint application to HUD. The entire application is scored, and projects are funded in the order that they are prioritized in the application.

Congress and the Administration have both supported significant increases to McKinney-Vento Homeless Assistance Programs in the last several years.

Fiscal Year	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Proposed
Appropriations to HUD's McKinney-Vento Homeless Assistance Programs	\$1,586	\$1,677	\$1,865	\$2,055

In the next two years, nearly \$400 million in additional resources will be contributed to local jurisdictions to invest in prevention and housing services to end homelessness in the United States. The increased funding presents an opportunity for youth serving organizations to seek new resources to expand prevention and housing services for unaccompanied homeless youth. Now is the time for youth-service providers to start and rebuild relationships through their local Continuum of Care process and ensure that local planning includes recognition of unaccompanied homeless youth.

REAUTHORIZATION OF MCKINNEY-VENTO HOMELESS ASSISTANCE ACT

The HEARTH Act reauthorized HUD's McKinney-Vento Homeless Assistance Programs (hereafter McKinney-Vento) and makes dramatic changes, including the following:

- Increases flexibility in the use of grant funds
 - Consolidates the Supportive Housing, Shelter Plus Care, and SRO Moderate Rehabilitation Programs into a single Continuum of Care program. The consolidation allows communities to apply to one program rather than three, reducing the administrative burden and increasing flexibility and local decision-making.
 - Simplifies matching requirements by requiring communities to provide a 25 percent match (either cash or, if certain requirements are met, in-kind), instead of the varying and mostly higher levels of matching funds required by the existing statute.

- Expands program eligibility by allowing grantees to use up to 10 percent of competitive funds to serve families or unaccompanied youth who are not defined as homeless under HUD's homeless assistance programs but are defined as homeless by another federal agency.
- Allocates millions more to homelessness prevention, rapid re-housing, and permanent housing
 - Provides communities with more resources for re-housing and prevention targeted to those who are at risk of homelessness, including homeless youth who have extremely low incomes and are doubled up, living in a hotel, or in a precarious housing situation.
 - Changes the current Emergency Shelter Grant program to the Emergency *Solutions* Grants (ESG) program and roughly doubles the amount for ESG from 10 to 20 percent of the total for homelessness assistance formula grants awarded to each jurisdiction.
 - Requires that at least 40 percent of ESG funds are dedicated to prevention and re-housing activities. There is a hold-harmless provision that ensures that ESG grantees do not have to reduce funding for traditional shelter and outreach activities. In most communities, the amount of funding for emergency shelter and outreach will remain similar to current levels, but there will be more funding for prevention and re-housing.
- Makes it easier to use program resources for doubled up or 'couch surfing' homeless youth
 - Allows communities to use up to 10 percent of their resources to serve people who meet the definitions of homelessness used by other federal agencies (such as HHS Runaway and Homeless Youth Act's definition for homeless youth).
 - Incentivizes success by offering high-performance communities that reduce homelessness the ability to use more resources for prevention.
 - Amends the definition of homelessness to include people who will lose their housing in 14 days.
 - Offers communities with low rates of homelessness (less than .1 percent of the entire population) to use 100 percent of COC resources for people who meet other federal program definitions of homelessness.
- Keeps current focus on permanent supportive housing as solution to long-term homelessness
 - Designates 30 percent of total funds for new permanent housing for families (including teen and young adult parents with children) and individuals with a disability.
 - Requires that 10 percent of funds be used for permanent housing activities for families with children.
- Improves flexibility of rural communities to access HUD's homeless assistance funds
 - Creates the Rural Housing Stability Assistance Program. This program will allow rural areas more flexibility to identify and address the needs of homeless people and those at-risk of becoming homeless.
 - Allows rural communities to use more funding for capacity building.
- Improves coordination of educational opportunities for children and youth
 - Requires all family-based services to identify a person who will be responsible for coordinating the education of children and youth in a family.

Additionally, the HEARTH Act made changes to McKinney-Vento that will prevent the separation of older teenagers from their homeless families. Beginning in two years, McKinney-Vento-funded shelters, transitional housing, and permanent supportive housing programs that serve homeless families will not be allowed to deny admission to families based on the age of their children. Currently, some locations have community-based programs offering shelters and transitional housing that only serve families with young children. Families with teenagers are left to decide whether to be denied assistance or ask the teenager to leave their household so that they can receive assistance. The HEARTH Act amends federal law to prevent family separation.

CHANGES IN THE DEFINITION OF HOMELESSNESS

The reauthorization of the McKinney-Vento made significant changes to the definition of homelessness and expanded eligibility for assistance. The HUD McKinney-Vento programs will now be available to serve:

- An individual or family who lacks a fixed, regular, and adequate nighttime residence;
- An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
- An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements, including:
 - hotels and motels paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations,
 - congregate shelters, and
 - transitional housing;
- An individual who resided in a shelter or place not meant for human habitation and who is exiting an institution where he or she temporarily resided;
- An individual or family who-
 - will imminently lose their housing, including housing they own, rent, or live in without paying rent, are sharing with others, and rooms in hotels or motels not paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations, as evidenced by—
 - a court order resulting from an eviction action that notifies the individual or family that they must leave within 14 days;
 - the individual or family having a primary nighttime residence that is a room in a hotel or motel and where they lack the resources necessary to reside there for more than 14 days; or
 - credible evidence indicating that the owner or renter of the housing will not allow the individual or family to stay for more than 14 days, and any oral statement from an individual or family seeking homeless assistance that is found to be credible shall be considered credible evidence for purposes of this clause;
 - has no subsequent residence identified; and
 - lacks the resources or support networks needed to obtain other permanent housing;

- Unaccompanied youth and homeless families with children and youth defined as homeless under other Federal statutes who—
 - have experienced a long term period without living independently in permanent housing,
 - have experienced persistent instability as measured by frequent moves over such period, and
 - can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.

- Any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions in the individual's or family's current housing situation, including where the health and safety of children are jeopardized, and who have no other residence and lack the resources or support networks to obtain other permanent housing.

CHANGES IN DEFINITION MAY RESULT IN ADDITIONAL RESOURCES FOR HOMELESS YOUTH

The specific and explicit mention of unaccompanied homeless youth illustrates Congress' desire to address housing instability among this group. It will be important to educate providers (both youth and adult providers) about these policy changes to ensure local Continuum of Care applications consider unaccompanied homeless youth as eligible for services. In particular, homeless youth who are unaccompanied and unstably housed (including couch-hopping youth) will be eligible for assistance if a youth case worker can document long-periods of instability, frequent moves, and the added dimension of disabilities, abuse in the home, or difficulty obtaining employment. While some level of documentation in case notes or intake form narratives may be required, the modified definition appears sufficiently broad to allow homeless youth providers access to funding under HUD's McKinney-Vento Homelessness Assistance programs.¹

However, it should be noted that although changes in the definition of homelessness will broaden eligibility for homeless youth, the new law's largest impact toward youth will result from changes in prevention approaches and the new Emergency Solutions Grant program. Reforms to McKinney-Vento now allow Continuum of Care to invest in prevention services through the Emergency Solutions Grants program (ESG) that can serve youth populations that do not meet any definition of homelessness. Additionally, 10 percent of the Continuum of Care resources are allowed to go to youth and families that meet another federal definition of homeless, including under the Runaway and Homeless Youth Act (Department of Health and Human Services) and the McKinney-Vento Education of Homeless Children and Youth (Department of Education).

¹ Providers should review both proposed and final regulations to determine what documentation will be required by HUD to ensure eligibility for services to unaccompanied, homeless youth.

REVIEW OF HUD HOUSING PROGRAMS OFFERING ELIGIBILITY TO YOUTH

The expansion of resources for HUD's homelessness programs allows community-based organizations an opportunity to consider applying for funding. In the past these organizations applied for funding under a specific housing or service program: Supportive Housing Program (SHP), Shelter Plus Care (S+C), Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program, or Emergency Shelter Grants (ESG) program. Changes made during reauthorization now collapse these programs into two separate funding streams:

- Continuum of Care Homeless Assistance Grants

A combination of the Supportive Housing Program, Shelter Plus Care, and the Section 8 Moderate Rehabilitation Single Room Occupancy Program.² Now entities will make one application for funding along a large continuum of eligible activities, including the following:

- Acquisition
- Renovation/rehabilitation or conversion costs
- New construction
- Leasing
- Transitional or permanent housing operations
- Supportive services
- Tenant-based rental assistance
- Sponsor-based rental assistance
- Project-based rental assistance
- Rapid re-housing
- Administrative costs
- Homelessness Management Information Systems (HMIS)

- Emergency Solutions Grants

The Emergency Shelter Grant Program is renamed the "Emergency Solutions Grants." The Emergency Solutions Grants (ESG) Program is designed to provide homeless persons with basic shelter and essential supportive services. Funds can assist with the operation costs, rehabilitation, or remodeling of shelter facilities. ESG is coordinated with the Continuum of Care but administered through local units of government. Application for ESG funding would run through the City, County or State. The new reauthorization of the McKinney-Vento Homeless Assistance programs has expanded the program to include more prevention and re-housing activities, including the following:

- Renovation/rehabilitation or conversion
- Social services

² The HOME Investment Partnerships program may be another HUD program that can be used to expand housing opportunities to homeless youth. The HUD HOME program provides formula grants to states, counties, and cities that can be used in partnership with local nonprofit groups to fund activities that expand affordable housing, including: acquisition, construction, rehabilitation, and direct rental assistance to low-income persons. This HUD program is not funneled through the Continuum of Care process and is authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act.

- Operating costs
- Homeless prevention
- Rapid re-housing
- Grant administration

Under the new ESG program, a new emphasis is placed on prevention and rapid re-housing. Prevention and rapid re-housing activities will include:

- Short or medium term rental assistance
- Housing relocation or stabilization services such as:
 - Housing search
 - Mediation
 - Outreach to property owners
 - Legal Services
 - Credit repair
 - Security or utility deposits
 - Utility payments
 - Final month's rental assistance
 - Moving costs or other relocation or stabilization activities

Prevention assistance must be targeted to people below 30 percent of the area median income. Also, at least 40 percent of Emergency Solutions Grant funds will be allocated to prevention and rapid re-housing. Finally, program use of ESG funds for administrative expenses is being increased from 5 to 7.5 percent.

Example 1 – HUD funding to Expand Youth Housing Options

A Youth Housing Program (YHP) wants to expand its permanent supportive housing program to target homeless youth (ages 17 to 24) with mental health disabilities and existing barriers to employment. YHP reaches out to the local Continuum of Care (COC) coordinator and advisory council. YHP completes a Continuum of Care Homeless Assistance application seeking renovation of three single family homes to add bathroom and shower capacity, office spaces, upgrade the kitchens, and refurbish or construct community living room space in either the basements or as an additional room to the structures. The youth participants will be offered case management services and assistance in building vocational skills and obtaining their GED or diploma. YHP's total project budget is \$1,048,400, including:

- Renovation/rehabilitation of Structures \$430,000
- Operating Cost (Rental) Assistance \$100,800
- Supportive Services (Case Worker Salaries and Benefits) \$360,000
- Supportive Services (Wage Subsidy for vocational program services) \$80,000
- Administration \$77,600

YHP would need to secure 25 percent of the project funding through local and private match funding. Therefore, YHP would apply for a COC Homeless Assistance grant of \$786,300.

Example 2 – HUD funding to Prevent Youth Homelessness

A homeless youth drop-in center wishes to expand its community outreach to prevent youth, ages 14 to 21 from becoming homeless. The drop-in center is concerned that teenagers and young adults experiencing severe conflict in their homes have no assistance in mediating the conflict or finding other housing options when they can't remain with their parents. The drop-in center approaches the Continuum of Care (COC) meetings to talk about the needs of homeless and at-risk youth in the community. Additionally, the program approaches the local children's mental health collaborative to seek local funding for family mediation and preservation services. The drop-in center eventually applies for an Emergency Solutions Grant (ESG) from the local City government with a focus on the following supportive services: (a) outreach to local high schools and alternative schools to identify youth experiencing conflict, trauma, abuse, or neglect within their homes, (b) clinically supported case workers that are trained to deliver in-home, family mediation to stabilize their housing and prevent homelessness, (c) conducting housing searches with extended family, kin, or youth housing programs when the youth cannot safely return home, and (d) short- and medium-term rental assistance to assist youth with rapid re-housing and housing relocation. The drop-in center's total project budget totals \$749,000, which includes:

- Case management and supervision (salaries and benefits) supporting outreach and family, in-home mediation \$345,000
- Short- and Medium-term Rental Assistance \$336,000
- Administration \$68,000

The drop-in center would need to secure a 100 percent (one-for-one) in matching funds, and applies for an ESG grant totaling \$374,500. The remaining one-to-one match funding was provided by the local children's mental health collaborative and private foundation support.

Youth programs may consider coupling HUD funding with HHS Runaway and Homeless Youth Act (42 U.S.C. §5701 et. al) funding to make a program fiscally viable. For a review of a housing program that combines HUD and HHS funding streams to construct and maintain a youth housing program, see Lindquist Apartments at <http://www.thelinkmn.org/lindquist.php>.

For more information about the McKinney-Vento programs visit <http://www.hud.gov/offices/cpd/homeless/programs/index.cfm>.

APPLICATION FOR FUNDING

The process of applying for HUD homeless assistance funding will be similar to the current process. Applicants in a community will continue to organize into a Continuum of Care and submit a joint application to HUD. The entire application will be scored and prioritized by local stakeholders, and projects will be funded in the order that they are prioritized in the application. Changes made by reauthorizing the federal law include the following:

- The entire application will now be submitted by a "Collaborative Applicant" who is eligible but not required to receive 3 percent of the community award to cover administrative costs.

- The selection criteria focus more on actual performance and include incentives for rapid re-housing for homeless families and permanent supportive housing for individuals and families experiencing chronic homelessness.
- Performance outcomes reviewed by HUD include:
 - Reducing length of homeless episodes;
 - Reducing recidivism back into homelessness; and
 - Reducing the number of people who become homeless.
- Under certain circumstances, Collaborative Applicants can apply to HUD for funding, receive all of the funding designated for the community they represent, and then subgrant funds to all the project sponsors in the community. A Collaborative Applicant that performs this role is known as a "Unified Funding Agency." A Collaborative Applicant can become a Unified Funding Agency in one of two ways: 1) by applying to HUD for that status; or 2) by being designated by HUD if HUD finds that the Collaborative Applicant has the requisite capacity, that HUD and the Collaborative Applicant agree on what technical assistance would be needed, and that the designation would benefit the community. In addition to the regular duties of a Collaborative Applicant, a Unified Funding Agency has to ensure that project sponsors use proper accounting methods and receive annual audits of financial records.
- A Continuum of Care that is entirely rural or in a rural state (Alaska, Idaho, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, or Wyoming) may apply under a different set of criteria. A Continuum of Care that is in a rural state but consists entirely of a metropolitan area may not apply under the rural program.

Application for an Emergency Solutions Grant will be coordinated through the COC process but forwarded through local units of government. Typically, ESG applications are made to a City or County office and the City or County determines the prioritization or decision-making process.

IMPLEMENTATION REQUIRES OPPORTUNITY FOR PUBLIC COMMENTS ON PROPOSED REGULATIONS

Before the new program’s implementation, HUD is charged with creating its new rules and regulations. Local, state, and national input into these play a key role in ensuring that the strongest program possible is achieved. Below is a timeline of next steps in the implementation of the new McKinney program and suggestions for what you can do to impact the program rules and regulations.

Anticipated Timeline:

May 20, 2009	President Obama signed the HEARTH Act into law
July, 2009	HUD hosts focus groups to gain input from HEARTH Act regulations at the Alliance’s Annual Conference
Unknown Date	HUD issues draft regulations for public comment – public (including nonprofit services and housing providers) offered opportunity to submit written comments
Unknown Date	Final HUD regulations released
Three months after final regulations are released	Regulations go into effect

CONCLUSION

The Alliance hopes that homeless youth providers will be encouraged by recent changes to federal law to expand youth housing programs. Now is the time for community-based organizations and nonprofits to get involved with their local HUD Continuum of Care process – to take advantage of greater flexibility in policy to serve homeless youth and ensure a ‘place at the table’ to take advantage of increased appropriations for HUD programs in FY 2010.

For detailed analysis and review of federal public policy involving the McKinney-Vento Homeless Assistance programs, please visit the Alliance website at:

http://www.endhomelessness.org/section/policy/legislature/mckinney_vento.

Please feel free to contact Rich Hooks Wayman (rhookswayman@naeh.org) or LaKesha Pope (lpope@naeh.org) if you have specific questions regarding changes brought about by the HEARTH Act and modifications to HUD’s McKinney-Vento Homeless Assistance programs.