

WHAT'S IN THE FY 2014 BUDGET FOR HOMELESS SERVICES?

The District's Department of Human Services (DHS) provides services to homeless residents through two key channels: the Homeless Services Continuum and the Permanent Supportive Housing program.

The **Homeless Services Continuum** consists of a number of programs including the Emergency Rental Assistance Program (ERAP), the Family Re-Housing and Stabilization Program (FRSP) — also known as Rapid Re-housing — emergency shelter, transitional housing, and supportive services to homeless and formerly homeless DC residents. These services are delivered by nonprofit and for-profit providers who either contract with DHS directly or operate under the umbrella of an intermediary, The Community Partnership for the Prevention of Homelessness (TCP).

Permanent Supportive Housing (PSH), also known as Housing First, was created in fiscal year 2009. PSH provides long-term housing and case management services to chronically homeless individuals and families.

The total fiscal year (FY) 2014 budget for services for homeless residents, which includes both federal and local dollars, is \$111 million, an increase of nearly \$8 million, or 8 percent, from the FY 2013 approved budget, after adjusting for inflation. Unless otherwise noted, all figures in this analysis are adjusted for inflation to equal FY 2014 dollars.

SUMMARY OF THE FY 2014 BUDGET

- The FY 2014 total budget (including both federal and local dollars) for services to homeless residents is \$111 million and includes an increase of nearly \$8 million in total funding from the approved FY 2013 budget.
- The FY 2014 budget for Permanent Supportive Housing contains an increase of nearly \$3 million, bringing the total budget to \$28 million. This will allow 133 additional households to be served in FY 2014.
- The FY 2014 Homeless Services Continuum budget will increase by \$4.6 million over the approved FY2013 budget, bringing the total budget to \$82 million.
- Increases within the Continuum budget include:
 - 1) \$1.8 million for the Emergency Rental Assistance Program (ERAP), including \$500,000 to pilot an expansion of the program to non-disabled, non-senior individuals who previously have not qualified for assistance;
 - 2) \$1.5 million for homeless youth;
 - 3) \$1.4 million for Rapid-Re-housing program, including \$400,000 to expand the program to individuals; and
 - 4) \$173,000 to create a director position to oversee the creation and implementation of a plan to end homelessness.

The Budget Support Act included major changes to the Homeless Services Reform Act, the law governing the District's homeless services system. The Council made significant improvements to the initial proposal submitted by Mayor Gray. Among the changes, the Council dropped a "provisional placement" proposal that would have restricted the legal rights of certain homeless families to shelter, revised the termination policy for residents in permanent supportive housing, and created a mandatory savings plan for homeless residents that is not punitive for those who have limitations on how much they can save.

The total budget for the Permanent Supportive Housing program is \$28 million, an increase of nearly \$3 million, or 12 percent, from the FY 2013 approved budget. Local funding will increase by nearly \$2 million, after remaining relatively flat from FY 2012 to FY 2013, while federal funding will increase by \$1 million.

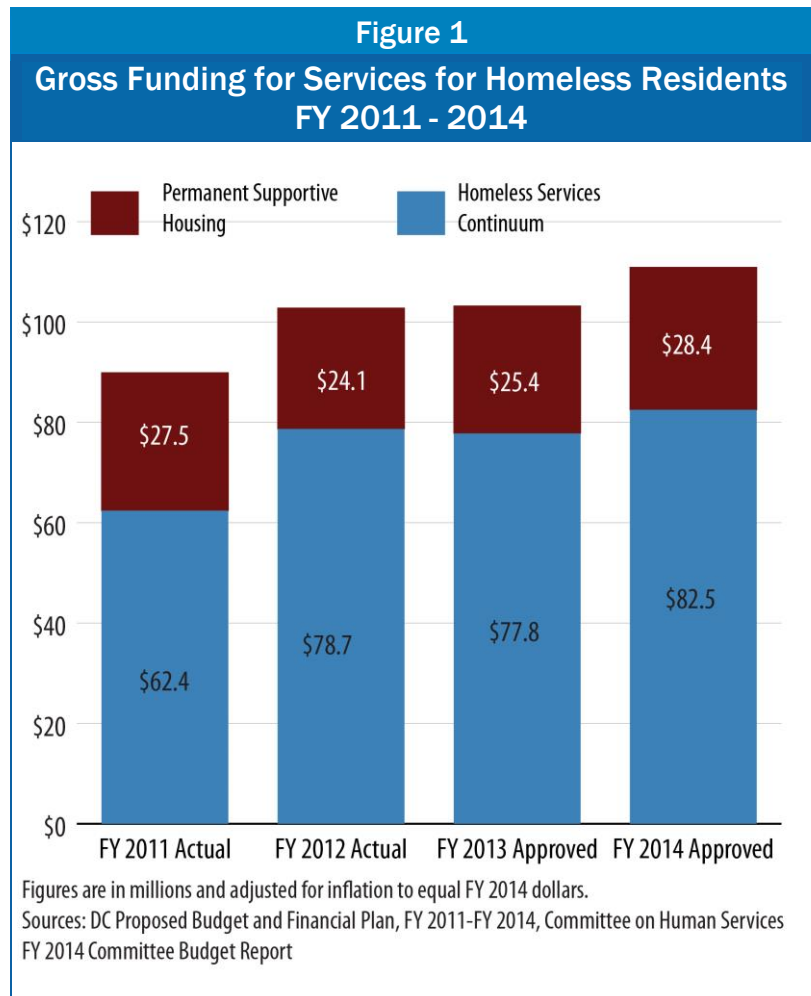
The Continuum budget is \$82 million, an increase of \$4.6 million, or 6 percent, from the approved FY 2013 budget (see Table 1).

As part of the mayor’s \$100 Million Affordable Housing Initiative — a pledge made this year — three Continuum programs received \$1 million each: homeless youth services, the Emergency Rental Assistance Program (ERAP), and the Rapid Re-Housing program.¹

During their budget deliberations, the Council also added funding to Continuum programs, including:

- \$173,000 to create a new director position to oversee the creation and implementation of a plan to end homelessness;
- \$800,000 for the Emergency Rental Assistance Program (ERAP), including \$500,000 to pilot an expansion of the program to non-disabled, non-senior individuals who previously have not qualified for assistance;
- \$400,000 to provide Rapid Re-housing program to serve individuals; and
- \$486,000 to expand shelter capacity for LGBTQ youth.

The Council also established an End Homelessness Fund in the FY 2014 Budget Support Act that would be funded via future sales tax revenue collected from certain online retailers. It is unclear however, when that funding might materialize since Congress is currently considering the legislation—the Marketplace Fairness Act-- that would allow DC and the states to require online retailers to collect



¹ For a description of the Mayor’s total funding for affordable housing, including the remainder of the pledged \$100 million, see DCFPI’s analysis of the budget for affordable housing at: www.dcfpi.org/fy14-budget-toolkit

and remit sales tax. If the legislation passes through Congress, the End Homelessness Fund could receive up to \$50 million on an annual basis.

Homeless Services Continuum Analysis

The total budget for the Homeless Services Continuum is \$82.5 million, a \$4.6 million, or 6 percent, increase from the approved FY 2013 budget (see **Table 1**). This reflects a \$5 million decrease in federal funding, including \$4 million in Temporary Aid to Needy Families (TANF) federal funding that has been used for shelter in recent years but will be devoted to core TANF activities in FY 2014. Local funding for homeless services will increase by \$9.3 million to fill this gap and expand some Continuum programs, as detailed below.

	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Approved
Local	\$44.5	\$68.1	\$66.5	\$75.8
Federal Funding	\$17.9	\$10.6	\$11.3	\$6.7
Total	\$62.4	\$78.7	\$77.8	\$82.5

In millions. All figures adjusted for inflation to equal FY 2014 dollars
Sources: DC Proposed Budget and Financial Plan, FY 2011-FY 2014, Committee on Human Services FY 2014 Committee Budget Report; Committee of the Whole Report on the FY 2014 BRA of 2013

Number of Homeless Families Continues to Overwhelm the Continuum

The number of homeless families with children in DC has increased dramatically in recent years. From 2008 to 2012, the number of homeless families increased from 587 to 1,014. This year, the number has decreased to 983. While this decrease is a good sign, the number of homeless families is still 67 percent higher than it was in 2008.

The continued large number of homeless families has led the District to rely on motels for emergency shelter during the hypothermia season. In the 2012-2013 winter season, DHS has been able to shelter up to 289 families at DC General Family Shelter, up from last season’s maximum of 271 families. Even with the increase, DHS has had to house up to 166 families per night in motels. But DHS has been able to reduce both the total number of families in motels and the length of stay compared to FY 2012. This has led to significant budget savings, with spending on motels decreasing from \$3.3 million last year to an anticipated \$1.3 million this year. This reflects two factors: DHS’s use of new Local Rental Supplement Program (LRSP) vouchers that were included in the FY 2013 budget and the relatively new Rapid Re-housing program (FRSP) to move families out of emergency shelter quickly.

The rapid increase in homelessness and the failure of funding to rise in tandem, led DHS in 2011 to end its long-standing practice of placing all “priority-1” families into shelter year-round. These are families with no safe place to stay, such as families who are sleeping on the street or fleeing domestic

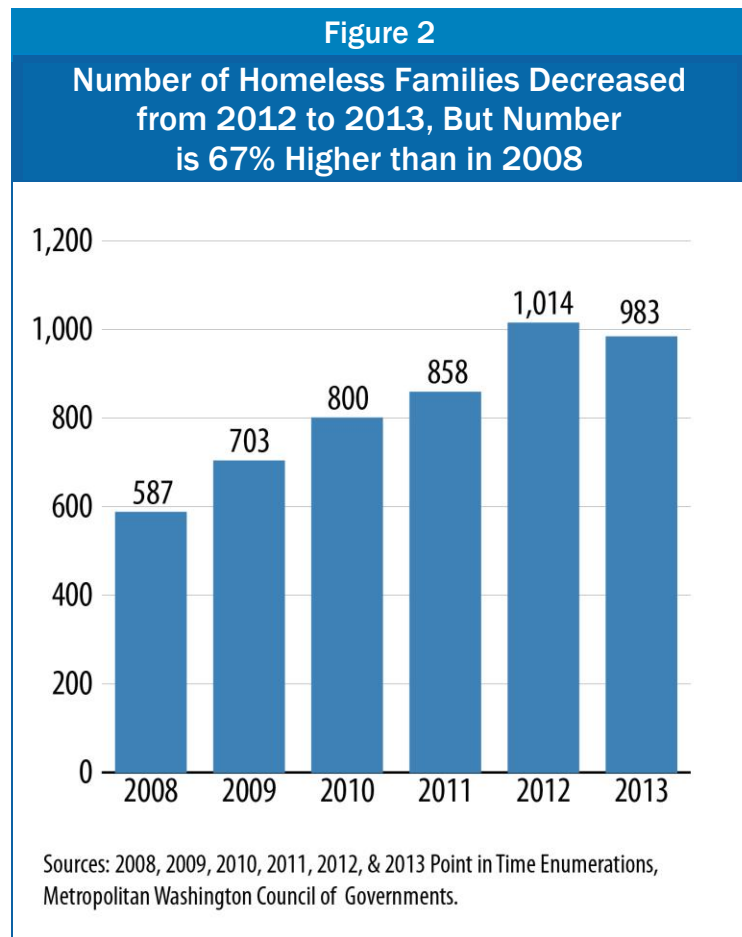
violence. The Homeless Services Reform Act mandates only that the District provide shelter during hypothermic conditions, but recognizing the risks to children that accompany homelessness, the District had, in the past, placed families regardless of the weather. This changed in 2011 when no families were admitted to shelter from April through October. To prevent this from happening again, the Council added funding for 250 new LRSP vouchers in the FY 2013 budget to move DC General families into permanent housing. Despite the new vouchers, DHS announced in August 2012 that it did not have sufficient funds to operate the DC General Shelter at full capacity and would not place priority 1 families into shelter until the number of families in the DC General Shelter fell below 153. That did not occur until October 2012.

Rapid Re-Housing Program

Looking to FY 2014, it appears DC can expect a similarly large need for family shelter. DHS plans to address this need primarily through the Rapid Re-housing Program, a relatively new program in the District. This program provides housing search assistance, supportive services, and short-term rental assistance to homeless families. The goal of the program is to move families out of shelter as quickly as possible. This can allow more families to access emergency shelter using the same number of shelter units.

The budget for this program will be increased by \$4 million from FY 2013, including \$1 million from the mayor’s *\$100 Million Affordable Housing Initiative*. The total budget will be \$10.7 million and will serve 180 new families and 300 continuing families (families who started in the program prior to FY 2014). It is not clear at this point if this budget is sufficient to serve all families who will be eligible for this program. It is estimated that 80 percent of shelter applicants will be determined eligible, which is likely a minimum of 389 families². The average cost per family is around \$1,900 per month, which includes rental subsidy, security deposit, supportive services, and moving costs. The total budget would need to be increased by \$4.8 million to serve all eligible families.

With federal funding, DC was able to serve individuals through the program in prior years, but little or no federal funding will be available in FY 2014. The Council identified \$400,000 to restart the Rapid Re-Housing program for individuals.

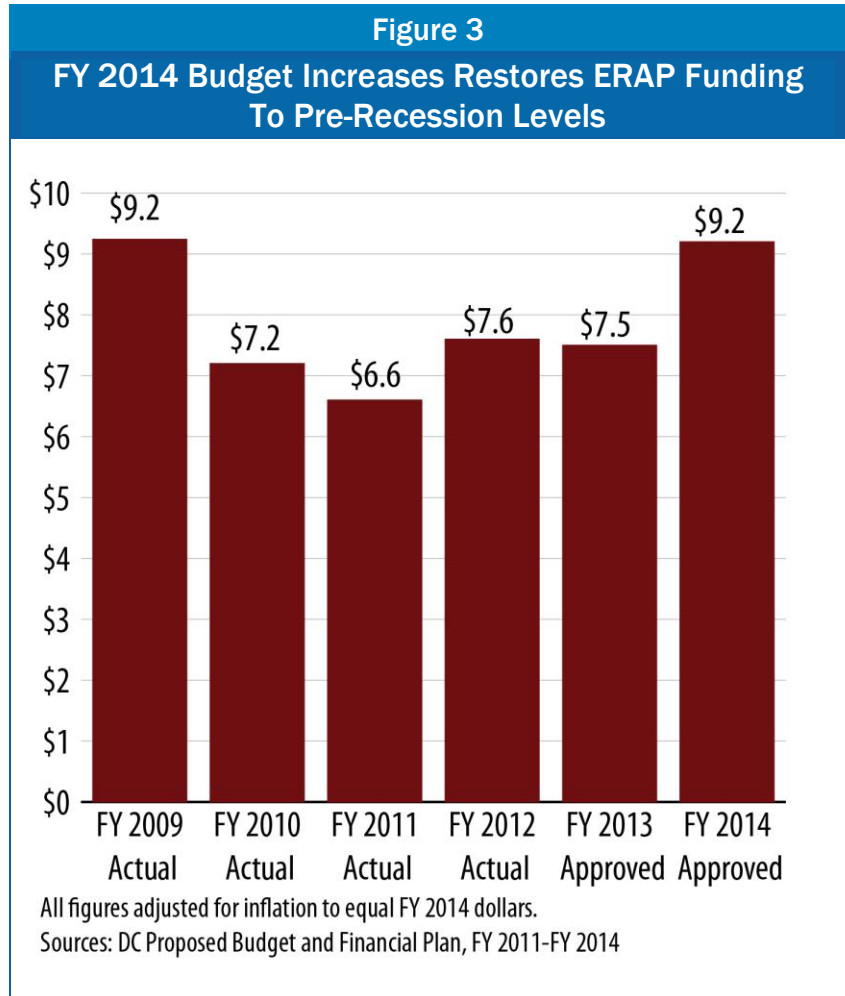


² DCFPI estimate based on number of families entering shelter in FY 2013.

Emergency Rental Assistance Program (ERAP)

The Emergency Rental Assistance Program (ERAP) prevents homelessness by providing funding for overdue rent and related legal costs for households facing eviction. The program also provides security deposits and first month's rent for residents moving into new homes. ERAP currently serves low-income households that include one of the following: a child under the age of 19, an adult over the age of 59, or a person with a disability.

For FY 2014, the mayor's *\$100 Million Affordable Housing Initiative* includes \$1 million for the program. The Council identified an additional \$800,000 bringing the total budget to \$9.2 million, a 23 percent increase from the FY 2013 budget of \$7.5 million. This increase makes up for the budget cuts made during the Great Recession, bringing the budget to its pre-Recession level. This increase will help address the high need for ERAP. For the past few years, the organizations that administer the program have run out of ERAP funds several months before the end of the fiscal year. In FY 2012, these organizations saw an increase in the number of applicants and in the size of their average rent problems, which likely are indicators of the worsening shortage of affordable housing in the District.



As part of the Council's additional funding for the program, \$500,000 will be used to pilot an expansion of the program to non-disabled, non-senior individuals who previously have not qualified for assistance.

Unaccompanied Homeless Youth Services

Funding for unaccompanied homeless youth services has not been sufficient in meeting the need. In February 2013, for example, service providers turned away 300 youth seeking emergency shelter.. As part of the Mayor's *\$100 Million Affordable Housing Initiative*, the FY 2014 budget adds \$1 million to the

funding for homeless youth, bringing the total budget to \$3.4 million. It is unclear if this will be enough to meet the need.

Permanent Supportive Housing Analysis

Proposed funding for the Permanent Supportive Housing program (PSH) will increase from \$25 million in FY 2013 to \$28 million in FY 2014, a \$3 million, or 12 percent, increase (see **Table 2**). The budget includes a \$1 million increase in federal funding and a nearly \$2 million increase in local funding. The federal funding increase includes a \$440,000 increase in the Veteran’s Affairs Medical Center grant which provides supportive services to veterans and a \$630,000 increase in carryover funds from the Shelter Plus Care Grant. Carryover funds are federal dollars unspent in the year awarded and thus available to be spent in the next year. The increase in local funding includes \$486,000 to serve 25 seniors and \$1.75 million to serve an estimated 39 individuals and 29 families.³

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Approved
Local	\$13.2	\$10.2	\$11.6	\$19.5	\$19.4	\$21.4
Federal Grants ¹	--	\$0.4	\$3.5	\$4.6	\$6.0	\$7.0
Federal One-Time	--	\$5.7	\$12.4	--	--	
Total	\$13.2	\$16.3	\$27.5	\$24.1	\$25.4	\$28.4

In millions. All figures adjusted for inflation to equal FY 2014 dollars.
¹Federal renewable grants include Shelter Plus Care, Emergency Shelter Grant, and DCVA Veterans Administration grants.
 Sources: DC Proposed Budget and Financial Plan, FY 2011-FY 2014, Committee on Human Services FY 2014 Committee Budget Report; Committee of the Whole Report on the FY 2014 BRA of 2013

The total PSH caseload will increase to an estimated 1,483 households, an increase of 133 from FY 2013. Forty of these households will be served at DHS’s new PSH site, La Casa. While these numbers represent significant growth from the number of clients served in its first year, FY 2009, capacity remains far below the goal of 2,500 units for the chronically homeless, part of the District’s strategic plan to end homelessness.⁴

Additionally, DHS has committed to provide up to \$1.75 million in FY 2014 for supportive services for up to 100 new PSH units to be constructed through a new Department of Housing and Community Development solicitation for affordable housing projects. The number of PSH units will depend on the projects submitted and contracts awarded. DHS has not set aside funding for this new initiative, but will pay for it with funds from the Homeless Services Continuum and PSH budgets in its FY 2014 budget.

³ Estimates based on cost figures provided by the Department of Human Services.

⁴ DC Interagency Council on Homelessness Strategic Action Plan to End Homelessness, April 2010, http://ich.dc.gov/ich/frames.asp?doc=/ich/lib/ich/pdf/april_2010/ich_strategic_plan_final_4_6.pdf.

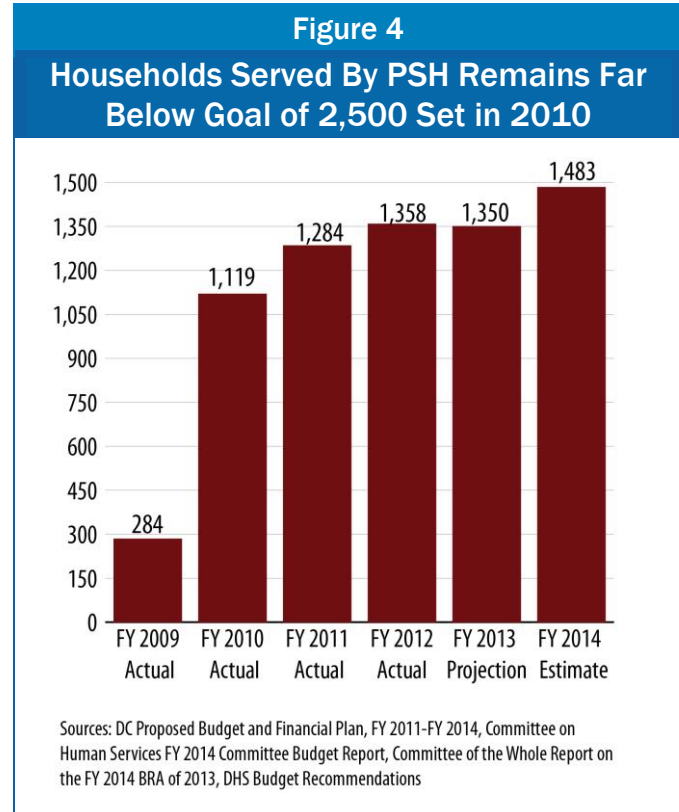
Changes to the Homeless Services Reform Act (HSRA)

The mayor included a number of significant changes to the Homeless Services Reform Act (HSRA) in his proposed Budget Support Act (BSA), the legislation necessary to implement the budget. The HSRA is the law governing the District's homeless services system. In response to concerns expressed at the hearing on these proposed changes, the Council made a number of changes to the mayor's proposal.

The Council dropped the mayor's proposal to create a "provisional placement" policy for homeless families. This would have allowed the Department of Human Services to place a family in shelter for a period of time while determining whether a family was eligible for shelter and whether that family may be able to stay with friends or family. Provisional families would not have the same legal protections, such as the right to 15-day notice of shelter termination and the right to continued shelter pending a legal appeal of termination. Given concerns about the potential for shelter terminations to be made in error and affected families possibly being forced to sleep in unsafe conditions, the Council removed the provisional placement policy from the amendments.

The Council retained the mayor's proposal to require shelter residents to pay into savings accounts, but added a requirement that escrow plans have to be tailored to each resident's individual circumstances and expenses. For instance, a resident with high medical costs due to illness would have these costs considered when determining how much he would be required to contribute. Additionally, the Council dropped a provision that would have allowed residents to be terminated from shelter for failing to contribute to escrow. Instead, residents who fail to pay escrow will face sanctions, such as loss of traveling privileges. These sanctions will be outlined in the shelter's rules that are provided to each resident upon entering the shelter.

Finally, the Department of Human Services worked collaboratively with the Council, providers, and advocates on changes to the Permanent Supportive Housing program (PSH), also known as Housing First. PSH provides long-term housing and case management services to chronically homeless individuals and families. The chronically homeless typically suffer from chronic and life-threatening health conditions and severe mental illness. In the mayor's initial proposal, residents who were absent from their unit for more than 60 days could lose both their housing and supportive services. Given the program, by definition, serves those at high need for hospitalization or in-patient rehabilitation, advocates and providers were concerned that residents would not seek these needed services if doing so could lead them to lose their housing. DHS extended the period of absence to 180 days, guaranteed



that residents would get notice prior to a termination, and would be prioritized for rehousing upon their release.

End Homelessness Director and Fund

The Council allocated \$173,000 to create a new End Homelessness Director position to oversee the creation and implementation of a plan to end homelessness. This Director will report directly to the Mayor and serve as a single point of accountability for the District's efforts to end homelessness.

Additionally, the Council also established an End Homelessness Fund, in the FY 2014 Budget Support Act, that would be funded with future sales tax revenue collected from online retailers. It is unclear however, when that funding might materialize. Congress is currently considering legislation—the Marketplace Fairness Act-- that would allow DC and the states to require Internet retailers to collect sales tax. Currently, residents are supposed to report Internet purchases and pay sales tax directly to the District government, but few residents actually do so.

If Congress passes this legislation, the revenue from the sales tax will be used to replace the revenue the District currently receives from automated traffic enforcement. Fifty percent of revenues from automated traffic enforcement, up to \$50 million, will be dedicated to the new End Homelessness Fund. This Fund shall be used to end homelessness in the District via a comprehensive plan to be developed later in the year. The Fund is for the expansion of current programs and the implementation of new programs and is not to replace existing funding.

Performance Measures

Each agency's budget includes a number of performance measures intended to provide an indication of how well the agencies are using funds to meet their goals. Unfortunately, the quality of these performance measures is quite uneven, with some lacking clarity and others disconnected from the agency's core functions.⁵ Additionally, many performance measures change from year to year. Improving and updating performance measures is a good practice, but without continuity from one year to the next, it is difficult to gauge progress.

In FY 2014, the District plans to track only two performance measures related to homeless services, a reduction from the seven included in the FY 2013 budget.

Four PSH-related performance measures have been combined into one measure. DHS used to separately measure the number of individuals, families, veterans, and seniors who received PSH, but now provides only one measure: the total number of households served. To track the progress of PSH development against the identified need, it would be helpful if DHS reported on number of existing units as a percentage of the targets outlined in the Interagency Council on Homelessness' Strategic Plan. DHS maintains the performance measure on retention of PSH housing from the previous fiscal year through the following fiscal year.

⁵ The issues related to DC's performance measurement are discussed further in a 2009 DCFPI report, Ten Ways to Improve the Transparency of the DC Budget, <http://www.dcfpi.org/ten-ways-to-improve-the-transparency-of-the-dc-budget>.

These measures are useful, but several additional measures would help the agency present a more complete picture. To better track the ability of PSH to meet demand and the turnover within the program, DHS could measure average wait time for housing, number of new individuals and families served each year, and average tenure in housing.

PSH Measures	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Projection	FY 2014 Projection
Individuals served	213	794	814	863	No longer measured	
Families served	71	195	250	265	No longer measured	
Seniors served	-	25	23	25	No longer measured	
Veterans (individuals and families) served	-	105	197	205	No longer measured	
Total Households served	284	1,119	1,284	1,358	1,350	1,395*
Percentage of participants in PSH that were housed in the prior FY that maintained housing in the current FY	--	95%	85%	90%	90%	90%
*Total number of households served was based on the mayor's proposed PSH budget of \$19.1 million. With the funding increases made by the Council, total households served should increase to 1,483.						

The District reports no measures that address the performance of the emergency and transitional shelter system or the services provided through this system. At a minimum, the agency should report on the number of singles and family beds, hypothermia beds, low-barrier shelter beds, as well as average number of individuals receiving case management through the Continuum. Given the increasing reliance on motels in past years it would be helpful if the agency reported on the number of rooms used, length of stay, and associated costs.

And as the Rapid Re-Housing program is relatively new, DC should plan to include performance indicators on participating households six months and one year from the termination of their subsidies. The District should report on the number of families who:

- remain in the same rental unit and whether these families have met all rental payments;
- are participating in another affordable housing program; and
- have moved out of the unit and to the extent possible the nature of their current living situation (renting another unit with or without subsidy, sharing housing with another family, etc.).

Finally, we recommend adding a performance measure measuring the growth in a family's income from their entry into the program to one year after the termination of their subsidy. Adding this performance measure will provide evidence on the effectiveness of the employment services and some evidence of whether the family has the means to maintain their housing into the future.