

April 12, 2013

WHAT'S IN THE MAYOR'S PROPOSED 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. It provides long-term housing and case management services to chronically homeless individuals and families.

The proposed total fiscal year (FY) 2014 budget for services for homeless residents, which includes both federal and local dollars, is \$108 million, an increase of \$5 million 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.

The total proposed budget for the Permanent Supportive Housing program is \$26 million, an increase of nearly \$700,000 from the FY 2013 approved budget. Local funding will fall \$320,000, continuing the decrease

Key Findings

MAYOR'S BUDGET PROPOSAL

- The FY 2014 proposed total budget (which includes both federal and local dollars) for services to homeless residents is \$108 million and includes an increase of \$5 million in total funding from the approved FY 2013 budget.
- The mayor's proposed budget for Permanent Supportive Housing contains an increase of nearly \$700,000, bringing the total proposed budget to \$26 million. The Department of Human Services anticipates serving 45 additional households in FY 2014.
- The Homeless Services Continuum sees an increase of nearly \$4 million over the approved FY2013 budget, bringing the total budget to \$82 million.
- The mayor's *\$100 Million Affordable Housing Initiative* dedicates \$1 million each to homeless youth services, the Rapid-Re-housing program, and the Emergency Rental Assistance Program (ERAP).
- The proposed Budget Support Act contains significant changes to the law that governs access and legal rights to shelter.
- The FY 2014 budget's contingent priority list contains \$4 million in additional funding for the Rapid Re-Housing program for homeless families. This is ninth on the list.

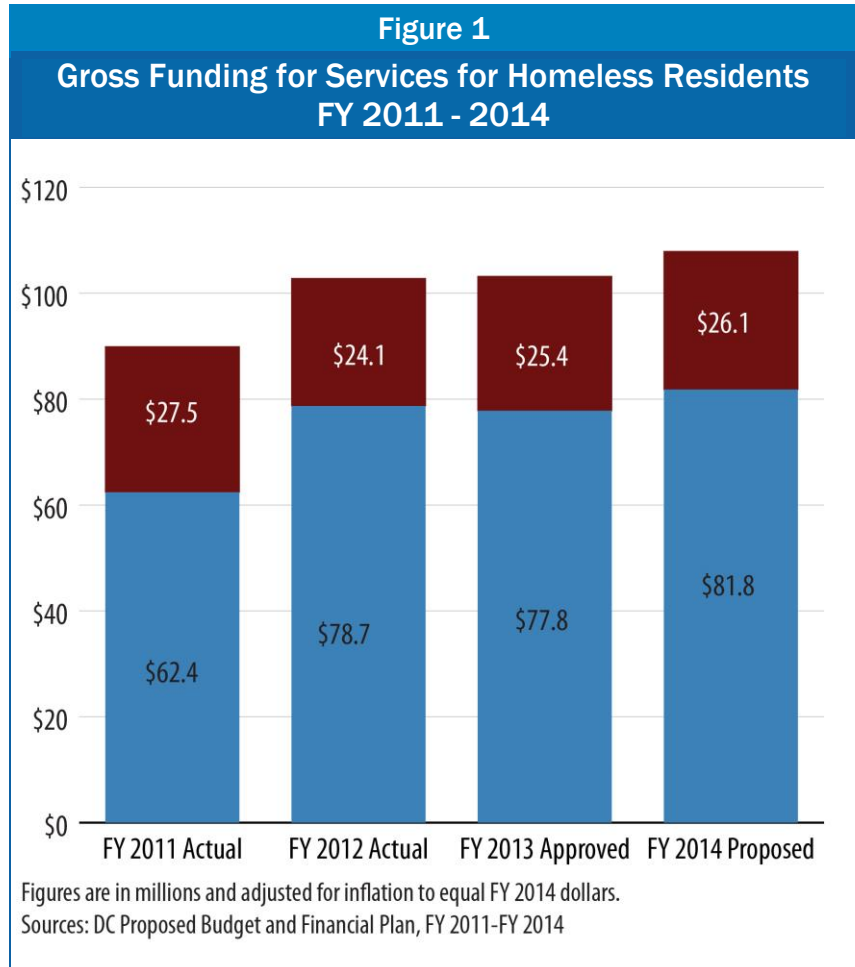
in local dollars that the program has experienced since FY 2012. The budget includes a \$1 million increase in federal dollars.

The proposed Continuum budget is \$82 million, an increase of nearly \$4 million from the approved FY 2013 budget (see **Figure 1**).

The mayor’s *\$100 Million Affordable Housing Initiative* — a pledge made by the mayor this year — allocates \$1 million each to homeless youth services, the Emergency Rental Assistance Program (ERAP), and the Rapid Re-Housing program.¹

The proposed FY 2014 budget also includes a contingent priority list that would provide funding for programs if revenue

projections for FY 2014 increase above currently projected levels. The programs would be funded in order as additional revenues are added. The ninth item on the list is \$4 million for the Rapid Re-Housing program for homeless families.



Homeless Services Continuum Analysis

The proposed total budget for the Homeless Services Continuum is \$82 million, a nearly \$4 million increase from the approved FY 2013 budget (see **Table 1**). This reflects a \$5 million decrease in

Table 1
Homeless Services Continuum Funding Sources, FY 2011-2014

	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed
Local	\$44.5	\$68.1	\$66.5	\$75.1
Federal Funding	\$17.9	\$10.6	\$11.3	\$6.7
Total	\$62.4	\$78.7	\$77.8	\$81.8

In millions. All figures adjusted for inflation to equal FY 2014 dollars
Sources: DC Proposed Budget and Financial Plan, FY 2011-FY 2014

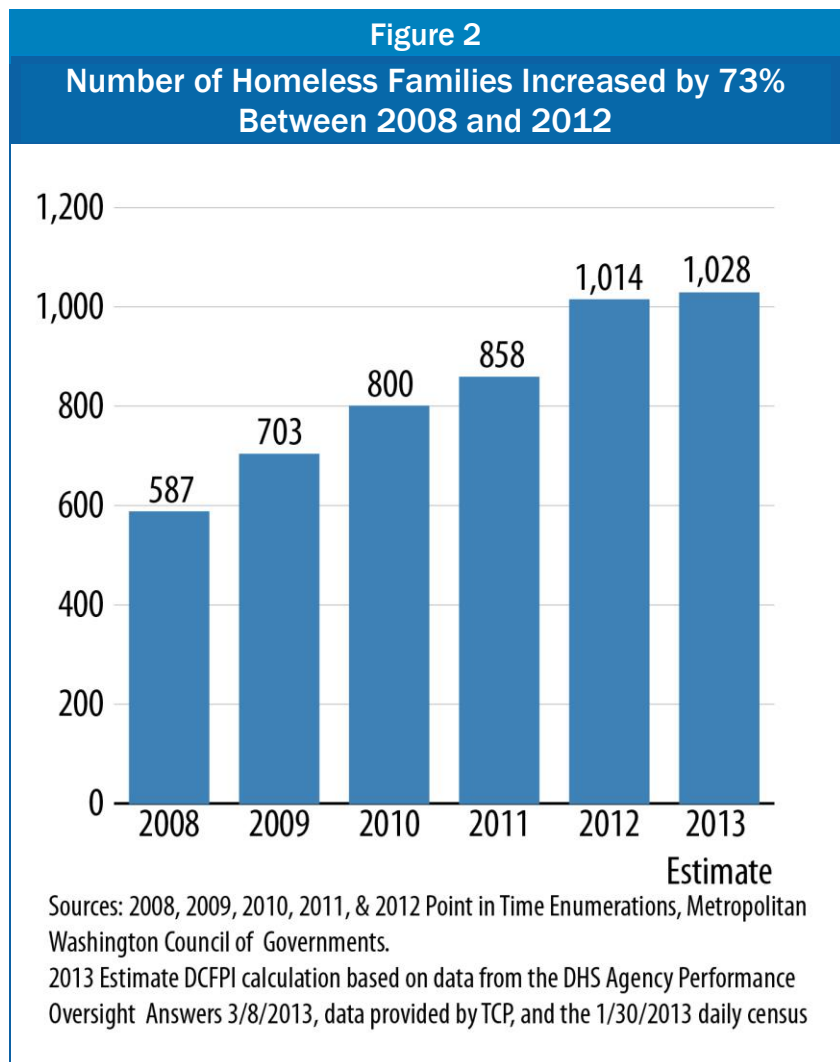
¹ For a description of the Mayor’s total funding for affordable housing, including the remainder of the pledged \$100 million, see DCFPI’s analysis of the budget for affordable housing at: www.dcfpi.org/fy14-budget-toolkit

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 \$5 million to meet this gap. The proposed budget also reports an increase in local funding to replace \$3 million in “lost federal funds” for year-long housing services, but it is not clear what this means. This analysis will be updated when more information becomes available.

A Rise in Homeless Families Continues to Overwhelm DC’s Homeless Services System

The number of homeless families with children in DC rose from 587 in 2008 to 1,014 in 2012, an increase of 73 percent. The official count for 2013 has not yet been released, but DCFPI estimates that it will likely be close to 1,028, about the same as in 2012.² This would mean that the rate of increase has slowed considerably from past years.

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.



² DCFPI estimate based on capacity and usage data from the Department of Human Services and the Community Partnership for the Prevention of Homelessness (TCP).

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.

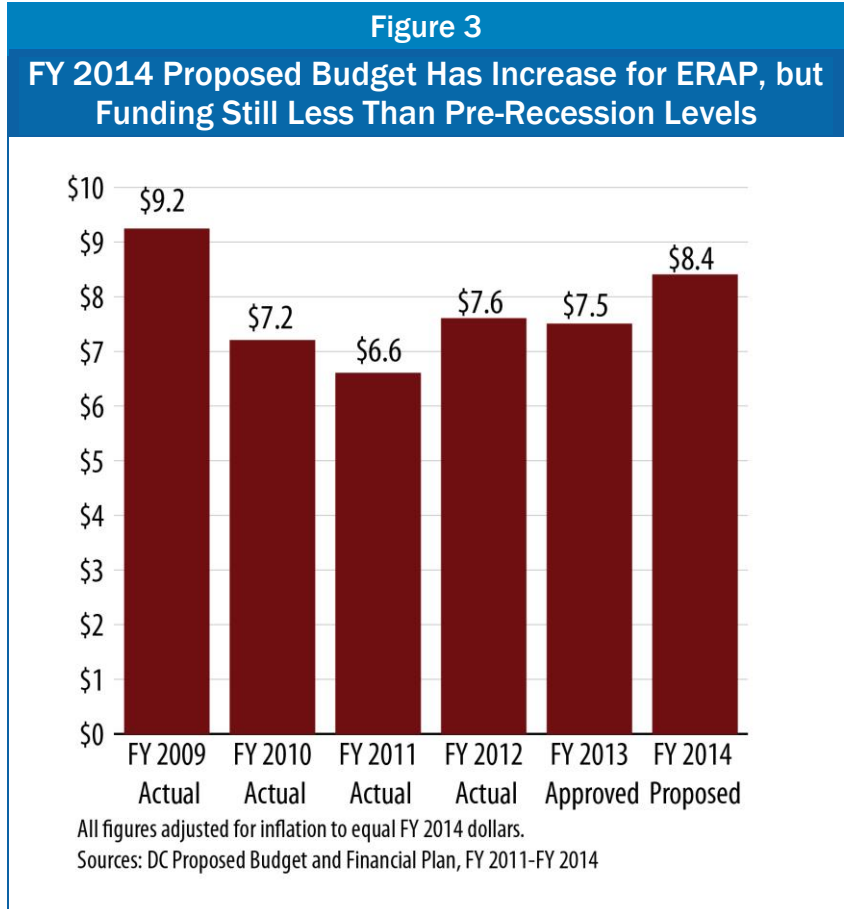
The mayor’s *\$100 Million Affordable Housing Initiative* includes a \$1 million increase for the program. Budget documents indicate that the total budget for new families in FY 2014 could range from \$4 million to \$5 million, although there is no line item in the DHS budget for Rapid Re-Housing. (As DCFPI is better able to pinpoint the total funding for this program, this analysis will be updated). It also 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 480 families. The average cost per family is around \$1,900 per month, which includes rental subsidy, security deposit, supportive services, and moving costs. Most families stay in the program less than 12 months. The total budget would need to be closer to \$11 million to serve all eligible families.

The mayor’s proposed contingent priority list in the FY 2014 budget would add \$4 million for the Rapid Re-Housing program, if revenues projected for FY 2014 increase over the current projections. This funding is ninth on the budget’s contingency priority list.

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 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, bringing its total budget to \$8 million. This increase makes up for some of the budget cuts made during the Great Recession, but does not bring the budget to its pre-Recession level of \$9 million in FY 2009. This increase will help address, but likely not fill completely, 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.



Homeless Youth Services

DHS does not have a dedicated budget for services to homeless youth. Instead, these services are funded out of the general Homeless Services Continuum budget. It appears that current funding is insufficient to meet the need for homeless youth services. In February 2013, for example, service providers turned away 300 youth seeking emergency shelter.

The mayor's *\$100 Million Affordable Housing Initiative* dedicates \$1 million to homeless youth services, ensuring that in FY 2014, at least \$1 million will be spent on these services. It is unclear if this represents an increase in total spending on homeless youth or simply replacing Continuum dollars currently being spent on these services. As DCFPI is able to obtain more information, this analysis will be updated.

Permanent Supportive Housing Analysis

Proposed funding for the Permanent Supportive Housing program (PSH) will increase from \$25 million in FY 2013 to \$26 million in FY 2014, a \$700,000 increase (see **Table 2**). The budget includes a \$1 million increase in federal funding and a \$320,000 decrease in local funding. The federal funding

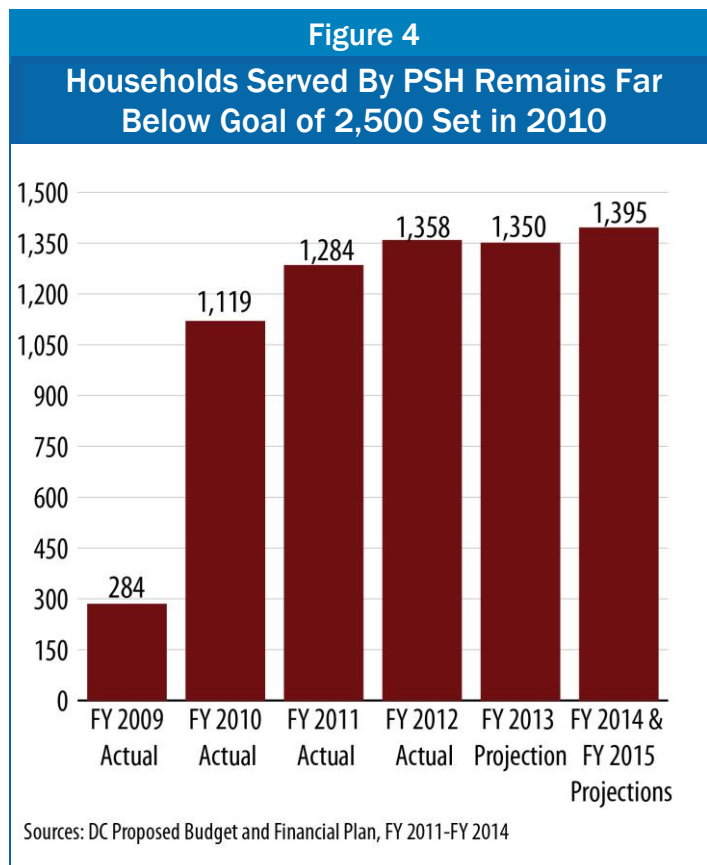
increase includes a \$440,000 increase in the Veteran’s Affairs Medical Center grant which provides supportive services to veterans and a \$630,000 increase in carryover funds from the Shelter Plus Care Grant. Carryover funds are federal dollars unspent in the year awarded and thus available to be spent in the next year. The FY 2014 proposed budget continues the modest reduction in local funding for PSH since FY 2012.

Table 2 Permanent Supportive Housing Funding Sources, FY 2009-2014						
	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Approved	FY 2014 Proposed
Local	\$13.2	\$10.2	\$11.6	\$19.5	\$19.4	\$19.1
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	\$26.1

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

DHS anticipates that 1,395 households will be served in FY 2014, an increase of 45 from FY 2013³. 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

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 Originally, La Casa, the new PSH site opening in FY 2014, included space for 45 individuals. The revised plans now include only 40 units. It is not clear if the performance measure uses the original or the revised estimate for the La Casa project.

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 FY 2014 Budget Support Act (BSA), the legislation necessary to implement the budget, contains a number of significant proposed changes to the Homeless Services Reform Act (HSRA). The HSRA is the law governing the District's homeless services system. Among these changes is a new "provisional placement" for homeless families, allowing DHS to place a family in shelter for up to 14 days while the agency determines the family's eligibility for shelter. Provisional families would not have the same legal protections as other homeless families have, such as the right to 15-day notice of shelter termination and the right to continued shelter pending a legal appeal. It also mandates that shelter residents make payments into escrow accounts, a practice that was discontinued when the HSRA was enacted due to concerns about high administrative costs and the inability of some residents to both meet their basic needs and make the mandated payments.

The proposal does not appear to have a fiscal impact, according to the fiscal impact statement provided by the Office of the Chief Financial Officer, and therefore does not have an impact on the budget. Given the potential significant changes this new legislation could make, and that it does not have a fiscal impact, it would be more appropriate for these proposed HSRA changes to be removed from the BSA and considered instead through the regular legislative process. This would give stakeholders, including the Interagency Council of Homelessness (ICH), time for careful review. The ICH is the group of government officials, service providers, advocates and homeless/formerly homeless residents tasked with guiding the District's strategies and policies for meeting the needs of homeless individuals and families.

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 & FY 2015 Projections
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%

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.