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What's in the Proposed FY 2017 Budget For Homeless Services?

SUMMARY OF PROPOSED FY 2017 BUDGET

- Provides \$173 million in funding for services for homeless residents, the highest level ever. However, while the budget makes some investments towards the Strategic Plan to end homelessness, it falls far short of the need.¹
- Expands Permanent Supportive Housing (PSH) for up to 300 individuals, but no new units for families with children. PSH provides housing and intensive support services to homeless residents who face significant challenges, like chronic physical or mental health issues. The FY 2017 budget still leaves a need for PSH for 230 families. The budget also leaves a need for 780 single adults, which means that chronic homelessness will continue to be a challenge for years to come.
- Adds 284 family Rapid Re-Housing slots for families, but no new assistance for individuals who are homeless. RRH provides housing search assistance, supportive services, and short-term rental assistance, generally up to 12 months. The proposed budget leaves a gap of about 2,000 RRH slots for singles.
- Provides new Targeted Affordable Housing (TAH) subsidies up to 100 families and 100 individuals. TAH primarily provides rental assistance to residents who need help paying rent after their Rapid Re-Housing subsidy ends or who no longer need the intensive services provided by PSH but still need help to afford housing. The FY 2017 budget leaves a gap of about 1,200 TAH subsidies for families and individuals.
- Increases funding for homelessness prevention by \$1 million, so that an additional 390 families can get assistance.
- Adds \$2.3 million in services for unaccompanied homeless youth, including prevention, family reunification, crisis beds, transitional housing, and independent living programs.

The proposed fiscal year (FY) 2017 budget provides \$173 million in funding for homeless services, a \$9 million increase from FY 2016 after adjusting for inflation. This is the city's highest funding level ever for homeless services, a recognition of the enormity of this challenge, and it makes some new investments towards the Interagency Council on Homelessness (ICH) Strategic Plan to end long-term homelessness in the District by 2020. (See **Figure 1**.)²

But the budget also falls far short of the needs outlined in the Plan. It provides too little housing to end chronic homelessness in 2017, too little support to help families and individuals exit shelter, and

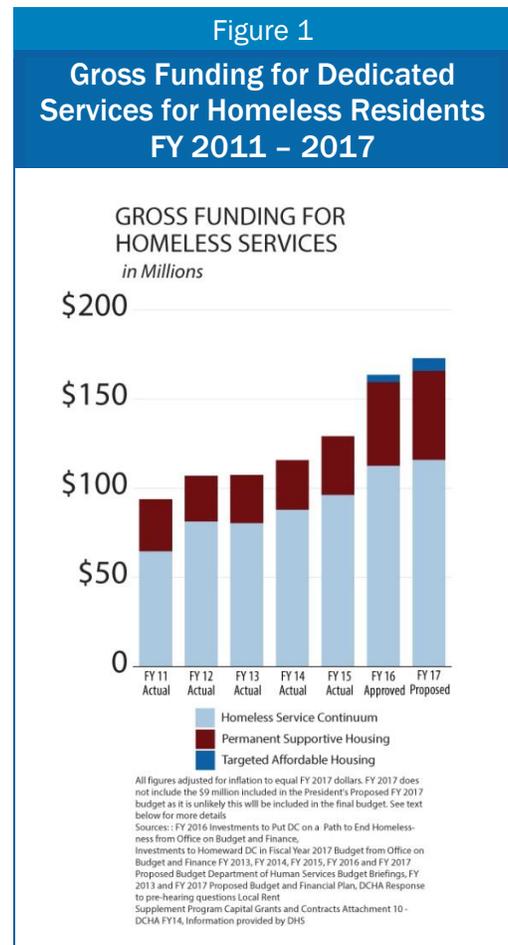
¹ This analysis excludes \$9 million in federal funding proposed in the President's Proposed FY 2017 budget as it is unlikely this funding will be included in the final federal budget. See text below for more details.

² The value of federally funded vouchers and DC capital costs are not included in this budget analysis.

too little long-term affordable housing for homeless residents who need it. As a result, homelessness will continue to be a highly visible problem in the District in FY 2017, and the homeless services system will face many challenges.

The increase in funding shows up in three broad categories of services:

- **The Homeless Services Continuum:** Includes emergency shelter, the Emergency Rental Assistance Program, Rapid Re-Housing (RRH), transitional housing and other programs. Many of these services are delivered by providers who either contract with DHS directly or operate under the umbrella of The Community Partnership for the Prevention of Homelessness (TCP), an intermediary organization. Funding for this set of services will grow 3 percent in FY 2017, adjusting for inflation. (See **Appendix Table**.)
- **Permanent Supportive Housing (PSH):** Provides long-term housing and case management to residents who would have difficulty remaining housed without case management assistance. DC’s program places some participants in apartments using rental subsidies, and others are placed in buildings developed with District funding. Funding for PSH will grow 6 percent in FY 2016.
- **Targeted Affordable Housing (TAH):** Provides long-term affordable housing with no or minimal supportive services. The program primarily serves residents who need help paying rent after their short-term RRH rental subsidy ends and PSH residents who no longer need the intensive services provided by PSH but still need help to afford housing. Funding will grow more than 72 percent in FY 2017.



FY 2017 Budget Adds Funding Towards Strategic Plan Goals but Falls Short of Need

In March 2015, the District’s Interagency Council on Homelessness (ICH) adopted a Strategic Plan aimed at ending long term homelessness by 2020, and the FY 2016 budget adopted last year included resources to start implementing it.³ Acknowledging that it will never be possible to prevent all the life events that can lead to homelessness, such as divorce or job loss, the Strategic Plan is designed to make homelessness:

- **Rare.** Homelessness will be prevented whenever possible. This will involve the expansion of prevention programs that help people who face eviction. It also will require coordination with

³ The ICH is made up of representatives from DC government, nonprofit providers, advocates, and homeless and formerly homeless residents. Its mission is to guide the city’s homelessness efforts.

other agencies to ensure residents transitioning out of foster care, juvenile justice, or other systems do not become homeless.

- **Brief.** When homelessness cannot be prevented, services will be provided quickly to help residents move into stable housing.
- **Non-recurring.** The District will provide support services to make sure residents do not become homeless again.

The proposed FY 2017 budget makes the following investments towards the goals of the Plan:

- increases the number of Rapid Re-Housing (RRH) slots for families;
- increases funding for homelessness prevention services for families;
- expands the number of Permanent Supportive Housing (PSH) for single adults;
- expands the number of Targeted Affordable Housing (TAH) slot for both families and single adults; and
- increases funding for youth programs.

These are discussed in more detail below.

Table 1 New Investments Fall Short of the Need				
	New Slots Needed	Maximum Slots Funded in FY 2017 Budget*	New Federally Funded Slots	Gap
Rapid Re-Housing for Families	284	284	--	--
Rapid Re-Housing for Individuals	2,552	--	--	2,552
Permanent Supportive Housing for Families	230	--	--	230
Permanent Supportive Housing for Individuals	1,084	300	55	729
Targeted Affordable Housing for Families	204	100	--	104
Targeted Affordable Housing for Individuals	1,111	100	--	1,001

*These are numbers cited in budget documents but DHS has not computed the staffing and associated costs needed, which will reduce the number who can be served.

Sources: Investments to Homeward DC in Fiscal Year 2017 Budget from Office on Budget and Finance; Strategic Planning Update on Year 1 Modeling from DC ICH; Information provided by The Community Partnership for the Prevention of Homelessness (TCP).

Expanding Rapid Re-Housing for Families but Not For Singles

The FY 2017 budget includes \$1.8 million to add 284 family Rapid Re-Housing (RRH) slots to the current inventory of 1,100 slots. RRH provides housing search assistance, supportive services, and short-term rental assistance, generally up to 12 months. The goal of the program is to move residents out of shelter as quickly as possible. This allows more residents to access emergency shelter using the same number of shelter units. This increase meets the goal laid out in the Strategic Plan.

However, the proposed FY 2017 budget does not include any funding to expand Rapid Re-Housing for single homeless adults, despite a huge need. The ongoing budget of \$3.8 million will serve 455 individuals, far short of the 2,522 slots needed according to the Strategic Plan.

Expanding Permanent Supporting Housing for Singles but Not for Families

The total budget for Permanent Supportive Housing is nearly \$50 million, a 6 percent increase from FY 2016.⁴ (See **Table 2**.) The budget allocates \$4.6 million in new funding to serve up to 300 more single adults. However, DHS has not computed the staffing and associated costs needed, which will reduce the number who can be served. In FY 2016, \$3.7 million and \$3.0 million were allocated to serve up to 150 singles and up to 100 families respectively.⁵ The District was also awarded new federal funding for 55 PSH units for individuals (see **Text Box**).

To meet the Strategic Plan timelines, the District needs at least 230 additional family PSH slots. The District also needs at least 734 slots for single adults, meaning, that the District will not meet its goal to end chronic homelessness in FY 2017, as laid out in the Strategic Plan, although the city will meet the initial milestone to end chronic homelessness among U.S. veterans.

Table 2
DHS Permanent Supportive Housing Funding Sources
FY 2011-2017

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Approved	FY 2017 Proposed
Local Funding							
DHS Budget	\$12.1	\$20.2	\$20.2	\$22.4	\$27.3	\$37.3	\$40.8
Local Rent Supplement Program (DCHA budget)*	\$0.7	\$0.7	\$0.6	\$0.6	\$0.6	\$2.7	\$2.6
Federal Funding							
Shelter Plus Care	\$3.0	\$3.9	\$5.3	\$3.8	\$3.9	\$5.6	\$5.4
DC Veterans Administration One-Time	\$0.6	\$0.9	\$0.9	\$1.1	\$1.1	\$1.4	\$1.1
Total	\$29.2	\$25.7	\$27.0	\$27.9	\$32.9	\$47.0	\$49.9

In millions. All figures adjusted for inflation to equal FY 2017 dollars.

*Rental subsidy for some PSH units is paid through the DC Housing Authority's Local Rent Supplement Program (LRSP)

Sources: : Committee of Whole Committee Report on Bill 21-157, the "Fiscal Year 2016 Budget Request Act", Investments to Homeward DC in Fiscal Year 2017 Budget
FY 2016 *Investments to Put DC on a Path to End Homelessness* from Office on Budget and Finance, FY 2013 DC Proposed Budget and Financial Plan, FY 2013, FY 2014, FY 2015, FY 2016, and FY 2017 DHS Budget Briefings.

Some PSH units are created through affordable housing projects funded by the Department of Housing and Community Development (DHCD). This source of housing is important but has not been as well utilized as it could be. In previous years, units were not required to use a Housing First model, meaning that they may have sobriety or income requirements that many chronically homeless

⁴ Capital funding used to construct PSH units through the Consolidated RFP and the ongoing Local Rent Supplement Program (LRSP) subsidies needed to support these built units are not included in this budget analysis.

⁵ Due to incorrect information provided last year, the number of singles served was thought to be much higher. The numbers in this analysis account for this mistake.

residents are unlikely to meet. Yet a large body of research suggests that the Housing First approach is a highly effective way to create stability for homeless residents and to help them address substance abuse and mental illness. Additionally, projects were not required to fill units through the Coordinated Assessment and Housing Placement (CAHP) system which ensures that the most vulnerable are prioritized for available housing. DCPFI encourages the District to require more projects to utilize the Housing First model and CAHP system.

The most recent DHCD funding solicitation took positive steps in that direction. The RFP requires each project that constructs a new building or rehabilitates a vacant one dedicates 5 percent of units to PSH. Projects can earn extra points by dedicating an additional 5 percent of the units to PSH. For the first time, DHCD required that these units use a Housing First model and the CAHP system.

In FY 2016, DHS budgeted \$3 million in recurring funding to provide supportive services for the DHCD PSH units coming online over the next few years. Very few units are likely to come online in FY 2016, so unused funding was used to fill other gaps in the homeless services budget. More units are anticipated to come online in FY 2017, and DHS anticipates that the budget will be more than sufficient.

Expanding Homelessness Prevention Efforts

The family homelessness prevention program identifies families most at risk of entering shelter and provides a variety of services, such as connecting a parent with employment services or tenant-landlord mediation. Some families also receive limited financial assistance to pay for rental arrearages or other items that can help them avoid homelessness, such as clothing needed for a job.

The program launched in FY 2015 with \$2 million in local funding. The FY 2017 budget adds \$1 million in local funding to serve an additional 390 families. More than 1,000 families have participated in this new program over the past year. Of those, 104 were given assistance with moving into their own apartments and others received a variety of services to avoid

homelessness. Only about 100 ended up needed to enter shelter, a reflection of the program's effectiveness. The average cost per family was under \$1,000, compared to \$3,500 for just a one-month shelter stay. Avoiding shelter also has other real benefits, as emergency shelter has such a negative effect on the stability of families, especially children.

Federal Funding through the Continuum of Care Program Competition

Each year the federal government allocates funding through the Continuum of Care (CoC) Program Competition to communities across the country. This funding is to assist individuals (including unaccompanied youth) and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability.

Communities choose a CoC Lead Agency, a government agency or nonprofit organization, to manage the application process, disburse funding to providers, and monitor performance. In the District, The Community Partnership (TCP) for the Prevention of Homelessness, a nonprofit organization, acts as the District's CoC Lead Agency. As CoC funding goes directly to TCP from the federal government and does not go through the District budget, this funding does not appear in the Homeless Services budget.

In March, DC was awarded \$20 million in the first round of the CoC Competition. This includes \$3.5 million in new funding for Permanent Supportive Housing for 55 individuals. During the second round of the Competition, DC could receive approximately \$6.5 million more.

This program complements the District’s current prevention program, the Emergency Rental Assistance Program. The Emergency Rental Assistance Program (ERAP) helps individuals facing eviction pay 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 funds cannot be used as flexibly as the new prevention funds can and does not target those most likely to become homeless.

The proposed FY 2017 ERAP budget is \$9.3 million, a slight reduction from \$10 million in FY 2016. (See **Figure 2**.) This will allow the program to serve roughly 2,600 households, about 200 fewer households than last year.⁶

Expanding Targeted Affordable Housing

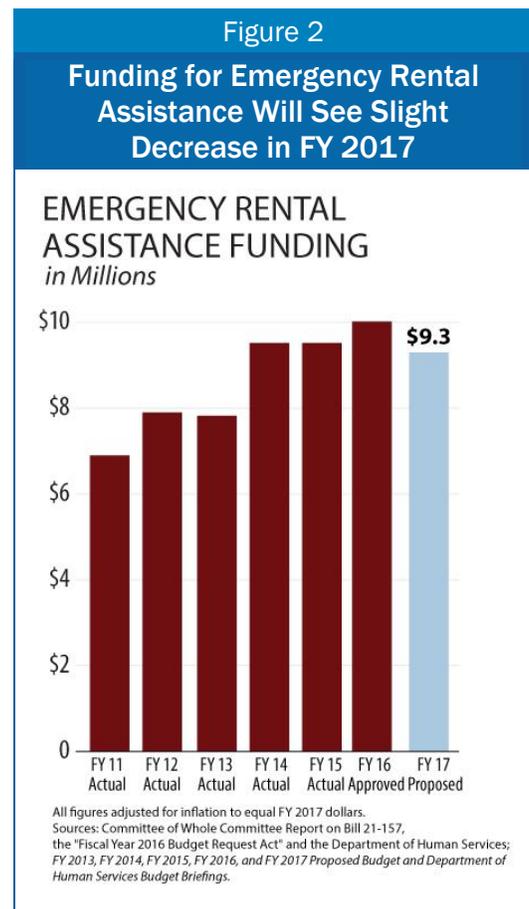
Targeted Affordable Housing (TAH) provides long-term affordable housing with no or minimal supportive services. The program primarily serves Rapid Re-Housing participants who need help paying rent after their short-term RRH rental subsidy ends, as well as PSH residents who no longer need the intensive services provided by PSH but still need help to afford housing.

The proposed FY 2017 budget includes an increase of \$1.2 million for singles and \$1.9 million for families. Budget documents indicate that this will serve up to 100 families and 100 single adults. However, DHS has not computed the staffing and associated costs needed, which will reduce the number who can be served. In FY 2016, the first year of the program, \$1.4 million was allocated to serve up to 50 singles and \$2.7 million went to serve up to 147 families.⁷

To meet the Strategic Plan timelines, at least 104 additional family slots beyond the budgeted amounts are needed. For singles, at least 1,011 slots are needed.

Expanding Services for Unaccompanied Homeless Youth without Children

Unaccompanied youth are youth who are experiencing homelessness without their parents or guardians. Homeless youth fall into two broad categories: those under age 18 and those who are 18 to 24 years old. In DC, youth under age 18 can only access housing and shelter dedicated to this population. Older youth, often called transition-aged youth (TAY), can access adult housing and shelter as well as specialized TAY programs.



⁶ Estimate based on FY 2014 per household cost provided by DHS.

⁷ Due to incorrect information provided last year, the number of singles served was thought to be much higher. The numbers in this analysis account for this mistake.

The proposed FY 2017 budget is \$7.6 million for homeless youth without children, a 40 percent increase from the FY 2016 budget. The budget includes \$800,000 for new crisis beds, \$700,000 for transitional and independent living programs, and \$800,000 family reunification efforts. (The budget for youth with children is included in the Homeless Services Continuum for families.)

The original Strategic Plan did not include recommendations for youth programs because the District – like most communities around the country – did not have robust data on the true size of the population, their characteristics, and needs. Last year, the District performed a special youth census to collect this data. The ICH is currently using this data to draft a detailed plan on youth homelessness which will be presented at the June meeting of the ICH and included in the Strategic Plan Update.

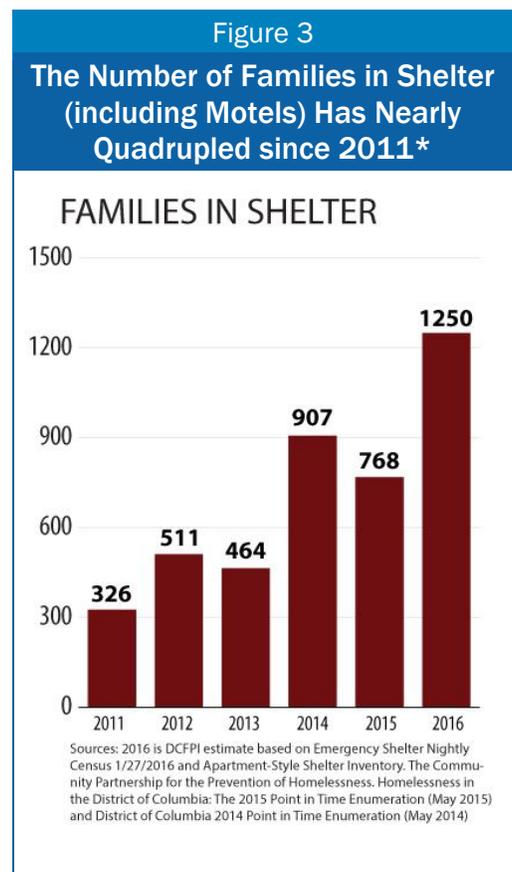
Not Clear if Budget is Sufficient to Allow Families to Access Shelter Year-Round

The FY 2017 budget includes nearly \$11 million for family shelter, the same amount as in FY 2016. It is not clear if this will be sufficient to allow the District to provide year-round access to shelter to all families, a policy abandoned in 2011 but reinstated for part of FY 2016.

Shelter funding has not kept up with the dramatic increase in family homelessness since 2011 (see **Figure 3**), which led the District 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 sleeping on the street or fleeing domestic violence. DC law 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.

Over the past year, DHS has moved partially toward reinstating the former policy of placing all families with no space place to stay. More than 450 families were placed in shelter over the summer of 2015, compared with virtually no families placed into shelter during summer months in prior years. But other families were turned away because of a lack of capacity.

It is not clear if the FY 2017 budget will be enough so that families do not have to be turned away. The Department of Human Services (DHS) plans to help families exit shelter more quickly, which will open up space for newly homeless families. DHS also has implemented a new Interim Eligibility process which allows the Department to meet a family’s immediate crisis need for shelter while trying to identify other options for the family than remaining in shelter. This allows families to enter shelter on a temporary basis without necessarily leading to long-term shelter stays. And DHS plans to increase capacity in the prevention program to reduce the number of families who need to enter shelter. Through these efforts, DHS hopes to be able to provide year-round access to shelter for families with the existing budget.



New Family Shelters Continue to Be Funded in FY 2017

The FY 2017 budget preserves the \$40 million in capital funding allocated in FY 2016 to construct replacement facilities for the District's dilapidated primary family shelter, DC General. It is anticipated that this will be more than sufficient to construct a 35-unit shelter in Ward 7 shelter and a 50-unit shelter in Ward 8. The District hopes to open these buildings in September 2018.

The five other shelters will be leased by the District. The Ward 1 site involves a ground lease that will begin at the end of FY 2017. DHS reports that they anticipate this will cost approximately \$700,000 and that the Department of General Services budget can accommodate the expense. The other four shelters are set to open in either January or May 2018 and their lease will begin upon their opening. The FY 2018 budget will likely need additional funding because there will be months when only some of the new shelter capacity is open. During this time, the District will be paying for both the new capacity and DC General.

FY 2017 Budget Not Sufficient to Make Needed Improvements to Shelters for Singles

The FY 2017 proposed budget does not include funding to improve the terrible conditions in existing shelters that serve single adults. The budget does include funding so that the new women's shelter, the Patricia Handy Place for Women can offer better services, including more case managers and higher quality meals.

The ICH Shelter Conditions Committee had hoped the FY 2017 budget would include funds to improve dinner meals provided at shelters for singles. Right now, the District pays \$1.50 per dinner served and the quality and amount of what is provided reflects this low cost. According to DHS, to improve the meals, the District will need to spend at least \$4.50 per meal. With 1.3 million meals to be served, this will cost \$4 million.

A Very Small Possibility of Federal Funds for CCNV Shelter Redevelopment

The President's proposed federal budget includes \$9 million to support the redevelopment of the Federal City Shelter site, commonly known as the CCNV (Community for Creative Non-Violence) Shelter, which shelters more than 1,000 single adults. These funds can be used for the development of a replacement shelter and permanent supportive housing.⁸ It is incredibly unlikely that the final federal budget will include this funding, although this federal funding is reflected in the DC Budget and Financial Plan for FY 2017. It was mistakenly put under the budget for the Homeless Services Continuum for Families, rather than the Homeless Services Continuum for Individuals.

More Funding May be Needed for Vital Homeless Services

The District contracts with an intermediary, The Community Partnership for the Prevention of Homelessness (TCP), who contacts with subcontractors to provide a wide range of homeless services including emergency shelter, transportation, the hypothermia hotline, and transitional housing. The District's 5-year contract with TCP expires on October 1, 2016. The District will be releasing a request

⁸ Appendix, Budget of the US Government. Fiscal Year 2017. Office of Management and Budget (OMB) Page 1265 <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2017/assets/appendix.pdf>

for bidders this spring so a new contract can be in place starting October 1st. It is likely this new contract will cost more than the existing contract, as costs have been kept low by the prices locked in 5 years ago when the contract was negotiated. This may mean increased costs for shelter, related support services like transportation, and transitional housing.

Appendix

Appendix Table							
Homeless Services Continuum Funding Sources, FY 2011-2017							
	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Approved	FY 2017 Proposed
Local	\$46.1	\$70.4	\$68.8	\$79.5	\$87.0.	\$104.4	\$108.3
Federal Ongoing	\$1.2	\$8.7	\$11.7	\$8.3	\$9.3	\$8.2	\$7.6
Federal One-time	\$17.4	\$2.2					
Total	\$64.7	\$81.3	\$80.5	\$87.8	\$96.3	\$112.6	\$115.9
<p>In millions. All figures adjusted for inflation to equal FY 2017 dollars. Sources: Committee of Whole Committee Report on Bill 21-157, the "Fiscal Year 2016 Budget Request Act", FY 2013 and FY 2017 DC Proposed Budget and Financial Plan, FY 2013, FY 2014, FY 2015, FY 2016 and FY 2017 DHS Budget Briefings FY2015 Continuum Expenditures by Fund Type from DHS 4/6/2016</p>							