

February 9, 2022

The Honorable Emmanuel Cleaver
Chair
House Financial Services Committee
Subcommittee on Housing, Community
Development, and Insurance
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable French Hill
Ranking Member
House Financial Services Committee
Subcommittee on Housing, Community
Development, and Insurance
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Cleaver and Ranking Member Hill:

Last week's hearing, "Housing America: Addressing Challenges in Serving People Experiencing Homelessness," focused on efforts to advance housing and other important assistance for persons facing housing instability.¹ The [Council of State Community Development Agencies](http://www.coscar.org) (COSCAR) welcomes this engagement with both national and local-based panelists offering key perspectives on how to promote homelessness programs and related supportive services. COSCAR's membership includes state homelessness programs dedicated to persons with limited housing specifically in small and rural communities. Through U.S. Department of Housing and Urban Development (HUD) resources such as Emergency Solutions Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA), COSCAR members use these crucial federal funds to further state and local activities on outreach, rapid rehousing, shelters, and other key areas of support.

While significant strides have been made in recent years, several issues inhibit homeless assistance especially considering COVID-19's effects on extremely vulnerable populations. A combination of lacking resources, restrictions on program funding, diminished capacity, and data availability are contributing to this dilemma. State and local networks remain essential to improving outcomes for extremely low-income persons. COSCAR offers our recommendations to update existing programs and strengthen aid in homelessness support systems.

Overview

Emergency Solutions Grants

The ESG program directs funding to state and local governments advancing various activities in housing and related support. ESG invests in five eligible activities - 1) street outreach, 2) emergency shelters, 3) homelessness prevention, 4) rapid re-housing, and 5) data management. ESG is funded as a part of the larger Homeless Assistance Grants (HAGs) through annual appropriations and overseen by HUD's Special Needs Assistance Programs (SNAPS). Funds are distributed through a formula allocation to states, localities, and

¹ House Financial Services Committee – Subcommittee on Housing, Community Development, and Insurance. Housing America: Addressing Challenges in Serving People Experiencing Homelessness. February 2, 2022:

<https://financialservices.house.gov/events/eventsingle.aspx?EventID=408499>.

Deborah Johnson, Maine, President ■ Alison George, Colorado, Vice-President ■ Rebecca Frawley Wachtel, Massachusetts, Treasurer ■ Traci Watts, Louisiana, Secretary
Dianne E. Taylor, Executive Director

territories. States and localities are required to match nearly all of their federal funding. Planning and performance reports are also required by the jurisdictions on a regular basis.²

Housing Opportunities for Persons with AIDS

The HOPWA program dedicates resources to states, localities, and non-profit organizations for housing assistance and other services supporting low-income families and individuals living with HIV/AIDS. The program is divided between two grants with 90% of the funds directed to states and localities through formula and the remainder offered through a competitive grant process. HOPWA can be used for several activities related to housing, services, planning, and development such as housing production, rental assistance, mental health services, and job training. Grantees report on planned use of HOPWA funds through the consolidated plan updated every three to five years.³

Modern Challenges

COSCOA members administer ESG funds to meet homelessness needs in small and rural communities. Common activities directed by states include outreach, transitional housing, and support to emergency shelters. Overall, various activities supported by homelessness assistance programs including ESG demonstrate successful results. Both permanent supportive housing (PSH) and other permanent housing (OPH) are very effective in pairing persons with stable housing. National data from 2020 shows that 96.5% of persons aided through PSH or OPH achieved permanent housing once assistance ended. In comparison, 40.1% of persons helped through emergency shelter, Safe Haven, Transitional Housing, and Rapid Re-Housing obtain permanent housing once homelessness aid is complete. On the other hand, persons returning to homelessness after receiving these forms of assistance is substantially low; only 9% of assisted persons return to homelessness within six months of receiving aid.⁴

Considerable strides have been made in reducing homelessness however the latest data is incomplete due to restrictions on counting unsheltered homeless persons caused by COVID-19. HUD's 2021 Annual Homeless Assessment Report (AHAR) shows the number of people staying in sheltered locations declined by 8% between 2020 and 21; a steeper drop of 15% was reported for persons with children in sheltered locations. Factors linked to the pandemic likely led to these declines including fewer beds in congregate shelters, eviction moratoria, and increased use of resources for non-facility shelter like hotels and motels.⁵

Though some outcomes are trending in a positive direction, significant challenges have limited state and local responses especially over the last two years. Funding has stabilized for ESG in recent years leading to difficulties in maintaining a necessary level of support to meet homelessness needs. From 2011 to 2021, annual funding has varied from \$215 million (FY13) to \$310 million (FY17) with the most frequent level reaching \$270 million several times during this period. Appropriations in total for Homeless Assistance Grants increased from \$1.9 to \$3 billion during this span however a similar increase has not been met in the ESG program. Costs for operations, staff, and related expenses continue to rise which means level funding provides fewer activities in the program moving forward.

² U.S. Housing and Urban Development - Office of Special Needs Assistance Programs (HUD - SNAPS). ESG Program Fact Sheet. April 2019: <https://files.hudexchange.info/resources/documents/EmergencySolutionsGrantsProgramFactSheet.pdf>.

³ HUD – SNAPS. HOPWA Eligibility Requirements: <https://www.hudexchange.info/programs/hopwa/hopwa-eligibility-requirements/>.

⁴ HUD – SNAPS. Continuum of Care National Performance Report, as of 2020: https://files.hudexchange.info/reports/published/CoC_Perf_NatITerrDC_2020.pdf.

⁵ HUD – SNAPS. 2021 Annual Homeless Assessment Report: <https://www.huduser.gov/portal/sites/default/files/pdf/2021-AHAR-Part-1.pdf>.

Issues also exist in administrative capacity especially since the start of the pandemic. The availability of staff remains critically low with small and rural jurisdictions facing considerable administrative capacity needs compared to larger communities. The sudden infusion of resources through CARES Act funding (ESG-CV) failed to adequately respond to clientele needs in large part because of limited operational capacity throughout homelessness response networks. Annual funding cycles preceding the pandemic led to personnel levels unable to accommodate renewed resources several times more than state and local programs received annually. The current administrative cap proves too restrictive for maintaining staff capacity and necessary personnel to oversee ESG functions.

Over the course of the COVID-19 pandemic, public health guidelines have consistently changed as well complicating efforts for homelessness providers to both meet basic services and ensure clientele safety. States and localities prioritized diversion throughout 2020 with increasing use of motels and hotels to promote social distancing. As vaccines became available, efforts pivoted to vaccine awareness and distribution while shelters reopened with updated health measures.

Perhaps most importantly, housing supply also remains critically low and housing costs have increased substantially on existing units. Available units of housing matter more than any factor in securing permanent housing for individuals experiencing homelessness. With minimal or no units vacant, homelessness providers have very few options to assist clients with stable housing. Rent payments have also risen which means available funding through ESG and other sources fail to keep up with costs. Fewer people can be assisted as a result.

Recommendations


COSCDCA recommends enhanced resources, greater flexibility in federal aid, and streamlined administration to sufficiently advance homelessness assistance. Waivers established during the public health emergency have greatly assisted homelessness providers in directing aid to targeted populations; extending these on a permanent basis would complement and improve state and local activities. Resources allocated through CARES Act have reinforced housing and related support however, moving forward, a higher level of consistent funding is essential to strengthening homelessness network response. Along with additional funds, more should be dedicated to administrative needs ensuring homelessness support can be maintain and delivered as intended by Congress and HUD. Improved coordination between Continuums of Care and Public Housing Agencies would also facilitate better targeting of resources and outreach to homelessness individuals and families. Along with renewed resources and policies in federal homelessness aid, further attention is needed to housing supply. COSCDCA urges a significant expansion of programs in affordable housing development including HOME, Housing Trust Fund, and Low Income Housing Tax Credit. More information on these priorities can be found in COSCDCA's updated advocacy priorities for fiscal year (FY) 2023.⁶

Thank you for leading this important and timely examination of homelessness in our nation. COSCDCA encourages policies, resources, and partnerships to advance quality housing opportunities for populations in need. Our network of federal program administrators offers its assistance and we look forward to working with Congress to meet these related challenges ahead.

We appreciate your consideration – please reach out if we can provide further response.

⁶ Council of State Community Development Agencies. FY2023 Advocacy Priorities. January 2022: <https://coscda.org/wp-content/uploads/2022/02/COSCDCA-FY23-PrioritiesFINAL.pdf>.

Sincerely,

A handwritten signature in black ink, appearing to read "Dianne E. Taylor". The signature is written in a cursive style with a large, prominent initial "D".

Dianne E. Taylor
Executive Director