President’s FY11 HUD Budget

President Obama sent his FY11 budget request to Congress on Monday, February 1, revealing a mixed picture for HUD funding following the Administration’s announcement of a three-year freeze for many discretionary funding programs. The President’s requested HUD budget would increase funding for vouchers and public housing operating expenses, decrease funding for some capital programs, and introduce several new program initiatives.

At a budget briefing on February 1, HUD Secretary Shaun Donovan described the decisions to increase and decrease funding as both promising and difficult steps in “the process of long-term rebuilding” for HUD programs, a reference to the cuts sustained by many programs during the previous Administration. “Having stabilized HUD’s programs after years of slow starvation, the time has come to begin transforming them—to make HUD’s housing and community development programs more streamlined, efficient, and accountable,” Secretary Donovan said in a press release.

The President’s budget proposes what HUD refers to as three “new and cross-cutting” initiatives: a Transforming Rental Assistance initiative, a Housing and Services for Homeless Persons Demonstration program, and a Catalytic Investment Competition. The first initiative, Transforming Rental Assistance, would begin to combine the more than 13 funding sources of rental assistance currently administered by the department into a single, more efficient rental subsidy while providing tenants with greater mobility options.

Housing and Services for Homeless Persons Demonstration, the second initiative, would provide $85 million to public housing agencies to house

(Continued on page 4)

McKinney-Vento and HEARTH Act Resources

The Alliance has recently made available several resources around the McKinney-Vento Homeless Assistance Grants program. The Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act made numerous changes to the way that the Homeless Assistance Grants program is administered and operated. To explain the changes, the Alliance has created an easy-to-follow presentation (www.endhomelessness.org/content/article/detail/2574) that compares how various rules and funds are set up under the current Homeless Assistance Grants programs and how they will be following HEARTH Act implementation.

In addition, the Alliance hosted a call last week to kick off an appropriations campaign (www.endhomelessness.org/content/article/detail/2637) to ensure that

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Anticipated Benefits of Health Care Reform for Homeless Persons

Both chambers of Congress have passed a version of health care reform legislation, and the two chambers must now reconcile their respective versions. The Senate legislation would expand Medicaid eligibility to people with incomes of up to 133 percent of the federal poverty level, while the House version would expand eligibility to people with incomes of up to 150 percent. Both of these expansions would cover nearly all people experiencing homelessness.

In addition, both versions would include funding for early childhood home visitation programs. The Senate bill would create a new Medicaid option to reimburse providers for coordinated services for people with multiple chronic disabling conditions.

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Winter Homeless Services

A new report on winter homeless services has been published by the National Coalition for the Homeless (NCH). “Winter Homeless Services: Bringing Our Neighbors in From the Cold” includes data from 94 reporting organizations and programs in 40 states. It describes the policies and practices related to cold weather at these sites.

The report was published to raise awareness of the dangers and consequences of hypothermia for people experiencing homelessness. According to the report, “…the worst cases [of hypothermia] they see arise when the days are warm (between 40 and 50 degrees Fahrenheit) and the nighttime temperatures drop to the mid-30s.”

Recommendations include:

- If there is a temperature cut-off for opening shelters, it should be no lower than 40 degrees.
- If a shelter is open on a seasonal basis, it should at least be open from October through April.
- Since the risk of hypothermia is also present during daytime hours, some form of shelter must be available 24 hours a day.
- Although persons whose current behavior is violent or very disruptive must be excluded if they are a danger to others, “…past bans and other restrictions should be waved on nights when the temperature is lower than 40 degrees.”
- Since consumption of alcohol and other substances can make people even more at risk for hypothermia, shelter space must be available for persons who are under their influence.
- Every state and every major city should have a detailed winter plan for shelters, day centers, and emergency transportation.

Illinois organization that participated in the study include:

- Chicago Coalition for the Homeless (Chicago)
- Good Samaritan House (Granite City)
- The Light House Shelter (Marion)
- Pacific Garden Mission (Chicago)
- Southern Illinois Coalition for the Homeless (Marion)

To view the full report, go to: nationalhomeless.org/publications/winter_weather/Winter_weather_report.pdf

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Homeless Headlines

Benefits of Short-term Rental Assistance

On December 15, the Center for Budget and Policy Priorities (CBPP) issued a report, “Options for Jobs Legislation: Providing $1 Billion to Prevent Homelessness,” that uses the example of the Homeless Prevention and Rapid Re-housing Program (HPRP) to describe the stimulative effect that rental assistance has on the economy.

HPRP, created under the American Recovery and Reinvestment Act (ARRA) and administered by HUD, provides short-term rental assistance and services to stabilize households at risk of homelessness and to establish new tenancies for households that are currently homeless. HPRP was funded at $1.5 billion and is anticipated to help 300,000 households; CBPP’s report calls for an additional $1 billion to assist an additional 200,000 households within a Congressional “jobs bill.” Such funds were not included in the jobs bill that passed the House on December 16. HPRP provides approximately $5,000 per household. In Illinois, the state HPRP program is administered by the Office of Community Assistance in the Illinois Department of Commerce and Economic Opportunity. Illinois’ portion, which includes the state program as well as 19 entitlement cities and counties, totals in excess of $70.8 million. Administrative costs are allowable up to five percent, leaving a balance of $67.3 million available in service funds. Therefore, providing $5,000 in HPRP assistance to each household will result in 13,464 Illinois households being served.

In addition to assisting families in need, the report estimates that HPRP funds will impact the economy by reducing vacancies and boosting consumer spending. For every 200,000 families securing rental housing, CBPP anticipates a 0.5 percent potential decrease in the national vacancy rate, noting that reducing vacancies provides incomes for property owners who have moderate or low incomes and who may be struggling to keep current on mortgage payments. Other effects of reduced vacancies include avoiding unused property deteriorating, displacement of tenants, and general

Making the Connection

IDHS Local Offices, the Reality Today

By Kathryn Nelson

The authors of this column welcome your comments and questions. See contact information at the end of the article.

Those of us in the human service field know that many people in our communities are struggling as the economic downturn continues. Some of our neighbors and clients are now seeing Unemployment Insurance benefits ending and savings totalmente depleted and they are turning more often to the state for help they thought they would never need.

When they enter the IDHS Family Community Resource Center to ask about medical or food help, not only do they encounter a system they are not familiar with, but they also are going into offices that are struggling to meet the increased demand for services. We all know the impact the state’s financial situation is having on delivery of services, since many of our own agencies have seen reduced, stopped or significantly delayed funding. Due to the state’s fiscal crisis, the IDHS offices responsible for delivering desperately needed services have been told that they need to get the work done with no additional staff being hired, and in fact some of the staffing of these offices has been reduced.

To help put this increased demand into perspective, let’s take a look at DuPage County. In DuPage County, the IDHS Family Community Resource Center office has seen as many as 860 persons in the office on just one day. In the past 6 months between 11,000 to 12,000 persons come into the office each and every month asking for assistance. To put this in context, just 5 years ago a busy month would see between four to five thousand persons monthly and a busy day would be 300 people. This change represents a 400% increase in demand for services, and this is in an affluent county in Illinois.

The increase in people applying for benefits translates into more people being approved for benefits, so caseloads for the workers have also increased. In just 3 years the number of people receiving assistance in DuPage County has grown from 64,000 persons to a little over 104,000. Remember all of this is being done with fewer staff!

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**Tax Credit Fixes**

Among National Low-Income Housing Coalition (NLIHC) priorities as the second session of the 111th Congress begins is legislation that would address the current lack of investor interest in the Low Income Housing Tax Credit (LIHTC) program. NLIHC is calling on the Senate to follow the lead of the House, which passed some of the needed LIHTC legislation in December.

The financial crisis has had a negative impact on the LIHTC program by reducing the profitability of the program’s traditional investors: large banks, Fannie Mae, and Freddie Mac. As a result, overall demand for tax credits has been reduced and the value of the credits has dropped. As part of the American Recovery and Reinvestment Act of 2009, Congress created two temporary programs, the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange Program (TCEP), that aim to address this lack of investor support by providing funds to replace the contributions that would normally have been supplied by investors.

A recent report by the Harvard’s Joint Center on Housing Studies, Disruption of the Low Income Housing Tax Credit Program: Causes, Consequences, Responses, and Proposed Correctives, examines these LIHTC fixes, and finds that funds have started to flow through the two programs. However, the authors also note that these programs are temporary fixes and were not designed to and have not increased investor demand for LIHTCs. Because traditional investors are unlikely to return to the tax credit market soon, or possibly ever, expanding the investor base is one way to ensure that the LIHTC continues to be a viable source of affordable housing, the report stresses.

To address the continuing needs of the LIHTC program, NLIHC has developed a proposal to both continue and expand short term solutions, while making permanent changes in the program to expand investor interest.

The proposal calls for continuing the 9 percent exchange program (TCEP) for one more year and providing similar a mechanism for supporting the 4 percent LIHTC program to allow much-needed preservation and rehabilitation activities to move forward. In addition to these temporary actions, the proposal would expand the investor base by extending the ability of investors to use credits against past income and amending the tax laws to encourage investment in LIHTCs by smaller corporations and limited partnerships.

NLIHC has been working with Congress to have these provisions enacted. The extension of the 9 percent credit was included in the tax extenders bill, H. R. 4213, passed by the House in December (see Memo, 12/11/09). The Senate is expected to take up tax legislation early in the second session of the 111th Congress, and NLIHC is hopeful that both the temporary exchange programs for the 9 percent and 4 percent credit programs and the changes needed to attract new investors can be included in such legislation.

A group of 15 Senators sent a letter in December to Senators Max Baucus (D-MT) and Charles Grassley (R-IA), chair and ranking member, respectively, of the Senate Committee on Finance, asking that these proposals be included in any tax legislation considered by the committee. A copy of the letter can be found at: www.rentalhousingaction.org/files/Kerry-Cantwell_Senate LIHTC_letter_12-18-09.pdf

The Joint Center report can be found at: www.jchs.harvard.edu/publications/governmentprograms/disruption_of_the_lihtc_program_2009.html

For further information contact NLIHC at the address in Headlines Directory.

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**FY11 Budget**

(Continued from page 1)

families and individuals who are homeless or at-risk of homelessness, and to partner with other agencies to provide services. Services would be administered by the Department of Health and Human Services; the Department of Education; and state agencies distributing Temporary Assistance for Needy Families (TANF), Medicaid, and behavioral health services.

The third new initiative, the Catalytic Investment Competition Grants, would provide $150 million in economic development gap funding for projects targeting the hardest-hit neighborhoods, in combination with other HUD-funded programs (see the Community Development Fund section of this article).

The President’s total net budget authority for HUD would be $41.59 billion, a $2.261 billion decrease from the net authority from FY10. However, Secretary Donovan said that an increase in receipts from Ginnie Mae and the Federal Housing Administration will allow HUD to provide a higher level of funding while reducing the total budget authority request.

**FY11 Budget Components**

**Homeless Resources.** Homeless Assistance Grants would receive a significant increase of $190 million dollars in FY11, to bring funding levels to $2.06 billion. Along with the new Housing and Services demonstration program, this increase serves to

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FY11 Budget
(Continued from page 4)

illustrate the Administration’s stated commitment to addressing the homelessness crisis. While pleased that the Administration is dedicating housing resources to support its commitment in these ways, NLIHC remains concerned that other budget requests, such as the elimination of any new Section 811 units, could well contribute to homelessness among vulnerable populations.

The Housing Opportunity for Persons with AIDS (HOPWA) program would be funded at $340 million, a $5 million increase over FY10. This funding level would continue the trend of increasing resources for the HOPWA program.

Rental Assistance Programs.
Secretary Donovan emphasized at HUD’s budget briefing the Administration’s commitment to maintaining full assistance for the tenant-based and project-based programs in order to preserve existing vouchers and contracts.

The Tenant-based Rental Assistance Program would receive $19.55 billion in the request, an increase of $1.4 billion over FY10, and would fund three new rental assistance initiatives in addition to the Housing Choice Voucher program.

The budget would continue to fund tenant protection vouchers at $125 million, a $5 million increase over FY10. These vouchers are provided to tenants of public or assisted housing when their units are demolished or sold. Family self-sufficiency coordinators would be level-funded at $60 million.

HUD anticipates that this funding level will allow renewal of all vouchers leased by December 2009 and will provide assistance to at least 100,000 more households than in FY10. The Department anticipates serving a total of 2.2 million households, “the largest number of families ever assisted by this program,” by the end of FY11. The Administration expects its FY11 budget to renew all vouchers in use, renew all new vouchers funded in FY10, and provide $85 million for about 10,000 new vouchers for homeless individuals and families.

NLIHC is pleased that the Administration has increased funding for the voucher program, but does not believe the increase is sufficient to meet the needs of extremely low income households, especially in the time of a steep economic downturn. NLIHC is advocating for at least 250,000 new vouchers in FY11 to meet the existing and growing need for housing affordable to extremely low income households.

Several proposals to shift management of existing rental assistance programs and create new programs reflect HUD’s intent to streamline its multiple rental assistance funds under the new TRA initiative.

Along with changes to the capital portion of the Section 811 program, HUD’s budget request proposes shifting the tenant-based rental assistance funds from the Section 811 program line item to the Tenant-based Rental Assistance Program. The Housing for Disabled Persons Mainstream vouchers currently in the Section 811 account would be fully renewed within this new account at $114 million.

Two rental assistance programs funded in FY10 are not included in the FY11 budget: the Veterans Affairs Supportive Housing (VASH) vouchers and Family Unification Program (FUP) vouchers. Non-elderly Disabled Vouchers were not funded in FY10 and do not appear in the President’s FY11 budget. Vouchers issued under these three programs are included in the general tenant-based contract renewal line item instead.

The President’s budget requests an increase of $830 million for the Project-based Rental Assistance account, bringing the total to $9.382 billion. This proposed increase is smaller than the one the program received between FY09 and FY10. However, according to HUD, the increase would be sufficient to fully fund the program’s approximately 18,000 contracts with private owners. The budget request also includes HUD’s potential use of its authority, provided in the 1998 Multifamily Assisted Housing Reform and Affordability Act, to make up to $10 million of project-based rental assistance funds available for financial assistance to tenant groups, nonprofit organizations, and others for use in

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Rental Assistance
(Continued from page 3)

neighborhood deterioration. With Illinois’ median rent being $812, providing HPRP assistance to 13,464 Illinois households will result in an increase in total statewide rental income of $10.9 million.

The report notes that providing rental assistance to low income households—whether through HPRP or another program—generates similar economic demand to that of providing food stamps or unemployment benefits. For every dollar spent on rental assistance, CBPP estimates that $1.50-$2.00 will be generated in economic demand. Using that projection, if Illinois is spending $67.3 million in HPRP funds, the overall impact will be $100.9 million to $134.6 million. According to the Congressional Budget Office, low income households are more likely to spend additional income secured through subsidy than to save it which translates into demand.


FY11 Budget
(Continued from page 5)

preserving this housing stock and providing tenant services.

Community Development Fund.
Although the Community Development Fund (CDF) would decrease under the President’s budget from $4.45 billion to $4.38 billion, the largest component of the fund, the Community Development Block Grant formula grants, is level-funded at $3.99 billion.

Economic Development Initiative
Grants and the Rural Innovation Fund would be discontinued in FY11. The Sustainable Communities Initiative, companion funding to HUD’s new Office of Sustainable Housing and Communities, would continue with level-funding at $150 million. In FY10, the President requested but did not receive funds for the University Community Fund, and this request appears again at $25 million.

The third of HUD’s three new and cross-cutting initiatives, the Catalytic Investment Grants, is included in the CDF account at $150 million. While few details about the program are known at this time, the program would target funding to communities with the greatest economic development need and provide funding for reclaiming vacant land, removing property related obstacles to economic recovery, and supporting economic activity in combination with transit-oriented development. In a briefing, Assistant Secretary Mercedes Márquez emphasized HUD’s intention to coordinate between departments and funding programs, and noted that HUD envisions the Catalytic Investment Grants being paired with other HUD funding sources, such as the Neighborhood Stabilization Program (NSP) or CNI, to leverage further resources and extend the impact of HUD’s funds.

Capital Programs. While voucher, project-based Section 8, and some public housing funds are strengthened in the President’s budget request, capital programs, including the HOME, Section 202, and Section 811 programs, are reduced.

The HOME program would be funded at $1.65 million in FY11, a $175 million decrease from FY10.

The budget proposes a dramatic decrease of funding for the capital portions of the Section 202 program for housing for the elderly and the Section 811 program for housing people with disabilities. The Section 811 program, which was funded at $300 million in FY10, would be funded at $90 million in FY11. This would fully fund contract renewals, contract amendments, construction amendments, and awards. An additional $114 million in rental assistance funds would continue to support the program but would be shifted to the Tenant Based Rental Assistance Program. In total, the Section 811 program would experience a $96 million decrease between FY10 and FY11. The Section 811 program is a small but effective program in preventing highly vulnerable people from becoming homeless by providing permanent supportive housing.

The Section 202 program would be funded at $274 million in FY11, a $551 million dollar decrease from FY10 funding. Of this proposed funding, $184 million would fully fund rental assistance renewals and contract amendments, and $90 million would be available for service coordinators and services in congregate housing. New construction and new project-based rental assistance would not be funded.

The budget request states HUD’s intention to redesign the Section 202 program to allow project sponsors to build larger projects with greater economies of scale, reduce regulatory barriers to allow sponsors to leverage other sources of funding, improve service provisions by building partnerships with the Department of Health and Human Services, and change application requirements to provide more preferences for the extremely frail elderly, “who are in the greatest need of supportive housing.” Past studies of the Section 202 program, HUD’s budget request says, have highlighted construction delays, cost overruns, and lengthy development times. NLIHC, however, is concerned about cutting back production of affordable elderly housing units when the need for such units is great.

Additional Programs. The President’s proposal increases the Housing Counseling program slightly to $88 million. While only a $500,000 increase, this boost would mark the fourth year of improved funding for the program.

Low Income Housing Tax Credit. Finally, outside the HUD budget, the President also proposed extending the Low Income Housing Tax Credit (LIHTC) exchange program, created in the American Recovery and Reinvestment Act of 2009. Under this program, states’ LIHTC allocating agencies can exchange a portion of their 9 percent tax credit allocation for cash that can be used as equity in LIHTC-eligible projects. The President’s proposal would extend the program through 2010.

NLIHC has also been seeking other changes in the LIHTC, including extending the exchange program to the 4 percent LIHTC program, expanding the investor base by extending the ability of investors to use credits against past income, and amending the tax laws to encourage investment in LIHTCs by smaller corporations and limited partnerships.

View the updated NLIHC budget chart at: www.nlihc.org/doc/FY11-Budget-Chart-HUD-Programs.pdf

The Administration’s FY11 budget proposal is available at: www.whitehouse.gov/omb/budget/Appendix/

For further information, contact the National Low Income Housing Coalition at the address in Headlines Directory.
Homeless Headlines

IDHS Offices

So why do I tell you about this? I believe this helps you understand why your clients are telling you they cannot get their calls through the switchboard of the offices, or why calls are not returned or even why people are waiting longer to hear if they are eligible for the benefits they so desperately need.

This identifies the problem. The question has to be asked, “What can you do to help”? On a macro level, continue to get talk to your local legislators, the community and anyone who can help that the state has to effectively fund human services. The fiscal crisis is not the time for the state to cut funding. The people hurt are our neighbors, grandparents, brothers or sisters. The message to convey is: IDHS needs more staff and more funding.

On a micro level, you can provide your clients with a realistic description of how to obtain benefits and help them become their own advocates. Here are few hints:

- Always write down the name of the person you talked to at IDHS.
- Write down the date and time of any contact with the office, or when you come into the office and make a note of what you were told.
- If you leave a phone message or can’t get through on the phone, go into the office (leaving 10 voice mails does not help since the caseworker has to listen to each one which takes time away from doing their work).
- If you bring in an application ask for a receipt and when you go into the office, make sure someone takes your name (if papers are lost, this is your proof). Better yet bring a copy of the state receipt with, so the IDHS staff do not have to look for the form. You can get a copy at http://mtcil.org.
- When you come for the interview, bring with you all the documentation the state needs. Items usually requested are proof of income, assets, relationship to children, citizenship of non-citizen status, and identification. If you have all the information needed, it saves time for the IDHS caseworker and reduced likelihood information is lost in the mail.
- If you do need to return more information after the interview, return all information so it is received before the deadline date. If you need more time, ask for an extension in writing and bring the extension request into the office or mail it before the information is actually due.
- Don’t send original documents to the office.
- Be prepared to wait to hear on your application. Calling will not speed up the process. A realistic wait can be anywhere from 30-45 days after you apply, or over 60 days if you are applying for medical benefits due to a disability.

These are just a few suggestions of what can be done. One of the best strategies to help clients is to have a friend in the office that can help you. If you have an inside resource, make sure you let them know you appreciate all they do and whatever you do, don’t give out their phone number.

The DuPage Federation on Human Services Reform, a non-profit 501(c)(3) organization focused on advocacy and planning in DuPage County, Illinois and designer and trainer of Making the Connection: A Guide to Accessing Public Benefits. The DuPage Federation is affiliated with Northern Illinois University, Center for Governmental Studies. Questions can be directed to knelson@dupagefederation.org

McKinney-Vento

(Continued from page 1)

McKinney-Vento programs receive $2.4 billion in FY 2011. Under the President’s Budget Proposal released yesterday, the McKinney program would receive $2.055 billion in FY 2011.

McKinney-Vento and HEARTH Act Resources - www.endhomelessness.org/section/policy/legislature/mckinney_vento

For further information, contact the National Alliance To End Homelessness at the address in Headlines Directory.

Health Care Reform

(Continued from page 2)

Both bills include a provision to establish a Community-Based Collaborative Care Network Program to support providers who coordinate services for people with chronic conditions and reduce emergency department use for low-income uninsured and underserved populations.

Legislators are expected to reconcile the differences between the legislation over the coming weeks.

For further information, contact the National Alliance To End Homelessness at the address in Headlines Directory.
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<td>Center for Community Change</td>
<td>1536 U Street NW, Washington, DC 20009</td>
<td>(202) 339-9300</td>
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<td><a href="http://www.communitychange.org">http://www.communitychange.org</a></td>
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<td>Homeless Headlines</td>
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<td>(217) 522-7024</td>
<td><a href="http://www.cchonline.org">http://www.cchonline.org</a></td>
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<td>Coalition of Citizens for Housing and Homelessness in Illinois</td>
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<tr>
<td>Supportive Housing Providers Association</td>
<td>212 E. Ohio Street, 5th Floor, Chicago, IL 60611</td>
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<td>National Low-Income Housing Coalition &amp; National Low Income Housing Information Service</td>
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