

NATIONAL ALLIANCE TO END HOMELESSNESS

COMMUNITIES URGENTLY NEED FEDERAL HOMELESSNESS ASSISTANCE, DESPITE SOME PROCESSING ISSUES RELATED TO DISTRIBUTION OF CARES ACT ESG

1. **Spending Now, Getting Reimbursed Later:** Local homelessness systems, including agile and entrepreneurial service providers, receive funding from various sources and have been able to buy time until gaining access to CARES Act ESG, often spending in assumption of being reimbursed later and with a particular focus on meeting immediate needs. It would be mistaken to think communities are not urgently engaged in addressing the health and economic consequences of the pandemic for people experiencing homelessness in areas where grant agreements for CARES Act ESG have not yet been finalized.
 - a. For example, the city of **Louisville (KY)**, per the Continuum of Care (CoC), understood that CARES Act funding would take time to arrive, and that alternative funds would have to be used for immediate needs like masks, and that agencies would have to eat costs for permissible activities until the ESG arrived and the city released the funds.
 - b. A senior staffer in the CoC of a predominantly rural **Northeastern state** who prefers not to be identified reported that in the absence of the much-needed second tranche of CARES Act ESG, the state's homelessness system has adapted by shifting money around to cover a multitude of activities that will ultimately be paid for through CARES Act ESG dollars: "Many shelters and other housing projects (CoC funded and non-CoC funded) have had to use other state, local, and private funding to cover costs—and many are or will be applying for reimbursement from the ESG-CV funds."
 - c. As the **Lexington (KY)** CoC noted, shelters in the area will incur costs for adapting and establishing safe shelter spaces but not also for outreach and rapid re-housing (RRH). Fortunately, most of the area's first tranche of CARES Act ESG was spent on adapting and establishing safe shelter spaces, including reimbursing shelters for their expenses, as well as securing motel spaces.

The CARES Act Proved to be the Right Medicine: The success achieved by the nation's homelessness and public health systems in minimizing the adverse health impact of the coronavirus on people experiencing homelessness has been a remarkable accomplishment. After scary headlines in March about shelters being swept by the virus, most statistics indicate that people experiencing homelessness are slightly more likely to contract COVID-19 than the general population but less likely to die.

This happened because homelessness systems, including providers, whenever possible, spent money on creating and adapting safe shelter spaces, establishing new motel quarantine spaces, conducting aggressive outreach, and imposing testing and tracing regimes—on the assumption that many of their costs would be offset by the federal government. Given that so many of these worthy efforts were ultimately paid for by CARES Act dollars, this is an accomplishment that should afford Congress bipartisan pride—as long as it is understood that additional federal assistance is required to continue to keep families and individuals experiencing homelessness safe and healthy during this raging pandemic.

2. **Homelessness Doesn't Always Come First:** States, cities, and urban counties are the recipients of ESG. CoCs usually play advisory roles, and they wield varying degrees of influence. In other words, responses to the ESG awards are often driven by state and local governments which have a myriad of responsibilities during this crisis, not just homelessness.

- a. The **West Virginia** Coalition to End Homelessness (WVCEH) told us that it is difficult to get the attention of their state and local governments, which don't appear to be prioritizing homelessness—"there has been a lot of communication per se with state and local officials, but not much action or forward thinking on their part about what will need to come next." Perhaps not coincidentally, West Virginia did not release its ESG until after HUD published its guidance in early September.
- b. In **Los Angeles (CA)**, the CoC reports that CARES Act ESG received by the city in May was not approved for use until September—and even then, the city council insisted on apportioning it in three installments, with delivery of the next two installments dependent on achievement of unspecified milestones. This will impose an unnecessary strain on providers, and potentially require them to ramp up three different times, instead of just once. Unlike other jurisdictions, this CoC also benefits from state and local funds. However, earlier receipt of the CARES Act ESG by the CoC would have been helpful in getting more help to more people earlier. It should be noted that local officials directed most of the area's proceeds from the Coronavirus Relief Fund towards prevention.

And sometimes, decisions about use of ESG don't happen until governmental grantees resolve disputes with one another.

- c. For example, the **Jacksonville (FL)** CoC is waiting for a dispute to be resolved between the state of Florida and the city council before it can access the second tranche of CARES Act ESG.

Nevertheless, in many areas, CoCs have played major roles in achieving consensus with state and local officials over how CARES Act ESG is being used. Of course, coordinating the roles of state and local agencies as well as service providers, and sometimes revising Consolidated Plans, can take time.

3. **Haste Makes Waste:** Many areas, driven by their CoCs, have taken thoughtful, deliberative approaches towards spending CARES Act ESG. Rather than continuing to do what they have always done, some areas like **El Paso (TX)**, **Louisville**, and **Clark County (NV)** are taking advantage of the arrival of this new funding to try to change the way homelessness services are delivered, moving away from managing homelessness with shelters to actually reducing homelessness with permanent housing. Communities are thinking about how they can respond to the crisis in ways that they can build on in the years to come. Doing more of the same is quick and easy, sure; ~~This~~ but thoughtful analysis and careful consensus-building ~~and thoughtful development~~ should be encouraged by Congress, even if it takes longer.
- a. The **Louisville CoC** has been painstakingly building a consensus with the city, which historically experiences considerable turnover in relevant personnel, as well as providers (whom it formally surveyed). The CoC worked with the city to prepare the grant agreement to direct funding towards addressing needs and rewarding the parts of the homelessness system that respond to those needs. As is true with many of the CoC's we surveyed, this CoC took a broad, network-

wide approach to how CARES Act ESG is spent because every homeless person fits into three relevant categories—have contracted the virus, have been exposed to the virus, or are at risk of contracting the virus.

- b. In an exciting development for south Texas, \$2.9M from the second tranche of **El Paso's** CARES Act ESG will be used to improve the homelessness system generally. The CoC is part of a partnership that has submitted a bid to the city council to use this money to shift the community from managing homelessness to reducing homelessness, in part by changing the focus from shelter to housing—rapid re-housing generally but with longer subsidies and higher levels of services for clients with greater needs. The council won't make a decision until later this month, but the time taken to craft a serious homelessness strategy as well as a consensus for the new approach will both respond to the consequences of COVID-19 and also build the city a better homelessness system for the long term.
- c. Four cities and the county sit on the **Las Vegas** CoC's board and ESG is granted specifically to **Clark County, North Las Vegas, and Las Vegas**, so special efforts have been made to coordinate how relief funding is being spent in order to maximize the value to affected areas, especially given the different rules governing different programs and the need to observe all of those legal niceties. There's a lot of pressure to spend the money as it becomes available, but the CoC and other actors are insisting on careful planning. The CoC does not want to let the crisis go to waste without using it as an opportunity to re-envision how homeless services are delivered.

Don't Ask Us to Choose: Perhaps the most nagging unanswered question that leaves communities hedging their bets on how to spend ESG is whether Congress and the President will approve a much-needed rental assistance fund. Many communities, including **Philadelphia (PA)** and **Alameda County (CA)**, are expecting waves of new homelessness when eviction moratoria expire, based on how small prevention programs in their areas were extremely over-subscribed.

- d. In the words of a senior official at the **Philadelphia CoC**: "We are facing an eviction avalanche. We put out rental assistance locally and got 14,000 applications in June and were able to help just 4,000 people...(W)e have never experienced anything like this before."
- e. Much of **Alameda County's** decision-making with respect to additional ESG depends on whether significant rental assistance is also available. Before the pandemic, the county, despite considerable efforts, could house just one person for every three persons who became homeless. It is feared post-moratorium evictions could double or even triple the county's already sizeable homeless population. Obviously, the county would prefer to spend on preventing homelessness as well as housing for people experiencing homelessness. With a rental assistance fund, ESG would be used for re-housing. Absent a rental assistance fund, much ESG would instead be used for prevention.

Until a rental assistance fund is approved, communities feel compelled to use and set aside ESG for homelessness prevention. With the homelessness system already under-resourced before the pandemic, it doesn't make sense to pit people experiencing homelessness against people at risk of becoming homeless for limited funds. The nation's homelessness system needs a robust rental assistance fund as much as it needs additional ESG.

4. **Thinking Long-Term:** Hearing experts predict a “second wave” of the coronavirus later this year and knowing that the pandemic is likely to last into 2021, many areas are taking a long-range view towards the use of their CARES Act ESG. It doesn’t make sense to commit the proceeds all at once, especially given the slow pace of the economic recovery, particularly for people at the very bottom of the proverbial economic ladder. As one CoC leader observed ruefully: “Our clients were having difficulty finding jobs when the unemployment rate was 3%. How are they going to find work when the unemployment rate is in the high single digits, or even two digits? It would be highly ill-advised to spend everything in six months.”

Complicating this has been political uncertainty. Work on the stimulus package currently pending before the Congress began almost immediately after the CARES Act was enacted. How ambitious an area can be in responding to the pandemic depends on how much funding it will ultimately receive. The seemingly interminable uncertainty over the outcome of the HEALS/HEROES Acts negotiations has not been helpful.

- a. Seizing upon the opportunity to change the area’s approach to homelessness, the Houston CoC urged local governments to step back and think how the significant pandemic relief funds can be spent to achieve a profound long-term impact. Ultimately, **Harris County (TX)** and **Houston (TX)** endorsed a three-pronged approach of rapid rehousing, bridge to permanent supportive housing, and diversion. It was determined that \$65M is necessary to pursue such an approach—with \$18M coming from the county, \$40M coming from the city (which includes much of their CARES Act ESG grants), and, hopefully, the rest coming from local philanthropy. The **Houston** CoC reports that it took one month to devise its three-pronged approach and another three months to achieve a consensus with the city and the county. Among the many beneficial results of this long-term effort would be the elimination of chronic homelessness in the CoC.
5. **Using New Funding to Expand Capacity:** The larger amounts of funding made available have induced state and local agencies as well as providers to better coordinate their efforts. Detailed solicitations are being issued to bring different players into the homelessness system in order to expand capacity. This is a good opportunity for communities to involve a more diverse set of providers in order to ensure that everyone in the community is served. Providers are using the proceeds to expand their own capacities, hire more staff, open new facilities, and keep existing facilities open for additional hours. As many providers have told us: “We’re not doing anything we don’t know how to do, we’re just doing more of what we already know.”
- a. The city of **Houston** and **Harris county** have made the CoC the responsible agency for administration of its COVID-19 relief plan, and the CoC will hire ten new employees, including two landlord liaisons, to achieve sufficient capacity to oversee its ambitious three-pronged effort. Twenty different solicitations have been issued, and responses will be reviewed by the CoC, the city, and the county. The solicitations were written with the intention of encouraging the participation of new and innovative providers. Contracts will begin in October.
- b. In order to use additional funds most efficiently, many CoCs and providers told us they will hire additional staff and increase their planning and coordination. However, it would be helpful for CoCs to be specifically provided with funding for hiring staff to expand capacity, suggested the **San Antonio (TX)** CoC: “You will see the best outcomes if you help with our

capacity to coordinate as a local system! We can't rely on this kind of capacity from local funders for the time being with all of the urgent needs out there for things like food."

- c. The **Massachusetts** Housing and Shelter Alliance (MHSA) reports that's particularly true for the commonwealth's smaller CoCs. **Boston** has spent the bulk of its CARES Act funding on rapid re-housing, with some also going to diversion. Nine other communities are also getting CARES Act ESG, much more money than they have ever had at their disposal, and there are legitimate capacity questions. Some of these communities would spend on prevention, rather than on homelessness, particularly if there's not a strong provider of homelessness services in the area. More coordination would be helpful—one person to oversee how the CARES Act ESG is being used by each smaller community in a commonwealth or state. MHSA further recommends that HUD should require entitlement entities to be fully transparent on how the ESG funds are being spent.

6. Is NAEH Really Denying That There Haven't Been Any Problems with ESG Distribution?

Of course not. For example, **Mahoning County (OH)**, reports the CoC, has yet to benefit from the CARES Act ESG due to slow processing of the award by HUD and the city. Because it is running at a deficit, **Youngstown** has not spent money in anticipation of securing the award. The CoC has already devised a thoughtful plan for using the CARES Act proceeds, and the delay prevents important work from going forward. But the delay is not because that ESG isn't urgently needed by the people of **Youngstown** and its surrounding environs. Clearly, HUD must do a better job, and state and local governments need to work more closely with their CoCs and providers in order to expeditiously finalize grant agreements.

And HUD's failure to issue timely ESG guidance was a truly epic own goal. However, it must be noted that HUD did issue the necessary guidance on September 1, and it is intended to apply to future funding.

- a. The city of **Mobile (AL)** chose not to spend its CARES Act ESG before HUD issued its guidance in early September for fear of duplication of benefits, despite reports from the CoC that the area was experiencing sharp increases in unsheltered homelessness and people being insecurely housed. However, it is our understanding that with the guidance's publication, the city council will soon be reviewing responses to a solicitation to put that CARES Act ESG to use.
- b. Similarly, **West Virginia** also held back on using its ESG until the issuance of the guidance, forcing the WVCEH to burn through some of its private funds to help people experiencing homelessness during the pandemic.

Again, these delays in using the CARES Act ESG occurred despite the urgent need for that assistance.

Processing problems neither diminish the importance of CARES Act ESG to communities across the nation, nor do they constitute a serious argument against the inclusion of additional ESG in the next stimulus package as well as the FY21 THUD appropriations bill.

Thanks for your consideration of the views presented in this brief. Please take the time to also read the Alliance's survey on how communities are using CARES Act ESG right now to help homeless families and individuals cope with the health and economic consequences of the pandemic and why they need additional ESG.