

FY 2024 Appropriations:

Ensuring More Adequate Funding for HUD's Homeless Assistance Grants

Summary

The principal source of targeted federal funding to fight homelessness is the U.S. Department of Housing and Urban Development (HUD)'s Homeless Assistance Grants (HAG) account, which funds the Continuum of Care (CoC) program and the Emergency Solutions Grant (ESG) program. This account, currently funded at \$3.6 billion, supports a nationwide network of state, local, charitable, and faith-based homeless assistance providers who make sure that people who become homeless will be identified, kept safe, and quickly returned to housing.

The Alliance has urged the Administration and Congressional lawmakers to provide the HAG program with a modest **\$200 million increase** to \$3.8 billion in Fiscal Year (FY) 2024 to cover the increased cost of program renewals. This increase will also fund important priorities like programs for youth and survivors of domestic violence, a modest cost of living increase for frontline staff, and maintenance of some of the resources created via one-time COVID-19 relief funding.

Program Overview

The HAG programs (ESG and CoC programs) were established by the McKinney-Vento Homeless Assistance Act of 1987, and they were revised by the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009. HUD awards HAG funds to communities that administer housing and services at the local level. Specifically, the formula Emergency Solutions Grant (ESG) program and the competitive Continuum of Care (CoC) program fund the foundations of homelessness response systems in communities both urban and rural across the nation.

The ESG formula grant funds:

Street Outreach. Outreach workers who connect people to coordinated entry, emergency services, and shelter.

Prevention and Diversion. Prevention assistance helps households preserve their current housing or secure new housing. Diversion helps people who have lost their housing and are seeking shelter to identify immediate alternate housing arrangements and avoid entering shelter.

Emergency shelter. Emergency shelter and interim housing provide people experiencing a housing crisis or fleeing an unsafe situation with an immediate place to stay.

Rapid Re-Housing (RRH). Rapid Re-Housing works with landlords to help people locate appropriate housing, provides short-term financial support, and helps people stay in the housing through the supportive services they may need, largely focused on employment. It is an extremely cost-effective permanent housing solution.

Because HUD prioritizes evidence-based programs and practices as part of the grants program, homeless assistance systems across the country have improved their ability to quickly respond to housing crises, get people back into housing, and connect them with community-based services to ensure that homelessness is rare, brief, and non-recurring.

The CoC program funds:

Rapid Re-Housing. See left column.

Permanent Supportive Housing (PSH). PSH is a proven, cost-effective housing subsidy, coupled with supportive services, for people experiencing chronic homelessness (long-term homelessness among people with disabling conditions, including mental illness and addiction). Ending chronic homelessness has long been a bipartisan goal. However, progress has recently slowed due to a shortage of funding.

Transitional Housing (TH). TH is designed to provide homeless individuals and families with the interim stability and support to successfully move to and maintain permanent housing.

Coordinated entry. An effective coordinated entry process ensures that people with the greatest needs receive priority for any type of housing and homeless assistance available in the CoC.

Youth Homelessness Demonstration Program (YHDP). The goal of YHDP is to support a small number of communities, several of them rural, to develop and implement a coordinated community approach to preventing and ending youth homelessness, and sharing that experience with and mobilizing communities around the country toward the same end. This demonstration program serves youth experiencing homelessness, including unaccompanied and pregnant or parenting youth, where no member of the household is older than 24.

Current Status

The House Financial Services Committee and the Senate Banking, Housing, and Urban Affairs Committee have jurisdiction to change HAG programs, while the House and Senate's Transportation-Housing and Urban Development (T-HUD) Appropriations Subcommittees determine HAG funding. The authorizing committees rarely change the HAG program, but the appropriations subcommittees are responsible for determining every year how much funding the HAG program will receive.

For FY 2023, HAG was funded at \$3.6 billion. For FY 2024, the Alliance seeks \$3.8 billion for HAG, to address growing need and to allow for modest cost-of-living increases for critical frontline staff.

Recommendation

The Alliance urges lawmakers to encourage their colleagues on the Senate Appropriations Committees, particularly the T-HUD Subcommittee, to provide \$3.6 billion for HAG because:

- 1. The Alliance urges lawmakers to encourage their colleagues on the Senate Appropriations Committees, particularly the T-HUD Subcommittees, to provide \$3.8 billion for HAG because the programs paid for by ESG and CoC grants work.**

Between 2010 and 2016, homeless assistance providers, funded in part through HAG, reduced homelessness every single year. Unfortunately, in recent years, that progress has stalled, as more and more people are becoming homeless each year as a result of the ever-growing affordable housing crisis. However, looking at the impacts of the programs funded through HAG, it is evident that more and more people are successfully exiting homelessness each year.

- 2. Homelessness is getting worse as the affordable housing crisis worsens.**

Too many Americans of modest means are chasing too few affordable homes. Moreover, many low-income homeowners are severely rent-burdened as a result of slow wage and income growth for the lowest income Americans, contributing unsustainable amounts of their paychecks to housing. They are only one family crisis (e.g., a big health care bill or a broken-down car) away from homelessness. HUD's Homeless Assistance Grants serve as the first line of defense to address the immediate crisis of homelessness.

	Alliance rec.	Administration	House T-HUD	Senate T-HUD	Actual
FY 2024	\$3.833 billion	\$3.749 billion	\$3.729 billion	TBD	TBD