

July 30, 2007

The Honorable Jack Reed
Subcommittee on Housing and Transportation
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Senator Reed,

We begin by thanking you for your ongoing commitment to preventing and ending homelessness in a nation that has both the resources and ingenuity to insure housing stability for even our most vulnerable citizens. Your continued resolve and leadership is fundamental to us doing so.

Writing on behalf of the New England Housing Network, we eagerly support passage of S. 1518 by the 110th Congress, having long-awaited legislation that both reauthorized and improved the outcome effectiveness of the McKinney-Vento Homeless Assistance programs. The emphasis in your proposed legislation on enhanced flexibility for local communities to determine what process and programs work best for their unique circumstances and populations is very encouraging, especially when coupled with a focus on meaningful outcomes. We are also grateful for your insight regarding the addition of a new title and new funding dedicated to implementing well-targeted prevention strategies. Three other specific components that our members appreciate are the amendments to the rural homeless assistance program, the renewal of all permanent housing projects through the Section 8 account, and the targeted funds for all homeless families.

Concurrent with our support of the Community Partnership to End Homelessness Act of 2007, we are asking for some specific modifications to the Bill which would allow our members to better serve homeless individuals and families in their communities with the goal of optimizing their ability and resources for long-term stability, enhanced self-care and well-being. These suggested modifications include the following:

Administrative Fees: Given the increased responsibilities required for implementation, monitoring and evaluation of the funded programs, as well as HMIS activities, we are asking you to consider an increase in the allowable administrative fee from 5% to 8%.

Funding Mechanism: We support transferring Shelter + Care renewals to the Section 8 line item in the HUD budget, with the understanding that this cannot have the net effect of reducing the existing funding for either tenant-based or project-based Section 8, Section 8 administrative funding, or other existing line items within the Section 8 account. We also want to ensure that there will be no negative consequences for service funding.

Relationship of Collaborative Applicants and Non-Profits: The bill requires each geographic area to establish a Collaborative Applicant. A collaborative applicant may apply to become a unified funding agency. Alternatively, the Secretary of Housing and Urban Development may designate a collaborative applicant as the unified funding agency for its geographic area. Unified Funding Agencies receive and distribute funds and are also responsible for an annual survey, audit, or evaluation of the financial records of each project sponsor.

The Community Partnership Act does not specify the circumstances which would prompt the Secretary of Housing and Urban Development to designate a collaborative applicant as a unified funding agency. Many of the current Continuums of Care are convened by nonprofit agencies who are not accustomed to reviewing the financial records of other nonprofits. Requiring community-based nonprofits to assess the financial records of project sponsors could set up unusual and potentially awkward relationships between parties.

Therefore, the New England Housing Network recommends that collaborative applicants who do not apply for UFA status be allowed to continue the practice of submitting “associated” applications without being forced into the role of unified funding agencies.

Timeliness Requirements: The Bill requires grant recipients to meet all contractual obligations, including site control, matching funds, and environmental review requirements, within a specified time period. In general, this time period is nine months; grant recipients engaged in acquisition, rehabilitation or construction activities are provided additional time, up to 15 months, to meet requirements.

Both the nine month and fifteen month time limits are problematic. Nine months is not enough time to meet general requirements, because McKinney funding is often part of a multi-layered funding package. Match is often provided by State or local agencies operating on specific legislative or administrative timetables. This is particularly challenging for projects involving acquisition, rehabilitations or construction activities, which often require extensive pre-development work, including environmental review and negotiations for site control. HUD should provide 12 months generally to meet contract obligations, and 24 months for projects involving acquisition, rehabilitation, or construction activities, in order to provide enough time for sponsors to secure matching funds and site control, and perform essential site investigations.

In addition, the bill should set timeliness standards for the disbursement of McKinney funds. McKinney funds have routinely not been made available until many months after the McKinney grant award.

Prevention Resources: We appreciate the addition of Title X, "The Community Homelessness Prevention and Housing Stability" program, aimed at the prevention of homelessness among extremely low-income households in substandard and overcrowded conditions. We would advocate for modification of Title X to require that these funds be allocated as a "Prevention Bonus" to communities that meet threshold criteria based on their pro rata need as currently calculated for each Continuum of Care, similar to the existing Samaritan Bonus. Once a community has earned a Prevention Bonus, it would need to continue to meet the threshold criteria for the bonus as a part of its renewal burden on a going-forward basis. Having the funds become a part of each Continuum's hold harmless renewal amount, subject to the threshold

criteria, will preserve accountability while assuring the availability of a predictable and consistent level of funds in future years, which is particularly important to serve the critical prevention needs of high-cost communities.

Rural Flexibility: Rural areas of all New England states struggle to continue to meet HUD's restricted interpretation of homelessness for permanent supportive housing admissions. We welcome the opportunity to utilize McKinney funding as written in your bill to fund prevention activities for the rural parts of our states. We hope you will consider some simple rules in regard to moving pro-rata from one funding competition to another. Each continuum should be allowed to apply for both traditional McKinney activities as well as new prevention activities without having to separate into two separate bodies. States will splinter if requesting prevention funds would require all counties to agree to cease building new units. The unintended consequence of more Continuum of Care's being created to utilize the new funding opportunity would counter the streamlined administrative functioning your bill proposes.

Match Requirement for Leased Housing: While we generally applaud the establishment of a consistent match requirement across McKinney programs, we believe an exception is needed for Supported Housing Program leasing costs. The current match requirement for leasing costs is zero and we recommend keeping it the same. This program currently serves some of the most hard-to-house individuals, including many who were previously chronically homeless, and who require extensive services in order to remain housed. Finding non-McKinney sources to fund service needs presents an ongoing challenge for providers. Many McKinney leasing programs use McKinney supportive services funds to provide the critical supportive services to help this vulnerable population remain housed and alive. Agencies receiving this McKinney supportive services funding to support their leased housing programs are already expected to provide a match on the supportive services funds. The imposition of a match requirement for leasing costs could force many providers, particularly smaller non-profits, to cease participation in the valuable leased housing program that so effectively ends homelessness.

Transitional Housing: Transitional Housing is a vital housing option offered in New England communities as we work towards ending homelessness. We respectfully ask that the bill be revised to include residents living in transitional housing as an eligible population to receive services.

Small State Minimums: We support a minimum state funding level.

We look forward to continuing to work with you on this bill as it moves through the legislative process, and hope that you can incorporate our suggestions as outlined above. Many thanks for your continued commitment to combating homelessness in our nation.

Sincerely,
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