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Leg[islative] Review - 2/98 - H.R. 217 - Homeless Consolidation

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MELISSA N. BENTON
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Record Type: Record

To: Todd A. Summers/OPD/EOP

cc:
Subject: FYI--Draft Statement of Administration Policy on H.R. 217, the Homeless Housing Consolidation and Flexibility Act

We thought you'd be interested in the draft SAP on H.R. 217, Rep. Lazio's Homeless Program Consolidation bill. The bill is on next week's suspension calendar.

DRAFT -- NOT FOR RELEASE

February 26, 1998
(House)

H.R. 217 - Homeless Housing Programs Consolidation and Flexibility Act
(Lazio (R) FL and 5 others)

The Administration strongly supports the goal of maximizing local flexibility to develop comprehensive approaches to homelessness. The Administration appreciates the efforts of the Banking and Financial Services Committee to improve H.R. 217, but continues to have certain concerns with the bill as reported. In particular, the Administration is concerned about the bill's:

-- Permanent Housing Set-Aside. The Administration recognizes the importance of permanent housing in addressing homelessness, but believes the proposed percentage set-aside for permanent housing in H.R. 217 would interfere with local flexibility and divert too large a portion of funds from the formula distribution.

--Additional Match Requirement for Supportive Services. The Administration continues to believe that States and localities should have maximum flexibility to determine what portion of grant funds to devote to supportive services without having an additional match requirement if they exceed 35 percent.

--Insufficient Requirements for Grantee Accountability. The Administration is concerned that the bill contains insufficient performance requirements and approval criteria to ensure the funding of high-quality homeless assistance programs.

--Companion Services Block Grant. The Administration is aware of the need for Federal interagency coordination in the delivery of homeless assistance, but has concerns about the mechanism -- the Companion Services Block Grant -- proposed in H.R. 217 to ensure this coordination.

The Administration will work in the Senate to address these concerns.

Pay-As-You-Go Scoring. H.R. 217 would not affect direct spending or receipts; therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990.

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(Do Not Distribute Outside Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Benton) in consultation with HTF (Redburn/Meredith) and the Department of Housing and Urban Development (Hal DeCell, Assistant Secretary for Congressional and Intergovernmental Relations). VAPD (Zavada), HTF (McDermott), HLTH (Turman), and ONDCP (Rivait) have reviewed this SAP and had either no comment or no objection. The Departments of Health and Human Services (Wallace), Veterans Affairs (Cohn), Agriculture (Glauber), Justice (Silas), Education (Orzichowski), and Labor (Taylor); and the Federal Emergency Management Agency (Miller) and the Interagency Council on the Homeless (Ferguson) either had no comment or no objection to the proposed position. Although the Department of Interior generally concurred in the SAP, it disagreed with the SAP's statement that H.R. 217 has insufficient requirements to ensure grantee accountability. The Department of Defense did not provide comments.

Background

H.R. 217 was introduced on January 7, 1997. The Housing and Community Opportunity Subcommittee of House Banking and Financial Services held two hearings on the bill: March 5, 1997 and June 26, 1997. The full Committee considered the bill on November 5, 1997, ordering the bill reported as amended by voice vote.

The Department of Housing and Urban Development (HUD) submitted its own homeless program consolidation bill, the Homelessness Assistance and Management Reform Act of 1997, to Congress on June 23, 1997. The bill was introduced as S. 1071 by Senator D'Amato on July 25, 1997, and as H.R. 2307 by Congressman Kennedy on July 30, 1997. The HUD bill, which is similar to H.R. 217, would consolidate six HUD homeless assistance programs into a single formula-allocated "performance fund." By removing categorical programs and requirements, the HUD bill seeks to empower communities to develop comprehensive and locally appropriate approaches to homelessness.

Administration Position to Date

While supporting the goals of H.R. 217, the Administration has consistently expressed concern about certain aspects of its approach. At the second hearing on H.R. 217, HUD (Jacquie Lawing, Deputy Assistant Secretary for Community Planning and Development) expressed support for the goals of Lazio's bill (e.g., consolidation of McKinney Act programs, more equitable formula distribution of funds) while favoring the Administration's proposed approach to achieving them.

A letter sent by HUD on November 4, 1997, (just prior to full Committee action on H.R. 217) reaffirmed the Administration's support for the goals of the legislation, but cited a number of concerns. The Department of Veterans Affairs (Hershel Gober, Acting Secretary) sent a letter on

November 5, 1997, expressing concerns about the introduced bill's interagency coordination requirements.

Summary of Major Provisions

Consolidation of McKinney Act Homeless Assistance Programs

H.R. 217 would consolidate seven Title IV Stewart B. McKinney Homeless Housing Assistance programs: (1) Emergency Shelter Grants, (2) Supportive Housing, (3) Safe Havens for Homeless Individuals Demonstration, (4) Shelter Plus Care, (5) Section 8 Moderate Rehabilitation Assistance for Single-Room Occupancy Dwellings, (6) Rural Homeless Housing Assistance, and (7) Tenant/Project-Based Rental Assistance.

The bill would create two homeless housing assistance block grants under the McKinney Act:

> Flexible Block Grant Homeless Assistance (75 percent of funds in the first year, and 70 percent thereafter), which would be allocated to municipalities (70 percent) and States (30 percent) for homeless housing assistance according to the existing Emergency Services Grant (ESG) formula. Eligible activities under the Flexible Block Grant would include the provision of supportive housing, acquisition and leasing of housing, emergency shelter, and supportive services (e.g., child care, employment assistance). Within one year after enactment, the bill would require HUD to submit an alternative formula for allocation of Block Grant funds that is based on the incidence of homelessness and other relevant factors.
>
> Permanent Housing Development (25 percent of funds in the first year, and 30 percent thereafter), which would be allocated through national competition for activities such as housing construction, rehabilitation, or acquisition. Grantees would be prohibited from using permanent housing development funds for supportive services.

In addition, the bill would require the reservation of a HUD-determined amount of available funds for grants to insular areas.

Grant Requirements

For Flexible Block Grant and Permanent Housing Development assistance, eligible entities would be States, local governments, designated entities, or consortia of local governmental units. For Grants for Insular Areas, eligible grantees would be insular areas or designated entities (including a private nonprofit entity).

To receive either type of grant, eligible grantees would be required to:

> Submit applications that are consistent with the Comprehensive Housing Affordability Strategy developed under section 105 of the Cranston-Gonzales National Affordable Housing Act.

Match McKinney block grant funds with other non-McKinney resources. Grantees may choose to match 50 percent of Federal funds if they do not include volunteer time in calculating their match, or 100 percent if they do include such resources. In addition, grantees under the Flexible Block Grant that spend more than 35 percent of their allocation on supportive services must provide a supplemental 100 percent match of the expenditures above the threshold.

Establish "local advisory boards" (appointed by the executive branch head of the jurisdiction) to promote effective coordination and leveraging of local resources. Homeless and formerly homeless individuals, homeless advocates, and homeless service providers must comprise a majority on the board.

Pass through at least 50 percent of grant funds to nonprofit organizations.

Provide annual performance reports to the Secretary of HUD.

Federal Interagency Coordination

The bill would reauthorize appropriations for the Interagency Council on the Homeless (ICH) through FY 2002, and enhance its responsibility to promote coordination of Federal homeless assistance resources. The bill would require the Interagency Council on the Homeless to work with the Secretaries of Departments that administer Federal homeless assistance programs (Housing and Urban Development, Labor, Education, Health and Human Services, Veterans Affairs, and Agriculture) to ensure that Federal homeless assistance resources are provided in conjunction and coordination with the Permanent Housing Development and Flexible Block Grant Homeless Assistance program.

Companion Services Block Grant

If the Chair of the ICH determines that the required coordination has not taken place in any fiscal year, the Chair and the Secretary of HUD would be required to carry out a Companion Service Block Grant program for that fiscal year. The Departments Housing and Urban Development, Labor, Education, Health and Human Services, Veterans Affairs, and Agriculture would be required to contribute 10 percent of the amount appropriated for their homeless assistance programs for the Companion Services Block Grant. (Transfers of funds would be subject to approval by the House and Senate Appropriations Committees, the relevant authorizing committees, and the head of the affected agency.)

Authorization of Appropriations

The bill would authorize annual appropriations of $1 billion for McKinney Homeless Assistance for FYs 1998 through 2002.

In addition, the bill would authorize annual appropriations of $100 million for FYs 1998 through

2002 for the Federal Emergency Management Agency Food and Shelter program.

Pay-As-You-Go Scoring. H.R. 217 would not affect direct spending or receipts; therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. CBO concurs.

LEGISLATIVE REFERENCE DIVISION DRAFT
February 26, 1998/3:30 a.m.