

**Commission to End Homelessness  
Special Workshop  
9/27/13**

**Purpose of the Workshop**

As a result of discussion at previous Commission and Executive Committee meetings, a special workshop was held on “HEARTH Act Changes and Continuum of Care Systems Improvements to End Homelessness” to discuss and review the performance of our homeless system of care (the “Continuum of Care”) and look at various options for investing current funding to end homelessness in Orange County.

The workshop was a critical component of reviewing performance and funding information for homeless activities in Orange County including the strategic investment of funding (including the approximately \$14 million in annual Federal Continuum of Care Homeless Assistance HUD funding).

The workshop consisted of two panels with presentations from Focus Strategies, OC Partnership, and Urban Initiatives (consultants to the Continuum of Care) on Performance of the Continuum of Care and Federal HEARTH Act Changes.

**BACKGROUND:**

**History of Orange County Continuum of Care**

OC Community Services has been the lead agency on Orange County’s Continuum of Care Homeless Assistance application to HUD since 1996. OC Partnership, through contract with the County, also assists in the application process. Although the first Continuum of Care award was received in 1996, Orange County’s Continuum of Care System was not officially developed until 1998.

The administration of the Continuum of Care (CoC) is currently funded annually from Orange County Housing Authority reserve funds, County General Funds, and federal and local funding (ESG, CDBG, 15U). OC Community Services does not receive any administration funds from the Continuum of Care funding for these services with the exception of a first time planning grant awarded in the 2012 application cycle which is designated for consultant and staff time to assist with CA/CI planning and HEARTH Act compliance.

After formation in 2010, the Commission to End Homelessness replaced the H&CD Commission and the CoC Leadership Cabinet Committee as the decision-making body for the Continuum of Care and public forum for all stakeholders in the Continuum to participate and be informed about Continuum activities and decisions.

**Continuum of Care Funding and Application Submission Type**

Currently, all applications for Federal Continuum of Care funding through the Department of Housing and Urban Development (HUD) are considered a collaborative application under the CoC Interim Rule. The Collaborative Applicant is responsible for submitting one consolidated application to HUD that includes all new and renewal projects recommended for funding on behalf of the CoC.

### **Funding:**

The amount of funds a CoC could receive is called the Preliminary Pro Rata Need (PPRN). The PPRN is based on the geographic areas included in the CoC and a HUD formula used to determine the homeless assistance need.

The Annual Renewal Demand (ARD) is the sum of all annual renewal amounts within the CoC area eligible to apply for renewal in the CoC Program Competition.

The potential amount available for new projects is the difference between HUD's predetermined PPRN and the ARD. If the ARD is equal to or above the PPRN established, no additional funds are available for new projects with the exception of permanent housing bonus projects and/or new funds made available through reallocation of existing project funding.

As of 2012, the Orange County CoC Annual Renewal Demand exceeded the Preliminary Pro Rata Need leaving no funds to allocate to new projects. Funding for new projects within the Orange County CoC can be created by:

- Reallocating funds from one existing renewal to create a new project, and/or
- Applying for the permanent housing bonus project, if available

### **Current Renewal Eligible Projects:**

22 agencies with a total of 45 renewal projects totaling \$14,794,134 (based on the 2012 Grant Inventory Worksheet).

- 26 Transitional Housing Programs (\$4,730,449)
- 13 Permanent Housing Programs (\$8,943,205)
- 4 Supportive Services Only (\$432,412)
- 2 Homeless Management Information Systems (HMIS) (\$499,646)

These projects are eligible to renew for funding based on HUD and local recommendations.

- From 1996 through 2012, Orange County applied for \$197,918,432 and received a total of \$170,535,468 in Continuum of Care funding. In 2012, the County of Orange received for the first time a planning grant in the amount of \$188,422.
- Most Continuum of Care funding is awarded directly from HUD to homeless services providers with the exception of Shelter Plus Care funding, which is awarded to the Orange County Housing Authority (OCHA). With the recent approval and funding for the 2012 grant, OCHA has received \$73.5 million since inception of this program.

### **Panel Presentation (Part I)-Megan Kurteff Schatz, Focus Strategies and Karen Williams, OC Partnership**

#### **What does Homelessness look like in Orange County?**

- HUD's Definition – "An unsheltered person resides in a place not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings or on the street."
- In Orange County, 2013 Point in Time Count estimated 12,700+ homeless and only 4000 – 5000 beds (depending on the season)

- Note that the definition above is for “unsheltered”. The Point in Time Count of 12,700 included both sheltered and unsheltered persons

### OC Homeless System Overview (Timeframe: 7/2010 – 6/2011)

	Emergency Shelters	Transitional Housing	Rapid Re-Housing	Permanent Supportive Hsg.	Total System
Total Providers	15	33	7	8	63
Total Programs	21	60	11	16	108
Average # Programs per Provider	1.4	1.8	1.6	2.0	1.7
<i>% of all system programs</i>	19%	56%	10%	15%	100%
Total HMIS Providers	7	22	3	8	40
Total HMIS Programs	8	41	4	12	65
<i>% of all system programs in HMIS</i>	12%	63%	6%	18%	100%
HMIS Program Coverage <sup>1</sup>	38%	68%	36%	75%	60%
Total Beds	1,294	1,990	345	1,690	5,319
<i>% of all system beds</i>	24%	37%	6%	32%	100%
Total HMIS Beds	1,097	1,396	313	1,303	4,109
<i>% of system beds in HMIS</i>	27%	34%	8%	32%	100%
Total Investment in HMIS Programs <sup>2</sup>	\$3,398,659	\$12,873,848	\$498,925	\$26,321,999	\$43,093,431
<i>Average Investment/Year/Bed</i>	\$3,098	\$9,222	\$1,455	\$20,201	\$8,494
<i>Average Investment/PH Exit</i>	\$21,927	\$26,709	\$3,450	N/A	\$17,362
<i>% of system investment</i>	8%	30%	1%	61%	100%

<sup>1</sup> System and reporting improvements have moved over 600 seasonal beds that, per the HIC, were not in HMIS into HMIS. With these improvements, HMIS coverage rates for emergency shelter programs has increased.

<sup>2</sup> Total system investment is calculated based on programs that provided investment figures, estimating costs for these programs proportionally to the programs that did not provide investment figures.

### CoC’s Homeless System Performance Analysis

Initial analysis done in a confidential way – no “gotcha”

- A business tool for the providers; a road map
- Evaluated 3 years’ worth of data from the Homeless Management Information System (HMIS) and includes the Housing Inventory Count (HIC) data for HUD and non-HUD funded agencies
- Time frame: July 2009 thru June 2010; July 2010 thru June 2011; July 2011 thru June 2012
- Evaluate programs with people coming into the system, exiting the system and returning to the system
- Service Providers submitted their program budget data
- Reviewed performance outcomes individually with each Service Provider including % exits from transitional housing to permanent housing, employed at exit, average length of stay/exits from transitional housing, returns to homelessness, cost for exits from transitional housing to permanent housing, program entry analysis.

## **Performance Improvement Calculator**

- Excel Tool developed by Focus Strategies for the National Alliance to End Homelessness
- Uses 3 years of local data – models strategies to increase the number of people who move from homelessness to permanent housing
- Performance Calculator with Orange County's data can be found at <http://www.ocpartnership.net/content/performanceimprovementcalculator.html>

## **Panel Presentation (Part II)- Joe Colletti, Urban Initiatives**

### **The HEARTH Act** (Homeless Emergency Assistance & Rapid Transition to Housing Act)

On May 20, 2009, the HEARTH Act of 2009 was signed into law, amending the McKinney-Vento Homelessness Assistance Act with substantial changes

- A consolidation of HUD's competitive grant programs
- A change in HUD's definition of homelessness and chronic homelessness
- An increase in prevention resources
- An increase in emphasis on performance

### **The HEARTH Act also:**

- Codifies the Continuum of Care planning process as a required and integral local function necessary to generate the local strategies for ending homelessness
- Establishes a federal goal of ensuring that individuals and families who become homeless return to permanent housing within 30 days
- HUD began to strongly encourage communities to adopt best practices with their at-risk and homeless programs by:
  - Evaluating performance outcomes and looking at cost effectiveness
  - CoCs need to incorporate the HEARTH Act into planning in order to adhere to has been enacted into law.

### **Funding Tiers:**

**The 2013 Registration Notice issued by HUD states,** "CoCs will be required to rank all projects submitted by project applicants in e-snaps: renewal and new reallocated projects, HUD will not review any project that is rejected by the CoC.

HUD will continue the Tier 1 and Tier 2 funding process. Tier 1 is equal to the CoC's ARD amount approved in Registration, less the national percentage funding cut as identified in the NOFA. Tier 2 is the amount between a CoC's Tier 1 and the CoC's ARD, plus any approved amounts for CoC planning and UFA costs."

The following are the tiers and components HUD established in the 2012 NOFA:

- **Tier 1** is equal to the CoC's Annual Renewal Demand (ARD) less 3.5%. CoC's should place all new and renewal project applications the CoC determines are high priority, high performing, and meets CoC needs and gaps.
- **Tier 2** is the amount between a CoC's Tier 1 and the CoC's Final Pro Rata Need. Ranking in Tier 2 continues from Tier 1. CoCs should place projects that meet the needs and gaps of the CoC, but may be lower performing or of a lower priority to the CoC

**The potential calculation of the amounts falling within each tier for this year is calculated as follows:**

	Total		Tier 1		Tier 2	
		Difference	Funding*	Difference	Funding	Difference
Annual Renewal Demand	\$16,896,366		\$16,304,993		\$591,373	
6% Funding Cut	\$15,882,584	\$1,013,782	\$15,326,694	\$978,300	\$555,890	\$35,482
7% Funding Cut	\$15,713,620	\$1,182,746	\$15,163,644	\$1,141,350	\$549,977	\$41,396
8% Funding Cut	\$14,611,977	\$1,270,607	\$14,100,558	\$1,226,135	\$511,419	\$44,471

\*Tier 1 is ARD less 3.5%

### Steps Involving "Tiering"

- CoC should place HMIS renewals and permanent supportive housing projects that are performing well in Tier 1;
- CoC should place the poorest performing transitional housing and/or supportive services only projects in Tier 2.

### Reallocation

Reallocation is when a CoC shifts funds in whole or part from existing renewal projects to create one or more new projects. CoCs may use the reallocation process to shift funds from existing renewal projects to new project applications without decreasing the CoC's annual renewal demand. HUD strongly encourages CoCs to take advantage of this option. Reallocation must happen during the HUD CoC Homeless Assistance application process. The amount eliminated or reduced for the purposes of reallocation will be retained by the CoC, provided that the new proposed project(s) meets eligibility and quality thresholds established by HUD in order to be conditionally selected for funding. The selection criteria will be described in the FY 2013 CoC Program Competition NOFA. Additionally, CoCs are prohibited from reallocating administration costs to create new projects

Per the 2013 Registration Notice issued by HUD, "In FY 2013 CoCs may only use reallocation to create new permanent supportive housing projects that serve the chronically homeless or, for CoCs that are able to demonstrate that they are addressing the chronic homeless population through other means, including other reallocated projects, to create new rapid re-housing projects for families."

## **Steps Involving Reallocation**

### Step 1:

- Each CoC is encouraged to conduct a comprehensive analysis of its existing projects to determine the extent to which each renewal project addresses the CoC goals of housing first and rapid re-housing;
- Renewal projects are not renewed by HUD based on a score but whether or not they support the design and implementation of the CoC goals of housing first and rapid re-housing.

### Step 2:

- CoCs should look at Transitional Housing (TH) and Supportive Services Only (SSO) projects with a critical eye – look at recent research, review each program’s eligibility criteria, analyze outcomes and occupancy rates, and make sure the services offered (and paid for) actually match the needs of people experiencing homelessness within the CoC.”

### Step 3:

- CoCs should reallocate Transitional Housing (TH) and Supportive Services Only (SSO) projects that are underperforming, obsolete, or ineffective;
- CoCs should reallocate Transitional Housing (TH) and Supportive Services Only (SSO) projects that do not support the CoC goals of housing first and rapid re-housing;

## **Next Steps(Options and Points to Consider):**

### **2013 (short term)**

OCCS and OCP to ask AdHoc Committee for feedback on questions/survey for 2013 renewals (spending patterns/reasons for unspent funds, audit findings, timeframe for review for next year with potential 6 month check-ups );

For 2013 application, OCCS and OCP to send a survey to evaluate 2 to 3 years of spending, performance outcomes, along with discussion about reallocation within their own agency. If agency is considering reallocating, what discussions have happened with HUD?;

OCCS and OCP are also reviewing options for a potential RFP for 2013 in case some agencies give up money. But we need NOFA to be released by HUD for clarification on priorities/criteria regarding chronic homeless benefit (e.g., RFP for PSH and RRH for families “if” CoC is addressing chronic homeless populations per HUD guidelines);

## **Key Decisions:**

- RFP or No RFP?
- CoC takes estimated unspent funds and reallocates to a new project-Y/N?
- CoC allows agencies to reallocate all or part of current grants to a new project-Y/N?
- Continue to fund SSOs or reallocate to a new project?
- What about underperformers? Continue to fund?

## **2014 (longer term)**

Give committee an overview of what other CoCs are doing in regard to changes in funding and policy criteria (with caveat on which is consolidated versus associated) -(Karen Williams to work with Megan to prepare this summary)

Ask committee to develop criteria for 2014 CoC application (e.g., performance metrics for spending, LOS, APR results, etc.)

Recommendation: Conduct a Performance Improvement Calculator and HMIS analysis annually and use data to guide performance metrics for the following year's CoC grant competition.