



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #116

### Shelter for Homeless and Housing Grants (Administration -- Housing and Homelessness)

[LFB 2021-23 Budget Summary: Page 29, #2]

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#### CURRENT LAW

The Shelter for Homeless and Housing Grants biennial appropriation supports both the Housing Assistance Program (HAP) and the State Shelter Subsidy Grant (SSSG) Program. Current law does not specify the allocation of funds between the two programs.

The Housing Assistance Program provides grants to local governments, nonprofit organizations, for-profit organizations, and other entities to operate housing and supportive services for the homeless. The purpose of the grants is to facilitate the movement of homeless persons to independent living. In 2020-21, HAP funds totaling \$300,000 served residents in 22 counties. The State Shelter Subsidy Grant Program provides grants to local governments, nonprofit organizations, for-profit organizations, and federally-recognized tribes for shelter operations. In 2019-20, SSSG funds totaling \$1,690,500 served residents in 44 counties.

#### DISCUSSION POINTS

1. Access to stable housing is hindered by factors such as poverty, loss of income, domestic violence, mental illness, natural disaster, and a shortage of housing supply. In 2020, a total of 11,624 people stayed in emergency shelters in Wisconsin. Of these, 4,866 were located in Brown, Dane, and Milwaukee counties, and 6,758 were located in other parts of the state. In 2018-19, 18,349 children attending Wisconsin public schools lacked a fixed, regular, and adequate nighttime residence.

2. The COVID-19 pandemic further challenged service providers to meet increased demand for assistance and safety considerations. The federal American Rescue Plan Act of 2021 provides \$2.5 billion in direct payments to Wisconsin to respond to the pandemic. On May 10, 2021,

the U.S. Department of the Treasury indicated that funds may be used for investments in housing and neighborhoods, such as services to address individuals experiencing homelessness, housing vouchers, and residential counseling and housing navigation assistance to facilitate moves to neighborhoods with high economic opportunity. The one-time allocation must be used prior to December 31, 2024, and therefore would not provide ongoing program support.

3. Under 2017 Act 74, the Interagency Council on Homelessness was established to coordinate statewide policies to address homelessness. The Council began meeting in February, 2018, and, in November, 2018, published a statewide plan with recommendations to prevent and end homelessness. Former Lieutenant Governor Kleefisch was appointed as chairperson of the Council prior to its inaugural meeting and served until the end of her term. Governor Evers now serves as chairperson.

4. 2021 Assembly Bill 68/ Senate Bill 111 would provide \$6,300,000 annually to DOA's shelter for homeless and housing grants appropriation. The appropriation would fund three programs, as described below.

### **Housing Assistance Program**

5. The bill would provide an additional \$5,000,000 annually for HAP. Under current law, HAP provides up to \$300,000 annually in grants to local units of government, nonprofit organizations, for-profit organizations, and other entities to operate housing and supportive services for the homeless. Grants are intended to facilitate the movement of homeless persons to independent living and are awarded as a match for federal Emergency Solutions Grants.

6. To be eligible for HAP grants, an organization must: (a) utilize only existing buildings for housing sites; (b) facilitate the use of community social services; (c) facilitate trainings in self-sufficiency to residents; and (d) require that residents pay at least 25% of their income as rent. Under 2017 Act 59, eligibility for HAP was expanded from purely transitional housing to include all housing types, and limitations on length of stay by residents were eliminated.

7. In 2020-21, HAP funds totaling \$300,000 were granted to the state's four Continuum of Care (CoC) organizations to serve 10 organizations in 22 counties (Adams, Barron, Calumet, Chippewa, Columbia, Dane, Dodge, Dunn, Jefferson, Juneau, Milwaukee, Outagamie, Pepin, Pierce, Polk, Racine, Rock, Sauk, St. Croix, Walworth, Waukesha, and Winnebago). Table 1 shows the number of grantees and amount of grants from 2011-12 to 2020-21.

**TABLE 1**

**Housing Assistance Program Grants**

<u>Fiscal Year</u>	<u>Grantees</u>	<u>Amount</u>
2011-12	28	\$400,000
2012-13	21	300,000
2013-14	16	307,800
2014-15	14	300,000
2015-16	17	297,500
2016-17	15	300,000
2017-18	12	300,000
2018-19	12	300,000
2019-20	10	300,000
2020-21	10	300,000

8. The Interagency Council's 2018 report concluded that, as a result of the program expansion under Act 59, HAP is one of the state's main housing assistance programs and is currently underfunded. The Council recommended that HAP funding be increased by \$900,000 annually.

9. Under 2019 Act 9, an additional \$900,000 GPR per year was reserved for HAP in the Joint Committee on Finance's supplemental appropriation. The funds have not yet been transferred to DOA. If the funds are not transferred by June 30, 2021, the money will lapse to the general fund. In March, 2021, AB 146/SB 185 was introduced. The legislation would increase funding for HAP by \$900,000 GPR per year, starting in 2021-22.

10. The federal Coronavirus Aid, Relief, and Economy Security (CARES) Act provided a one-time increase of \$32.4 million for the emergency solutions grant program, the federal counterpart to HAP and the homeless prevention program. The Department indicates that the one-time supplement has been obligated through an agreement with the U.S. Department of Housing and Urban Development (HUD) and must be utilized to prevent, prepare for, or respond to the pandemic. According to the Council, \$12.7 million was distributed to local agencies in October, 2020, and \$19.7 million is scheduled to be allocated in the spring of 2021. To date, no funds from other federal Coronavirus legislation have been designated for the program.

11. Current program funding allows HAP to serve approximately 1,000 individuals in 22 counties each year, at an average cost of \$300 per client served. The Department indicates that providing an additional \$5,000,000 each year would allow the program to serve an additional 16,500 homeless individuals located in all 72 counties. Given that residents of every county are in need of homelessness services, the Committee could provide an additional \$5,000,000 annually for HAP. [Alternative A1]

12. Alternatively, the Committee could provide \$900,000 annually for HAP, as recommended by the Council and provided under AB 146/SB 185. Approximately 3,000 additional individuals would receive assistance each year. If this lesser amount were provided, DOA could

prioritize projects based on the quality of applications and an assessment of community need. [Alternative A2]

13. The Committee could decide to take no action with regard to HAP, thereby maintaining current funding of \$300,000 GPR annually. The program's allocation could be modified separately through passage of AB 146/SB 185. The program would continue to have sufficient funding to serve approximately 1,000 homeless individuals each year. [Alternative A3]

### **State Shelter Subsidy Grant Program**

14. The bill would provide an additional \$700,000 annually for the SSSG program. Under current law, the program provides grants of up to \$1,613,600 GPR per year to local units of government, nonprofit organizations, for-profit organizations, federally-recognized tribes or bands, and other entities for shelter operations. The program is funded from GPR and PR from the Interest-Bearing Real Estate Trust Accounts (IBRETA) program.

15. Grants may not exceed 50% of the homeless shelter's annual operating budget. Funds may be used to renovate or expand an existing shelter facility, develop an existing building into a shelter facility, expand or develop shelter services, or to continue an existing level of service.

16. Under statute, DOA is required to allocate at least \$400,000 in each year to eligible applicants in Milwaukee County, \$66,500 in each year to eligible applicants in Dane County, and \$100,000 in each year to applicants elsewhere in the state. No more than \$183,500 of the remaining funds may be allocated for grants to eligible applicants without regard to their location. In awarding grants, DOA must also consider whether the community in which the applicant provides services has a coordinated system of services for homeless individuals and families.

17. In 2020-21, awards were provided to 40 grantees serving Brown, Buffalo, Burnett, Calumet, Columbia, Dane, Douglas, Dunn, Eau Claire, Florence, Fond du Lac, Forest, Green, Green Lake, Jackson, Jefferson, Kenosha, La Crosse, Lafayette, Lincoln, Manitowoc, Marathon, Marinette, Menominee, Milwaukee, Oconto, Outagamie, Ozaukee, Polk, Portage, Racine, Rock, Richland, Rusk, Walworth, St. Croix, Sheboygan, Shawano, Trempealeau, Washington, Waukesha, Waupaca, Winnebago, and Vilas counties. Table 2 shows the number of grantees and amount of grants from 2011-12 to 2020-21.

**TABLE 2**

**State Shelter Subsidy Grant Program, GPR and IBRETA Funds**

<u>Fiscal Year</u>	<u>Milwaukee County</u>	<u>Dane County</u>	<u>Other Areas of State</u>	<u>Grantees</u>	<u>Total Grants</u>
2011-12	\$400,000	\$231,900	\$956,800	44	\$1,588,700
2012-13	400,000	170,900	724,400	43	1,295,300
2013-14	400,000	175,500	559,100	38	1,134,600
2014-15	400,000	171,900	561,700	43	1,133,600
2015-16	400,000	170,900	562,700	42	1,133,600
2016-17	400,000	169,000	554,600	42	1,123,600
2017-18	400,000	164,800	564,800	41	1,129,600
2018-19	400,000	145,400	587,200	40	1,132,600
2019-20	475,900	272,300	942,300	37	1,690,500
2020-21	469,000	276,000	874,200	40	1,619,200

18. According to the Interagency Council's 2018 report, funding for SSSG remained at nearly the same level from 1991 to 2018, despite shelters' central role in addressing homelessness. The report concluded that emergency shelter is a critical piece in a community's homeless response because it offers a bed and a meal in times of crisis, it is a convenient spot for community resources to provide outreach, and it offers short-term respite until more permanent housing becomes available. The Council recommended that funding for SSSG be increased by \$500,000 annually.

19. Under 2019 Act 9, \$500,000 GPR per year was reserved in the Committee's supplemental appropriation for SSSG. Subsequently, 2019 Act 76 modified eligibility criteria and authorized DOA to request the transfer of the reserved funds. In February, 2020, the Committee approved the transfer of \$500,000 GPR in 2019-20 and 2020-21 to DOA. These funds are included in the program's base budget for the 2021-23 biennium.

20. In December, 2020, the Interagency Council reported that "COVID-19 created unprecedented strains on community homelessness systems throughout the state." To adhere to guidelines for social distancing and as a result of a reduction in volunteers, most shelters had to reduce their capacities, stop taking new clients, or close entirely. The Council concluded that these factors, and other social conditions, resulted in a surge in unsheltered homelessness. The surge is "cause for alarm and concern and highlight the need to return people to housing as quickly as possible."

21. The Department indicates it will be able to expend additional funds because SSSG applications have exceeded expenditure authority. For example, applications totaled approximately \$11.0 million in 2018-19, exceeding the amount of available funds by \$9.9 million. Given shelters' demonstrated need for additional support, the Committee could provide \$700,000 per year for SSSG. [Alternative B1]

22. On the other hand, it could be argued that the Interagency Council's recommendation for SSSG has already been implemented. Given that program funds were increased by \$500,000 per year

in 2020, the Committee could decide that the current funding level is sufficient and take no action. [Alternative B2]

### **Housing Navigation Grants**

23. The bill would provide \$600,000 GPR annually to allow the state's Continuum of Care organizations to hire housing navigators. Navigators would act as a liaison with landlords, rental property managers, and homeless assistance programs; recruit new landlords; identify affordable housing for program recipients; and mediate landlord-tenant issues.

24. Grants would be awarded equally to each CoC designated by the federal government. Wisconsin has four such federally-designated organizations: the Homeless Services Consortium of Dane County, the Milwaukee Continuum of Care, the Racine Continuum of Care, and the Wisconsin Balance of State Continuum of Care. The organizations promote community-wide planning and strategic use of resources to address homelessness.

25. According to the Interagency Council, establishing housing navigation grants would allow CoCs to work with housing providers, clients, and case managers to connect available units with those who need to rent affordable housing. The Council recommended the allocation of \$300,000 annually to create a housing navigation grant program. Under 2019 Act 9, \$300,000 per year was reserved in the Committee's supplemental appropriation for housing navigation grants. The funds have not yet been transferred to DOA. If the funds are not transferred by June 30, 2021, the money will lapse to the general fund.

26. The bill would allocate twice the amount recommended by the Interagency Council in 2018. According to DOA, the proposed amount reflects input from CoC organizations on the increased need to provide navigation services, particularly in rural areas of the state. Given the Council's recommendation to create a housing navigation grant program and demonstrated demand from service agencies, the Committee could approve the recommendation. [Alternative C1]

27. Separately, AB 146/SB 185 would create a housing navigators grant program and provide \$300,000 GPR annually starting in 2021-22. If the Committee wished to create the program but at a lower funding level, the Committee could allocate \$300,000 annually for housing navigation grants, the amount previously recommended by the Council and provided under AB 146/SB 185. [Alternative C2]

28. Alternatively, the Committee could take no action with regard to housing navigation services. The 2021-23 budget bill would not include funding for housing navigators, although the program could be created separately through passage of AB 146/SB 185. [Alternative C3]

### **ALTERNATIVES**

#### **A. Housing Assistance Program**

1. Provide an additional \$5,000,000 annually for the housing assistance program.

<b>ALT A1</b>	<b>Change to Base</b>
GPR	\$10,000,000

2. Provide an additional \$900,000 annually for the housing assistance program.

<b>ALT A2</b>	<b>Change to Base</b>
GPR	\$1,800,000

3. Take no action with regard to the housing assistance program.

**B. State Shelter Subsidy Grant Program**

1. Provide \$700,000 annually for the state shelter subsidy grant program.

<b>ALT B1</b>	<b>Change to Base</b>
GPR	\$1,400,000

2. Take no action with regard to the state shelter subsidy grant program.

**C. Housing Navigation Grants**

1. Provide \$600,000 annually for housing navigation grants.

<b>ALT C1</b>	<b>Change to Base</b>
GPR	\$1,200,000

2. Provide \$300,000 annually for housing navigation grants.

<b>ALT C2</b>	<b>Change to Base</b>
GPR	\$600,000

3. Take no action with regard to housing navigation grants.

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