



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #125

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

[LFB 2023-25 Budget Summary: Page 29, #3]

CURRENT LAW

The shelter for homeless and housing grants biennial appropriation under the Department of Administration (DOA), Division of Energy, Housing and Community Resources (DEHCR) 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 individuals experiencing homelessness. The purpose of the grant is to facilitate the movement of homeless persons to independent living. 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. The state shelter subsidy grant program provides grants to local governments, nonprofit organizations, for-profit organizations, and federally-recognized tribes or bands for shelter operations. Currently, HAP is allocated \$900,000 GPR annually and SSSG is allocated \$1,613,600 GPR annually.

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 2021 (the most recently available data), a total of 12,118 people stayed in emergency shelters in Wisconsin. Of these, 4,765 were located in Brown, Dane, and Milwaukee counties, and 7,353 were located in other parts of the state. In 2021-22, 16,454 or 1.9% of children attending Wisconsin public schools experienced homelessness.

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 provided \$2.5 billion in direct payments to Wisconsin from the State Fiscal Recovery Fund (SFRF) 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. In November, 2021, the Governor announced an allocation of \$4 million from SFRF moneys for grants to shelters through a temporary Safe Shelter and Homelessness Grants program. The one-time allocation must be obligated prior to December 31, 2024, and therefore does 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. In February, 2022, the Council published its second statewide action plan for homelessness. The Lieutenant Governor currently serves as chairperson of the Council.

4. Under 2023 Assembly Bill 43/Senate Bill 70, \$6,300,000 GPR annually would be provided to DOA's shelter for homeless and housing grants appropriation. The appropriation would fund three programs, as described below.

Housing Assistance Program

5. The 2021-23 budget, Act 58, provided HAP with an additional \$600,000 GPR annually, for a total of \$900,000 GPR annually. In comparison, AB 43/SB 70 would provide HAP with an additional \$5,000,000 GPR annually. Under current law, HAP grants are provided to local units of government, nonprofit organizations, for-profit organizations, and other entities to operate housing and supportive services for individuals experiencing 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. In 2022-23, HAP funds totaling \$900,000 were granted to the state's four Continuum of Care (CoC) organizations, which promote community-wide planning and strategic use of resources to address homelessness. Funds were awarded to one agency in Milwaukee County (the Milwaukee Continuum of Care), one agency in Dane County (the Homeless Services Consortium of Dane County), one agency in Racine County (the Racine Continuum of Care), and one agency serving all other areas of the state (the Wisconsin Balance of State Continuum of Care). Table 1 indicates the number of grantees and amount of grants from 2013-14 to 2022-23.

TABLE 1

Housing Assistance Program Grants

<u>Fiscal Year</u>	<u>Grantees</u>	<u>Amount</u>
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	4	300,000
2020-21	4	900,000
2021-22	4	900,000
2022-23	4	900,000

7. The Interagency Council's February, 2022, statewide action plan for homelessness recommended that HAP funding be increased by \$5,000,000 annually to provide substantial investment for permanent housing solutions in Wisconsin communities.

8. In March, 2020, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provided a one-time increase of \$32,484,600 for the emergency solutions grant (ESG) program, the federal counterpart to HAP and the homelessness prevention program. Additionally, \$173,600 in reallocated ESG funds were subsequently awarded to the state, resulting in a total ESG supplement of \$32,658,200. The state has until September 30, 2023, to spend the \$32,484,600 supplement, excluding administration funds and homeless management information system funds needed for closeout (the remaining \$173,600), which can be spent through December 31, 2023, and until June 30, 2024, respectively. As of May, 2023, the state has expended or encumbered \$32,608,100 of the total supplemental ESG funds.

9. Current program funding allows HAP to serve approximately 760 individuals in 23 counties each year. Based on an approximate cost of \$1,000 per client served, DOA estimates that providing an additional \$5,000,000 each year would allow the program to serve an additional 5,000 homeless individuals located in all 72 counties. Given that residents of every county may be in need of homelessness services, the Committee could provide an additional \$5,000,000 GPR annually for HAP. [Alternative A1]

10. Alternatively, the Committee could provide a lesser amount of \$3,000,000 GPR [Alternative A2] or \$1,000,000 GPR [Alternative A3] annually for HAP. Under these alternatives, approximately 3,000 or 1,000 additional individuals could receive assistance each year, respectively.

11. If the Committee takes no action with regard to HAP, current funding of \$900,000 GPR annually would be maintained. The program would continue to have sufficient funding to serve approximately 760 homeless individuals each year. [Alternative A4]

State Shelter Subsidy Grant Program

12. The bill would provide an additional \$700,000 GPR 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.

13. 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 shelter services, or pay for operating expenses.

14. 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 individuals and families experiencing homelessness.

15. In 2021-22, awards were provided to 46 grantees across the state. Table 2 indicates the number of grantees and amount of grants from 2013-14 to 2021-22. A total of \$1,623,200 was available for SSSG grants in 2021-22 because DEHCR supplemented the program with IBRETA funding of \$9,600.

16. In 2020, the Legislature passed, and the Governor signed into law, 2019 Wisconsin Act 76, which added eligibility requirements for applicants, set budget limits for applicants, and increased the allocation of funding by \$500,000 per fiscal year. However, according to the Interagency Council's February, 2022, report, the SSSG program is still funded at a lower level than it was in 2008-09 (\$1,771,000). The Council recommended that funding for SSSG be increased by \$700,000 annually.

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>
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
2021-22	474,600	332,200	816,400	46	1,623,200

17. The Administration indicates that, if additional funds are provided, it would be able to spend these funds since SSSG applications have exceeded DOA's ability to fully fund the applications from existing expenditure authority. For example, if all applications were accepted, expenditures would have totaled approximately \$13.2 million in 2020-21, exceeding the amount of available funds by \$11.6 million. Given that many SSSG applicants apply and do not receive awards, the Committee could provide an additional \$700,000 GPR per year for SSSG. [Alternative B1] To provide a lesser increase in funding, the Committee could instead provide an increase of \$500,000 GPR [Alternative B2] or \$300,000 GPR [Alternative B3] per year for SSSG.

18. If the Committee takes no action, funding for SSSG would remain at \$1,613,600 GPR annually. [Alternative B4]

Housing Navigation Grants

19. Additionally, the bill would provide \$600,000 GPR annually to allow the state's Continuum of Care organizations to hire housing navigators. According to the Interagency Council, navigators would act as liaisons with landlords, rental property managers, and homeless assistance programs. Additionally, navigators would keep lists of available units in the area in which they operate, and assist clients with all aspects of the process of moving from homelessness into housing, including: filling out applications; setting appointments with landlords; reviewing available units; obtaining utility services; and moving in. Note that additional state position authority would not be provided.

20. Grants would be awarded equally to each CoC designated by the federal government: 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.

21. The Interagency Council recommended \$600,000 for housing navigators in its February, 2022, report. 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 support from service agencies, the Committee could approve the recommendation. [Alternative C1] If the Committee wishes to create the housing navigation grant program but at a lower funding level, the Committee could allocate \$400,000 GPR [Alternative C2] or \$200,000 GPR [Alternative C3] annually.

22. Alternatively, the Committee could take no action with regard to housing navigation services. [Alternative C4]

ALTERNATIVES

A. Housing Assistance Program

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

ALT A1	Change to Base
GPR	\$10,000,000

2. Provide an additional \$3,000,000 GPR annually for the housing assistance program.

ALT A2	Change to Base
GPR	\$6,000,000

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

ALT A3	Change to Base
GPR	\$2,000,000

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

B. State Shelter Subsidy Grant Program

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

ALT B1	Change to Base
GPR	\$1,400,000

2. Provide \$500,000 GPR annually for the state shelter subsidy grant program.

ALT B2	Change to Base
GPR	\$1,000,000

3. Provide \$300,000 GPR annually for the state shelter subsidy grant program.

ALT B3	Change to Base
GPR	\$600,000

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

C. Housing Navigation Grants

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

ALT C1	Change to Base
GPR	\$1,200,000

2. Provide \$400,000 GPR annually for housing navigation grants.

ALT C2	Change to Base
GPR	\$800,000

3. Provide \$200,000 GPR annually for the state shelter subsidy grant program.

ALT C3	Change to Base
GPR	\$400,000

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

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