

Indianapolis Continuum of Care

Tier 2 Impact Discussion

On May 8, the US Department of Housing and Urban Development (HUD) announced \$355 million in federal funding to more than 1,200 local homeless housing and service programs across the country. This represents the Tier 2 applications or the second round of funding released annually by HUD for continuums of care.

Indianapolis received **no funding** through this round of Continuum of Care competitions. Five organizations lost a total of \$687,540 that will impact living situations for more than 450 individuals annually. The organizations impacted include Coburn Place Safe Haven, Pathway to Recovery, Midtown Safe Home, Partners In Housing, and HVAF.

The Indianapolis Tier 2 organizations that are currently funded through Continuum of Care housing awards and will no longer receive HUD funding once current projects expire over the next year. However, all organizations in Indianapolis will be funded with Housing Trust Funds for one year at their full funding levels. Partners In Housing will receive housing funds reallocated from the Boner Center to assure ongoing rental support for the units lost.

When Tier 2 funding was not approved, two new projects were also not funded. The Healthnet Rapid Re-Housing Project at \$623,776 and the CHIP HMIS expansion for \$62,809.

In March, Indianapolis was awarded \$4,249,774 in Tier 1 funding. Additionally, HUD awarded Indianapolis \$154,636 in planning grants to help the Indianapolis community plan for needed changes, for a total of \$4,404,410 in total funding.

After the Tier 2 announcements, HUD noted that \$150 million was reallocated across the country away from Transitional Housing and into either Rapid Rehousing or Permanent Supportive Housing. The National Alliance to End Homelessness noted these trends based on the Tier 2 funding from around the country:

Overall, more people will be housed instead of homeless due to these results. More new projects than usual got funding, and more existing projects than usual lost funding. As a group, the newly funded projects will house more people than the projects that lost funding, because of more focus on exactly that outcome – housing people. The wellbeing of homeless people and the desire to solve the problem of homelessness are driving this change.

There was intense competition for Tier 2 funds. From the moment the Notice of Funding Availability (NOFA) came out, it was clear that this would be the most competitive funding process since the CoC was first created. HUD has been under strong pressure from Congress to make the CoC more competitive, and HUD did so.

Tight funding made it close to a zero-sum game. Because of overall tight caps on federal spending, Congress provided only a small increase to the CoCs for FY 2015. Homeless assistance did better than HUD overall, which was cut back, in part because members of Congress are impressed with the willingness of CoC grantees to be accountable for outcomes. Nonetheless, the growth in homeless assistance was not enough to even pay for the spiraling rent increases that many parts of the country are

seeing. The only way for HUD to fund new evidence-based projects in communities with the best outcomes was to make reductions elsewhere.

The communities that did best in the competition received substantial new funding. In these communities, many more homeless people will be housed. Most of the new money will fund permanent supportive housing and rapid re-housing. Among communities with the largest increases are cities, suburban communities, and at least one balance of state. They are in all parts of the country.

Some communities are losing capacity. A number of communities (it's too early to say how many, but we know of four large cities that had overall CoC funding reduced between 5 and 8 percent) will end up with fewer resources for homeless people. There is no easy way to deal with this. HUD will make technical assistance available to help communities be more competitive in the next round of funding, which will probably be less tight due to increases from Congress for FY 2016. A range of federal and other resources are available that can help ensure that people now housed in these programs can avoid a return to homelessness. See our follow-up blog for more.

Tier 2 funding decisions were driven largely by CoC-wide performance. Much of the scoring for the competition depended on how the entire local system for addressing homelessness was operating. One example is Houston, TX, which has been working steadily for years to understand who is homeless, what interventions move people out of homelessness most quickly and cost-effectively, and how to arrange a local system that maximizes impact. Houston received a substantial increase in funding in Tier 2.

Through Tier 1 funding, all communities were able to protect the majority of their programs. Tier 1 funding, awarded in March, encompassed 85 percent of each community's existing capacity. Communities chose which projects to put in Tier 1, and nearly all of the programs that communities put in Tier 1 got funded.

Some individual programs that were effective still lost funding. There are definitely individual programs that do excellent work but lost funding, due to problems with their CoC application or idiosyncrasies of the program or the competition rules. The number was small, and HUD will be working to ensure that similar programs get the help they need to compete effectively in FY 2016.

The overall move is toward housing more people, faster. Overall, programs that got new funding were those that, given a certain amount of money, are more effective at moving homeless people quickly into permanent housing. Those that lost funding were generally those that are less effective. Higher scores for permanent housing (permanent supportive housing or rapid re-housing) were built into the scoring criteria. But higher scores also had a lot to do with overall system performance.