Policy Briefs

The Policy Briefs department summarizes a change or trend in national policy that may have escaped the attention of researchers. The purpose is to stimulate the analysis of policy in the field while the policy is being implemented and thereafter.

The HEARTH Act

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Abstract

This article describes the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, which was enacted in 2009 to overhaul the U.S. Department of Housing and Urban Development's (HUD's) homelessness assistance programs. The article provides an overview of changes in HUD's programs and in the practices of communities leading up to the HEARTH Act. It provides a summary of the most important changes made by the act and some of the effects it will likely have on communities. Finally, it suggests important topics for future research.

Introduction

In 2009, the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act was included in a larger piece of legislation, passed by Congress, and signed by President Obama. The HEARTH Act accomplished the first comprehensive overhaul of the U.S. Department of Housing and Urban Development's (HUD's) homelessness programs in 15 years. During that time, HUD had changed the process for distribution of funds from its homelessness programs, and the homeless assistance field had grown and advanced, with a new focus on reducing the incidence of homelessness and even ending it.

This article briefly traces that history, describing how the HEARTH Act brought the underlying statutory framework into alignment with actual practice and prepared for future development. Achievement of the HEARTH Act's ambitious goals will require a research agenda that is challenging and important, and that research agenda is discussed at the end.

The Law and Practice Before HEARTH

Before the HEARTH Act passed, Title IV of the McKinney-Vento Homeless Assistance Act included authorization for a number of different competitive grant programs, with similar purposes and serving similar clienteles. Differences included the kinds of entities that could be funded, program designs, length of initial grants, and whether capital costs could be covered. The plain statutory language contemplated program operators applying to HUD for funding and HUD making decisions based on the strength of the applications. This process is indeed how the programs worked in the early years of McKinney-Vento.

In addition to awarding these competitive grants, HUD distributed the Emergency Shelter Grant (ESG) by formula to state and local governments, mostly to pay for emergency shelters.

Beginning in the mid-1990s, HUD and Congress began to make changes in the way these programs were administered, although without any major changes to the underlying statute. The most important change was the consolidation of the application process and funding for the competitive grants, using the following elements of the continuum-of-care approach.

- Instead of individual programs competing, entire communities competed against each other.

- The need for homelessness assistance and the quality of the continuum of care were the criteria used in the competition.

- Need was determined through a formula that was in most aspects the same as the ESG formula.

- Within communities, local decisionmakers rated individual projects by priority. Communities had broad discretion over their decisionmaking process and the substantive criteria employed. Based on the amount of money available from appropriations and the community's score in the competition, HUD would fund programs beginning at the top of the community's priority list and continuing down the list as far as that community's funding extended.

- The scoring system gave some preference to each community's renewal amount—the amount necessary to fund existing projects at their current level.

Congress also made changes to the system.

- It set a minimum amount (in general, 30 percent) that was to be used for permanent housing.

- It regularly increased funding, even in years such as the early-to-mid 2000s, when many HUD and other domestic programs were having their funding reduced.

- It pushed for better quantification of the issue. Congress funded local homeless management information systems that enable communities to track movement through their homeless systems. HUD required communities to count homeless people on a specific date every 2 years; many communities, seeing the benefits, made it an annual event.

Outside of these specific policy changes, other developments, including the following, changed the way people were looking at and responding to homelessness.

- Research on homelessness by Dennis Culhane and others confirmed two key points. The first is that homeless people are not all the same but are instead a diverse group and particularly have different experiences of homelessness. Most remain homeless for only a few weeks or months, but a distinct group remains homeless for much longer periods of time. The second is that, for people with severe disabilities, a model based on permanent supportive housing can end their homelessness for little net cost to taxpayers (Culhane, Metraux, and Hadley, 2002; Kuhn and Culhane, 1998).

- Other research and the experience of a few leading communities showed the efficacy of a *rapid rehousing approach*, particularly for homeless families. That approach is to use small amounts of money to pay move-in expenses and a few months' rent to get people out of shelters, then work intensively on employment-related services to get them in a position to afford rent on their own at the end of that period. This model was the key to large reductions in family homelessness in communities that implemented it (NAEH, 2012, 2006a, 2006b).

- In February 2002, the Bush Administration announced the goal of ending chronic homelessness (defined as unaccompanied individuals with disabling conditions living in shelters or on the streets for 1 year or more or repeatedly)(GP0, 2003). As part of this initiative, the Administration revitalized the United States Interagency Council on Homelessness, and the council's staff worked to promote the idea that local communities should adopt plans to end homelessness in 10 years, using the timeframe first set out by the National Alliance to End Homelessness in 2000 (NAEH, 2000). Hundreds of communities adopted such plans.

- Leading communities began to focus specifically on the number of homeless people and to adopt proven strategies for reducing this number. Because of the adoption of more effective practices at the local level and a positive economic situation, homelessness declined in the United States by 70,000 to 80,000 people from the first official point-in-time count in January 2005 through the second biennial national count in January 2007 (HUD, 2007, 2005; NAEH, 2009).

The HEARTH Act

The new bill emerged in this context. An early version was introduced by Senator Jack Reed in 2001. Other versions were introduced in the next three Congresses by Senator Reed and his cosponsors and in the House by the late Representative Julia Carson and her cosponsors. After several years and extensive negotiation to resolve a range of issues, the final version of the HEARTH Act was attached to a larger housing bill and passed Congress in early 2009.

For the most part, the HEARTH Act codifies the continuum of care as it had evolved over the previous decade. HUD's homelessness programs were widely regarded as well run and accomplishing a good purpose, and no push was made for any kind of fundamental alteration. The act, however, did make some changes, summarized as making the programs more about the goal of ending homelessness, not merely managing the problem.

The following changes were the most important in the act.

- **ESG changes.** The ESG formula grant was renamed the Emergency Solutions Grant, and eligible activities were expanded to include funding of activities for rapid rehousing and emergency homelessness prevention. A minimum of 20 percent of appropriated funds was set aside for ESG (unless Congress appropriated insufficient funds to both set aside 20 percent and fund existing projects at their current levels), and the amount that could be used for shelters was essentially capped at the pre-HEARTH amount, requiring that additional funds be used for the new ESG activities.

- **Using the competition to incentivize behavior.** The bill included great detail about selection criteria for the competitive continuum-of-care grants. These criteria were largely designed to reward communities that achieve better outcomes, so they included the number of people who become homeless, how long they stay homeless, and operational details such as the amount of matching funds brought in, coordination with other antipoverty programs, and the quality of the communities' planning to end homelessness and methodology for making priority decisions.

- **Bonuses for effective practices.** The act provided HUD with statutory authority to provide bonuses to communities that wish to implement practices that have proven effective. This authority replicates and somewhat expands HUD's previous practice of providing bonuses for new permanent supportive housing projects. The act allows for bonuses for permanent supportive housing for chronically homeless people, rapid rehousing for families with children, and other program models that research may demonstrate to be effective.

- **Protecting teenage family members.** The act prohibits programs that serve families with children from excluding children younger than 18 based on their age or gender.

- **Matching funding.** The act eliminates the previous complicated array of different matching requirements and substitutes a single, 25-percent matching requirement for all activities, with the single exception that funds used for leasing do not need to be matched. (No matching requirement existed for leasing under previous law.) The act also enables HUD to apply the 25-percent matching requirement to the entire continuum of care, rather than to each individual project within the continuum. Match amounts may include those funded by federal programs other than HUD's homelessness programs, and they may be in cash or in kind, although in-kind matches must be backed up by a memorandum of understanding providing that the services will be available.

- **Continuumwide administrative funding.** The act generally increases allowable funding for administration and for the first time funds administration of the entire continuum of care, not only individual projects.

- **Unified funding agencies.** The act provides additional administrative funds for communities where one entity receives a single grant from HUD and distributes the funding to other programs in the community.

- **Some expanded eligibility.** The act somewhat expands the ability of communities to use continuum-of-care funding for people who are living in houses or apartments but whose

housing situation is not stable. The most significant change in this regard was to make more ESG funding available for prevention, including for people who are not homeless. Under certain circumstances, some continuum-of-care funds can be used for children and families who are not homeless as defined by the HEARTH Act, but who are homeless as defined by other federal programs, including families that are living in the home of another because of economic hardship or loss of housing.

- **More expanded eligibility if certain touchstones are accomplished.** In a number of circumstances, the HEARTH Act allows for continuum-of-care funding to serve people who are not homeless but who are at risk of homelessness. These circumstances include when the community meets certain performance measures that qualify it as a high-performing community. In addition, if a community's rate of homelessness is less than one-tenth of 1 percent, then all continuum-of-care funds can be used for people who are at risk of homelessness. Finally, if HUD offers the previously referenced bonus for an effective practice, and if a community has already implemented that practice for everyone in the group for whom it is targeted, then the community may receive the bonus but use it for any eligible activity, including prevention.

- **Authorized amount of funding.** The act authorizes substantially increased funding of $2.2 billion for fiscal year 2010, although the amount of funding was to be determined by the appropriations process. To date, Congress has not increased funding to more than approximately $1.9 billion, thus making it unlikely that some other parts of the HEARTH Act, such as a new variant of the continuum of care specifically for rural areas, will be implemented soon.

These details add up to a change in approach that can be summarized by four shifts in what is funded and encouraged.

- **Programs to systems.** The act continues the move begun with the continuum of care, to go beyond funding and evaluating a collection of programs in a community and instead to adopt a systems approach. This approach is evident in the way administrative costs are funded, in the way the match requirement is organized, and in the way homeless assistance is evaluated.

- **Activities to outcomes.** The act streamlines funding, eliminates several requirements, and shifts the emphasis from activities and compliance to achieving outcomes, particularly moving people quickly out of homelessness and into housing. Outcomes are rewarded through the competitive process.

- **Shelter to prevention.** The act concentrates on housing for people who are homeless, but it also gives communities more opportunity to operate programs that prevent future homelessness. This opportunity is particularly evident in provisions that allow for the use of the expanded ESG program for prevention activities and is carried further by provisions allowing for continuum-of-care resources to be used for prevention in communities that have made the most progress toward rehousing homeless people.

- **Gradual rehousing to rapid rehousing.** Instead of helping people slowly transition out of homelessness by fixing other problems, the act places more emphasis on rapid rehousing. The phrase "housing first" is appropriate for describing the HEARTH Act's approach to homelessness.

Other Developments

Late in the process of the HEARTH Act's movement through Congress, the recession hit, and the federal government's response included the Homelessness Prevention and Rapid Re-Housing Program (HPRP), one-time money to state and local government that used the exact language that had appeared in early versions of what became the HEARTH Act. The HPRP program meant that these models of rapid rehousing and homelessness prevention were tested and used in virtually every community in the country.

The interim rule provided helpful clarification on a vast range of difficult technical issues. The rule generally promotes the large policy changes in the HEARTH Act. A key example is how it fleshes out the requirement that communities develop a system of coordinated assessment.

Issues for Research

Looking forward, the HEARTH Act gives rise to a number of key questions for researchers. Answers to these questions will help HUD, Congress, and local communities implement the act most effectively and move closer to the goal that the act contemplates—an end to homelessness in the United States.

- **Are the numbers going down?** The regular reporting of the number of homeless people by locality and state has helped policymakers understand the effects of these programs.

- **Are they going down more in places that are enacting certain approaches?** An important task for researchers is to operationalize the adoption of program models in communities, and then compare the effects on homelessness when communities adopt various arrays of interventions.

- **What are the right interventions for whom?** A better understanding is needed of what it takes to end homelessness for people with different characteristics. The goal is to provide precisely the right amount of help to each person to allow that person to be securely housed and no longer homeless—no less, but also no more. That is the way to house the greatest number of people with limited financial resources. To achieve this goal will require different levels of intensity of assistance for people with different levels of disability, barriers to work, and other difficulties.

- **For whom does prevention work?** Experience with homelessness prevention funded by HPRP indicates that, as with other efforts to prevent some problem, a certain amount of *overshot* will persist in homeless prevention programs: services provided to people who would have found some way to avoid homelessness had they not received the help. Cost-effective homelessness prevention programs will require a better understanding of who is most likely to become homeless if they do not receive help. Some factors involve demographics, disabilities, family composition, or other risk factors. Even less work has been done to identify a taxonomy of housing crises that allows for some sense of which crises are very likely to lead to homelessness. As the HEARTH Act allows for more communities to experiment with prevention, these kinds of questions will demand answers.

Acknowledgments

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