



NATIONAL LOW INCOME
HOUSING COALITION

*Dedicated solely to ending America's
affordable housing crisis*

THE CONTINUUM OF CARE PLAN

And

THE TEN YEAR PLAN TO END CHRONIC HOMELESSNESS

Potential Tools in the Affordable Housing Preservation Toolbox

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The Continuum of Care Plan and The Ten Year Plan to End Chronic Homelessness

Potential Tools in the Affordable Housing Preservation Toolbox

The Continuum of Care is HUD's local planning process involving multiple stakeholders in assessing the needs of homeless people and devising a plan for delivering housing and services to meet those needs. The idea of Ten-Year Plans to End Chronic Homelessness is an initiative of the Bush Administration that, while not directly tied to the Continuum of Care Plan, is reflected in HUD guidance pertaining to applications for McKinney-Vento Homeless Assistance programs.

This *Toolbox* guide presents a sketch of the Continuum of Care Plan and the process for creating it. The guide is not meant to be a comprehensive introduction to the Continuum of Care; rather, its focus is on potential ties to preserving the stock of federally-assisted affordable permanent housing serving homeless people.

Compared to the Consolidated Plan, PHA Plan, and Qualified Allocation Plan (see companion *Toolbox* guides) the Continuum of Care Plan offers few hooks for advocates to use in an attempt to preserve federally-assisted housing. There are two reasons. First, the Continuum of Care Plan, while a plan, is also an application for the three McKinney-Vento federal homeless assistance grant programs that have characteristics that do not raise major preservation concerns. Second, there are no statutory or regulatory obligations tied to the Continuum of Care Plan.

Nevertheless, advocates concerned about preserving the stock of federally-assisted housing serving homeless people should be alert to any potential problems. Also, if advocates can get language about preserving non-homeless federally-assisted housing in the Continuum of Care Plan, that language might win extra points in the competition for McKinney-Vento homeless assistance funds.

What Is the Continuum of Care Plan?

“Continuum of Care” is an umbrella term that covers a planning process involving all stakeholders in the creation of a plan to prevent and end homelessness, concretely realized in an application to HUD for funds from the “McKinney-Vento” programs (see the Appendix). The Continuum of Care is HUD's local planning process involving government agencies, service providers, and advocates who meet to assess the needs of homeless people and to devise a plan for delivering housing and services to meet those needs. Once a plan is developed, “the Continuum” or “the CoC,” as these planning bodies are generically called, apply for HUD McKinney-Vento homeless assistance funds to develop and/or operate transitional housing, supportive services, and permanent housing for homeless people.

HUD created the Continuum of Care process in 1994 to foster a single, coordinated, comprehensive planning process to create long-term solutions to the problem of homelessness, and to serve as an application mechanism to apply for HUD homeless assistance program funds. Prior to implementing the Continuum of Care process, nonprofits and local governments independently submitted separate applications for each of the three McKinney-Vento homeless programs (described in the Appendix).

HUD defines Continuum of Care Plan in its *Guide to Continuum of Care Planning and Implementation* (referred to as the *Guide* for the rest of this paper):

A Continuum of Care Plan is a community plan to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency. It includes action steps to end homelessness and prevent a return to homelessness.

HUD's 2006 Notice of Fund Availability (NOFA, see next paragraph for more information) defines Continuum of Care (CoC) as:

A collaborative funding approach that helps communities plan for and provide a full range of emergency, transitional, and permanent housing and service resources to address the various needs of homeless persons.

There is no law requiring a Continuum of Care; rather, it is simply a HUD-created policy intended to correct for a previous lack of strategic planning which often led to duplication of efforts and gaps in coverage at the local level. There are no regulations for the Continuum of Care either; instead, each year HUD publishes a Notice of Fund Availability (NOFA) which sets out minimum threshold requirements and indicates factors for scoring points in the competition to secure McKinney-Vento funds. Requirements and scoring factors can change from year to year.

Who Are the Key Players in the Continuum of Care Plan?

Most Continuums are organized by either a local government agency or a large community nonprofit. Continuum of Care "systems" decide what geographic area they cover. A CoC can cover any geographic area that makes sense to local stakeholders; for example, a CoC can cover a city, a city and its suburbs, the suburbs surrounding the city, a county or multiple counties, a metro area, or a state.

The Continuum of Care planning process is a community-wide or region-wide effort involving nonprofits, government agencies, public housing agencies, community-based organizations, other homeless providers, service providers, housing developers, homeless and formerly homeless people, school systems, businesses and business associations, funding providers, law enforcement agencies, and other public and private entities.

HUD's *Guide* suggests that many types of stakeholders be involved, and includes a long list of potential participating entities (see "Step 1" and Worksheet W-4).

The 2006 Continuum of Care NOFA explains that an application will receive a higher score if these parties are included in the Continuum of Care and are involved in the decision making. There are three charts in the 2006 NOFA asking applicant CoCs to list all participating groups, subpopulations they represent (e.g., domestic violence victims, persons with HIV/AIDS, etc.), along with their roles on subcommittees and primary decision making bodies.

What's In the Continuum of Care Plan?

This *Toolbox* guide is not meant to be a comprehensive introduction to the Continuum of Care; rather, its focus is on potential ties to preserving the stock of federally-assisted affordable permanent housing serving homeless people.

The Continuum of Care Plan is a long-term strategic plan to prevent and end homelessness. It is a plan to address the gaps detected between the identified needs of homeless individuals and families (including subpopulations with special needs) and the housing and services available and accessible to them.

The requirements in the application to HUD (the NOFA) for McKinney-Vento funds will vary from year to year. In general, HUD will ask for an assessment of needs and an inventory of the housing and services available to address those needs, all itemized by emergency shelter, transitional housing, and permanent housing. From this the gap in housing and services can be identified. The needs, inventory, and gaps are reflected in both narratives and charts.

HUD's *Guide* notes that "Determining gaps and their relative priority are fundamental steps in the Continuum of Care planning process. Decisions regarding the relative priority of gaps (i.e., low, medium, and high) are the basis for developing strategies to deploy new resources or re-deploy existing resources to best assist people who are homeless to obtain and maintain permanent housing and self-sufficiency" (see "Step 3"). Some qualitative criteria to consider when assigning relative priority to unmet needs are also offered (Step 3, page 22).

The 2006 NOFA does not clearly stress the importance of setting priorities. However, it does indicate that points will be awarded to an application that proposes projects consistent with the identified unmet needs and completes a "Project Priority Chart." That Chart, however, merely asks an applicant to list the projects for which they are seeking funding in the order of priority the applicant would like them funded. There is no chart or required narrative asking an applicant to indicate the relative priority assigned to various unmet needs. Advocates will want to be actively engaged in the Continuum of Care process to ensure their priorities are accurately reflected.

What is the Ten-Year Plan to End Chronic Homelessness?

There is no law, regulation, or Executive Order creating Ten-Year Plans to End Chronic Homelessness. The idea is an initiative of the Bush Administration, is promoted by the Interagency Council on Homelessness, and gets reflected in the requirements and scoring points in NOFAs pertaining to McKinney-Vento Homeless Assistance programs. The Interagency Council reports that, as of September 1, 2006, over 200 mayors and county executives have committed to Ten-Year Plans to End Chronic Homelessness.

The 2006 NOFA defined a “chronically homeless person” as:

An unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or who has had at least four episodes of homelessness in the past three years. A disabling condition is defined as a “diagnosable substance use disorder, serious mental illness, developmental disability, or chronic physical illness or disability, including the co-occurrence of two or more of these conditions.

The 2006 NOFA declared that ending “chronic” homelessness is a priority of the Administration. It “strongly encourages” CoCs to use the funds available in the 2006 NOFA to target persons experiencing chronic homelessness. In addition, in 2006 HUD targeted 10% of the FY2006 McKinney-Vento Appropriation to projects with a 70% chronic homeless clientele.

The introduction of the 2006 NOFA’s general description of the criteria HUD will consider stated that an application will receive a higher score if it demonstrates, among other features, that the Continuum of Care Plan integrates any “other jurisdictional ten-year plans” and that the CoC has a strategy to achieve the goal of ending chronic homelessness.

In the detailed presentation of the various criteria, the NOFA explained that HUD’s review of an application will consider whether a CoC has a “10-year strategy for ending chronic homelessness...” and whether it is “integrated with other ten-year plans in the community to eliminate chronic homelessness (if applicable)...” Chart N for the 2006 NOFA was the means by which applicants could address this. The NOFA referred applicants to supplemental “Questions and Answers” for further guidance on all aspects of the application process. On a second set of Q&As (following a March 28, 2006 web cast) HUD clarified that Chart N refers to a CoC 10-year plan to end chronic homelessness, not to a “separate jurisdictional plan.”

Preservation of Federally-Assisted Housing and the Continuum of Care Plan

Compared to the Consolidated Plan, PHA Plan, and Qualified Allocation Plan (see *Toolbox* companion guides) the Continuum of Care Plan offers few hooks for advocates to use in an attempt to preserve federally-assisted housing. There are two reasons. First, the Continuum of Care Plan, while a plan, is also an application for the three McKinney-Vento federal homeless assistance grant programs that have characteristics which do not raise major preservation concerns. Second, there are no statutory or regulatory obligations tied to the Continuum of Care Plan.

Preservation of housing assisted with one of the McKinney-Vento programs is not a significant problem because virtually all assisted projects are owned by nonprofits or public agencies. However, some nonprofits have reportedly had difficulty continuing to operate a facility assisted with a Supportive Housing Program (SHP) grant for 20 years when required by the grant agreement (see Appendix). Advocates will want to identify SHP projects that received funds for acquisition, rehab, or new construction and monitor their well-being, particularly those projects reaching the end of their 20-year use restriction.

HUD is currently urging CoCs to shift McKinney-Vento activities away from a service-dominated approach to one of creating permanent supportive housing. Since 1999, Congress has required that at least 30% of the total amount of homeless assistance grants finance permanent housing for all homeless populations. In addition, the 2006 NOFA awarded extra points for applications with higher percentages of funds requested for transitional or permanent housing, in comparison with services. Twenty years or so from now, these SHP projects will need to be on advocates' radar to ensure that they remain in the inventory.

Although there are no regulatory hooks in the Continuum of Care Plan and process, there might be an incentive for a CoC to contain language discussing the preservation of non-McKinney-Vento federally-assisted housing. Because communities are competing with each other to win McKinney-Vento funds, every little feature can have an impact. One set of criteria HUD typically identifies in NOFAs pertains to the overall quality of a CoC's planning efforts to prevent and end homelessness. A strong preservation component included in a Continuum of Care Plan might be judged a "quality" factor and could lead to a better score and therefore more money from HUD for homeless assistance. One aspect of that "quality" CoC planning indicated in the 2006 NOFA was the extent to which the Continuum of Care Plan integrates the Consolidated Plans of the jurisdictions in the CoC's community. If Consolidated Plans contain preservation priorities and the Continuum of Care Plan reflects those priorities, then the Continuum of Care application might be awarded extra points from HUD.

Getting Involved

Advocates not already participating in the CoC should consider getting involved. HUD's list of local CoCs is at www.hud.gov/offices/adm/grants/nofa06/cocnames.pdf. To find out which agency is coordinating the CoC, contact major homeless assistance advocates or providers in your community, or contact HUD's Office of Special Needs Assistance Programs ("SNAPS" office) within the Community Planning and Development office (www.hud.gov/local/).

Learn the dates and topics of upcoming CoC planning meetings and when the next HUD NOFA is likely to be issued (generally March or April). Be sure that you and your allies are able to meaningfully participate in assessing needs, assigning priorities, and designing programs.

For More Information

- HUD's Continuum of Care Resources page is www.hud.gov/offices/cpd/homeless/library/coc/index.cfm.
- HUD's *Guide to Continuum of Care Planning and Implementation* is at www.hud.gov/offices/cpd/homeless/library/coc/cocguide/.
- To find the current NOFA go to www.hud.gov/offices/cpd/homeless/programs/index.cfm.
- 2006 CoC NOFA page is at www.hud.gov/offices/adm/grants/nofa06/grpcoc.cfm.
- 2006 CoC NOFA specific instructions are at www.hud.gov/offices/adm/grants/nofa06/cocsec.pdf.
- The Technical Assistance Collaborative has an excellent overview of the Continuum of Care and the McKinney-Vento programs, (focusing on people with disabilities), in a special edition of *Opening Doors* (Issue 13, March 2001). "Permanent Housing and HUD's Continuum of Care" is available at www.tacinc.org/Pubs/ODpubs.htm#13.
- HUD's homeless assistance web page is the link to more information about the McKinney-Vento programs at www.hud.gov/offices/cpd/homeless/index.cfm.
- The Interagency Council on Homelessness web site is www.ich.gov/.

Appendix

The McKinney-Vento Homeless Assistance Programs

There are three McKinney-Vento Homeless Assistance programs.

The **Supportive Housing Program (SHP)** is designed to develop supportive housing and provide services that help homeless people live as independently as possible. Funds can be used to help pay for: acquisition of a structure used to provide supportive housing or services; rehabilitation of such structures; leasing such structures; new construction of supportive housing (only) provided the applicant can show that new construction is less costly than rehab or that there is a lack of available housing suitable for rehab; operating costs of supportive housing; and, supportive services.

SHP funding for acquisition, rehabilitation, or new construction is limited to a maximum of \$400,000 per project, must be matched dollar for dollar, and can not exceed 50% of total development costs. SHP operating subsidy grants are for one to three years (renewable) and can cover up to 75% of operating costs.

When SHP helps to finance acquisition, rehabilitation, or new construction, the project must be operated for at least 20 years for the purpose specified in the application. During this 20-year period, participants living in an assisted structure can not be required to pay more than 30% of their income for rent. If a structure is used for less than 10 years, the grantee is required to repay all of the SHP funds. For each year after 10 years, the repayment obligation is reduced by 10%. Homeless advocates note that most SHP projects are owned and operated by nonprofits; consequently, most SHP projects are maintained as supportive housing for more than 20 years.

HUD's web page for SHP is www.hud.gov/offices/cpd/homeless/programs/shp/.

The **Shelter Plus Care Program (S+C)** provides permanent supportive housing through rental assistance for hard-to-serve homeless people who have disabilities. The supportive services come from other sources and are required to match the S+C rental assistance. Only government agencies and public housing agencies can apply for S+C; however, nonprofits can be "sponsors," working with a government entity to apply for S+C rental assistance and subsequently provide the matching supportive services, or leasing housing and then subleasing to homeless people with disabilities. Residents pay 30% of their income for rent and supportive services.

The rental assistance can be tenant-based, project-based, "sponsor"-based, or tied to Single Room Occupancy (SRO) units. Rental assistance contracts have five-year terms in tenant-based and sponsor-based projects; five to ten year terms in project-based units, depending on the amount of rehab done per unit (\$3,000 for a 10-year commitment); and, 10-year commitments for the SRO program when moderate rehab is undertaken. Renewal of contracts is possible and the HUD funding formulas favor renewals.

HUD's web page for S+C is www.hud.gov/offices/cpd/homeless/programs/splusc/.

The **Section 8 Single Room Occupancy (SRO) Program** is similar to the S+C SRO component, however it is not limited to people with disabilities and does not require the provision of supportive services. Under this program, HUD enters into an Annual Contributions Contract (ACC) with a public housing agency (PHA) in connection with the moderate rehabilitation (minimum of \$3,000 per unit) of an SRO. The PHA makes Section 8 rental assistance payments to the SRO owner on behalf of a homeless individual (not necessarily one who is disabled). The rental assistance is for a period of ten years.

HUD's web page for the Section 8 SRO program is www.hud.gov/offices/cpd/homeless/programs/sro/.

A helpful table distinguishing the S+C SRO and Section 8 SRO programs is at www.hud.gov/offices/cpd/homeless/library/spc/understandingspc/attachmentb.cfm.