

**Chicago Alliance to End Homelessness’
Comments on the Continuum of Care Interim Rule
*September 2012***

Thank you for the opportunity to submit comments on HUD’s interim rule for the Continuum of Care Program as part of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The Chicago Alliance to End Homelessness works to create, support, coordinate, and sustain effective strategies to prevent and end homelessness in Chicago. As the collaborative applicant for HUD homeless assistance funding, the Chicago Alliance is a key player in administering over \$54 million that Chicago receives annually to provide housing and services to individuals and families experiencing homelessness. The following recommendations represent the views and opinions of the staff of the Chicago Alliance to End Homelessness.

Definitions: Permanent Housing (§578.3)

HUD specifically requested comments on requiring a lease for a term of at least one year to be considered permanent housing. The Chicago Alliance believes this definition is too restrictive and should be reduced to “a term of at least six months.” In our experience in implementing the Homeless Prevention and Rapid Rehousing Program in Chicago, many landlords were hesitant to rent to clients with problematic rental history and were more likely to “take a chance” on HPRP clients if they only had to sign a six-month lease. Since rapid rehousing is now included in the definition of permanent housing and is, by its very nature, a time-limited housing intervention, HUD should only require leases of at least six months.

Overview of Application and Grant Award Process (§578.17)

HUD specifically requested comments on the method outlined in the interim rule to reduce the total amount required to renew all projects when funding is not sufficient. The Chicago Alliance agrees with HUD that the most fair and equitable method is to reduce funds proportionally across all Continuums of Care, if it should become necessary. However, the Chicago Alliance urges HUD to prioritize renewal programs in its funding allocation since one of the primary purposes of the Continuum of Care program is to “quickly rehouse homeless individuals and families, while minimizing the trauma and dislocation caused ... by homelessness” (§578.1). De-funding renewal programs will weaken our community’s housing infrastructure and only contribute to the trauma and dislocation caused by homelessness.

Renewals (§578.33)

HUD states that it may terminate the renewal of any grant if the recipient fails to submit the Annual Performance Report (APR) for the grant ending immediately prior to the renewal. However, in Chicago, due to contract timing, some renewal contracts will need to be executed before the APR for the immediately preceding grant is due. The Chicago Alliance asks that HUD clarify this rule in the final

regulations to state that renewal grants can be executed on time, but may be cancelled if the agency fails to submit a timely APR for the prior grant.

Continuum of Care Planning Activities (§578.39)

As the collaborative applicant for HUD homeless assistance funding in Chicago, the Chicago Alliance is looking forward to implementing the Continuum of Care planning activities as outlined in the interim rule. We urge HUD to expedite the grant agreement process with collaborative applicants, where possible, so communities can begin implementing these activities as soon as possible. Many of the HEARTH Act's most essential components (including the focus on outcomes, coordinated access, and system-wide planning) will require additional resources and we hope to not wait a full year to get started.

Leasing (§578.49)

The Chicago Alliance is extremely concerned about the new regulation stating that leases must be held between the grant recipient or sub-recipient and the landowner. Chicago has worked hard to implement housing best practices in all of our HUD projects, including having participants hold the lease in their own name. Clients' holding their own lease promotes autonomy and integration into the community; builds positive credit and rental history; and allows clients to sustain the lease when they are ready to graduate from the program. Furthermore, providers anticipate that the additional risk and liability of holding a large number of leases in the agency's name would place an extreme and undue financial burden on them. On behalf of both clients and providers, we strongly urge HUD to remove this requirement and allow leasing funds to be used when the lease is directly between the landlord and the program participant.

Additionally, the Chicago Alliance seeks clarification in the final regulations on the statement that leasing funds may be used "to pay for 100 percent of the costs of leasing a structure or structures...for up to 3 years." We agree with this statement, if after 3 years, the funds will continue to be eligible for those purposes. However, we are concerned that the language could be interpreted to mean that after 3 years, leasing is no longer an eligible activity for the project.

Rental Assistance (§578.51)

The Chicago Alliance is concerned about the new requirement for rental assistance to be "administered by a State, unit of general local government, or a public housing agency." While we understand that this is a requirement of the HEARTH statute, we are also concerned that this will prove to be an ineffective process for providing rental assistance. In Chicago's experience of implementing Shelter Plus Care, public agencies have not been able to pay landlords in a timely manner on a consistent basis. Non-profit providers do a much better job at reducing bureaucracy and red tape, and keeping rental assistance operating in an efficient manner. To make the most effective use of HUD's limited dollars and to get more people housed quickly, we urge HUD to challenge Congress on this requirement. An amendment

to the HEARTH Act is necessary that would allow, at the very minimum, for public agencies to sub-contract to non-profit providers to deliver rental assistance.

In addition, the Chicago Alliance requests that rapid rehousing projects be eligible for leasing dollars, as opposed to being restricted to rental assistance. The match requirement for rental assistance places a large burden on providers and will hinder our Continuum of Care's ability to put new resources and transition current resources into rapid rehousing, a new best practice for permanent housing.

The Chicago Alliance applauds HUD for allowing recipients to use excess rental assistance funds to serve a greater number of program participants or to cover the costs of rent increases. On many occasions, resourceful Chicago providers are able to negotiate with landlords for rents that are lower than Fair Market Rent. To be able to use these savings to house more people is sound policy and we look forward to implementing it.

Operating Costs (§578.55)

The Chicago Alliance requests that salary and benefits for operations staff be explicitly included as an acceptable use of operating dollars. Under the old regulations and SHP Desk Guide, operating dollars could be used for the salaries of non-direct service staff. The old regulations state that Operating Costs (§583.125) are those that, "...include the actual expenses that a recipient incurs for conducting on-going assessments of the supportive services needed by residents and the availability of such services." The SHP Desk Guide explicitly lists "operations staff" as an eligible cost. Omitting this category from the interim regulation places a high burden on renewal projects that fund critical positions with operations funds, and also undercuts the importance of non-direct service staff to the successful operation of a housing program.

Conflicts of Interest (§578.95)

The Chicago Alliance is concerned about the new conflict of interest standard established in the interim regulation: "No board member may participate or influence discussions or decisions concerning the award of a grant or other financial benefits for an organization that the member represents." While the Chicago Alliance takes conflict of interest very seriously, we also recognize that conflicted members of the Continuum board bring expertise and experience to the table and should not be excluded from the *discussion* about funding decisions. Rather, we believe a sufficient restriction would be to require conflicted board members to recuse themselves only from any *decision* concerning their organization.

Thank you for considering our comments. If you would like to discuss these recommendations further, please contact Nicole Amling, Director of Public Policy, at (312) 379-0301, ext. 31, or namling@thechicagoalliance.org.