

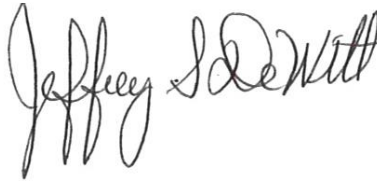
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** January 3, 2018

**SUBJECT:** Fiscal Impact Statement – Homeless Services Reform Amendment Act of 2017

**REFERENCE:** Bill 22-293, version that passed at final reading on December 5, 2017

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**This updated fiscal impact statement replaces the statement we issued December 4, 2017. It reflects amendments to the bill that passed at final reading.**

**Conclusion**

Funds are not sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill will cost \$451,000 to implement in fiscal year 2018 and \$2,547,000 to implement over the four-year budget and financial plan.

**Background**

The bill updates<sup>1</sup> the laws governing the city's services for individuals and families that are homeless or at risk of homelessness. These services comprise the "Continuum of Care" and are provided by the Department of Human Services (DHS).

Below we outline the changes the bill makes.

**Definition updates**

The bill updates the definition of "homeless," and adds definitions for "at risk of homelessness," "chronically homeless," and "at risk of chronic homelessness," in order to align the D.C. Code with guidance from the U.S. Department of Housing and Urban Development and to clarify current practice.

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<sup>1</sup> By amending the Homeless Services Reform Act of 2005, effective October 22, 2005 (D.C. Law 16-35; D.C. Official Code § 4-751.01 et seq.).

To be "at risk of homelessness" an individual or family must have an income below 40 percent of the median family income for the Washington metropolitan area.<sup>2</sup> This will broaden the eligibility for DHS's Emergency Rental Assistance Program (ERAP) which is currently defined in terms of the federal poverty level.<sup>3</sup>

"Chronically homeless" will include people who have been residing in an institution, such as a hospital, psychiatric institution, jail, or prison, who were chronically homeless before entering the institution.

#### Changes to eligibility and residency requirements

The bill changes the proof of residency requirements for people seeking Continuum of Care services from DHS.<sup>4</sup> Currently, a person must prove they are a D.C. resident, and therefore eligible for services, by providing one of the following: a mailing address in the District valid within the past two years; evidence that the person or their family has applied for or is receiving public assistance from the District; evidence that the person or a family member attends school in the District; or written verification by a third party that the person is a District resident. The bill gives potential clients more ways to prove residency by lengthening the list of acceptable documents to thirteen<sup>5</sup>, but in some cases it makes residency harder to prove. The use of a mailing address will be limited to addresses on documents from the Social Security Administration; evidence of public assistance will include only the receipt of benefits, not an application for benefits; and third-party verification must be accompanied by additional documentation.

In addition, the bill clarifies that people applying for severe weather shelter have three days to prove they are residents.

The bill requires the Mayor to waive proof of residency for domestic violence victims, sexual assault victims, human trafficking victims, refugees, and asylum seekers. Currently if a person in one of these categories comes to DHS's shelter intake center, the center will refer the person to a community agency that provides services tailored to the person's needs, regardless of the person's jurisdiction of residence. If the community agency cannot immediately assist the person, or if the shelters the agency uses are full, the person will be placed in the D.C. homeless shelter system. The bill will not change this practice but will codify it since current D.C. Code allows, but does not require, the Mayor to waive proof of residency for victims of domestic violence, sexual assault, and human trafficking. The D.C. Code is silent on the residency requirement for refugees and asylum seekers.

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<sup>2</sup> Unless a person is being served by a DHS program that receives federal funding. In that case, the income threshold to qualify as "at risk of homelessness" will be 30 percent of the median family income for the Washington metropolitan area.

<sup>3</sup> To be eligible for ERAP currently, a family of four must make less than 125 percent of the federal poverty level, or \$30,750. Changing the eligibility threshold to 40 percent of area median income will increase the income ceiling for the program to \$44,100 for a family of four.

<sup>4</sup> Most homeless services from DHS require that a person prove they are a District resident, though entry into a low-barrier shelter does not require proof of District residency.

<sup>5</sup> The bill also gives DHS the ability to accept on a case-by-case basis any other document it deems acceptable.

The bill also allows the Mayor to deny services to anyone who owns or is listed on the lease of safe housing, unless the person can provide evidence that they cannot safely inhabit the housing. Victims of domestic violence, sexual assault, and human trafficking are exempt from this rule.

#### Re-determining eligibility and exiting clients

The bill allows the Mayor to re-determine eligibility for Continuum of Care services if she receives new and relevant information regarding a person's eligibility that is related to age, household composition, an absence longer than four days (without good cause), or housing status. If the Mayor receives other information regarding the eligibility of a client, she can re-determine eligibility once every 180 days. Clients can continue to receive current services while the Mayor is examining evidence to re-determine eligibility.

The bill allows providers of housing programs to exit clients when a client has reached the program's time limit, cannot be recertified to continue receiving services, and has received case management substantially all of their time in the program—or when the Mayor determines that a client is no longer eligible for services. Clients who are asked to exit will have the same notice and appeal rights as clients facing other types of service denials.

If a client is hospitalized or at an inpatient facility receiving psychological or psychiatric treatment, and the client receives notice of a transfer or suspension, termination, or discontinuation of services, their 90-day window for filing an appeal will begin once they are released from the facility.

#### Clarifications about services

The bill makes several clarifications about the goals of different services and which populations the services are intended for, such as:

- Which families will be served by Permanent Supportive Housing and which will be served by Targeted Affordable Housing;
- How Rapid Rehousing fits within the Continuum of Care and is distinguishable from permanent housing; and
- Medical respite beds are reserved only for people with acute and post-acute medical needs and are not to be used when a person no longer requires medical care. Discharge decisions shall be made only by a licensed medical professional. These decisions are exempt from the due process requirements for Continuum of Care services. The bill repeals temporary and emergency legislation that put in place nearly identical measures.

#### Additional rights for permanent housing clients

The bill gives additional rights to clients in permanent housing programs, and clarifies that it is the lease agreement, not participation in services, which dictates the client's right to stay in their unit. The bill requires that permanent housing units be inspected before a client moves into a unit, and a copy of the inspection report must be placed in the client's case file.

#### Reporting requirements

Beginning in February 2019, and every year thereafter, the Mayor must submit to Council a report with data on the Rapid Re-Housing Program. The report will include a number of metrics, such as the number of clients participating in the program; the number of clients that have exited the program

as well as their reason for exiting; the number that have moved into permanent housing, and the date of entrance into the program; clients' incomes when they enter the program and their income each month while in the program; the average value of the rental subsidy; the average portion of rent that clients are responsible for paying; case managers' caseloads; how often clients pay their rent late; the number of clients evicted from rapid rehousing units and the number of former clients evicted from permanent housing; and the rent burden of former clients.

### Housing stability support program

The bill requires DHS to establish a program to promote housing stability for individuals and families exiting the Rapid Re-Housing Program. The program will work with participating families and individuals to establish a strategy for housing stability, link participants to community resources such as the Temporary Assistance for Needy Families (TANF) employment program, and provide monthly life skills trainings. Participation in the program is voluntary.

### Other changes

Other changes the bill makes include:

- Clarifying the membership, appointment, process, roles, and responsibilities of the Interagency Council on Homelessness;
- Allowing Continuum of Care clients the right to associate and assemble peacefully;
- Requiring a provider of temporary shelter or transitional housing to provide 15 days' written notice before transferring or terminating an individual or family who has been absent for more than four consecutive days;
- Authorizing providers to transfer an individual or family when the provider is unable to continue operating due to loss of funding or loss of control of the facility; and
- Authorizing providers to make an emergency transfer of a client in the case of a loss of a unit arising from circumstances beyond the control of the provider or the DHS.

### **Financial Plan Impact**

Funds are not sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The bill will cost \$451,000 to implement in fiscal year 2018 and \$2,547,000 to implement over the four-year budget and financial plan.

The costs of the bill come from two sources: 1) requiring the Mayor to submit an annual report to Council with data from the Rapid Re-Housing Program; and 2) establishing a program to promote housing stability among former Rapid Re-Housing clients. To collect data and submit an annual report on Rapid Re-Housing to Council, DHS will need two FTEs. To manage and provide services for a housing stability program for former Rapid Re-Housing clients, DHS will need five FTEs<sup>6</sup>. In total, these seven FTEs will cost about \$700,000 a year once the new requirements are in place for a full year.

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<sup>6</sup> This estimate assumes that about 300 former clients will participate in the program each year and the case ratio will be one DHS staff member per 60 former clients. Rapid Re-Housing typically has a case ratio of 1:30, but DHS believes case management for the program for former clients will be less intensive than that for current clients.

<b>Cost of Implementing the Homeless Services Reform Amendment Act of 2017, Fiscal Years 2018 - 2021</b>					
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>Four-Year Total</b>
Rapid Re-Housing Data Collection and Reporting (Two FTEs)	\$129,000	\$196,000	\$200,000	\$203,000	\$728,000
Housing Stability Support Program (Five FTEs)	\$322,000	\$491,000	\$499,000	\$508,000	\$1,819,000
<b>Total Cost</b>	<b>\$451,000</b>	<b>\$687,000</b>	<b>\$699,000</b>	<b>\$711,000</b>	<b>\$2,547,000</b>

Table Notes

- Fiscal year 2018 costs are for eight months of the year (February 2018-September 2019); other fiscal year costs are full-year costs.
- Costs for Rapid Re-Housing data collection and reporting are salaries and fringe benefits for two FTEs Grade 12/4.
- Costs for housing stability support are salaries and fringe benefits for five FTEs Grade 12/4.
- We assume salaries and fringe benefit costs will increase by 1.7 percent a year.

Many of the bill's other provisions do not have a fiscal impact because they align the D.C. Code with current practice or give providers and clients rights that will not significantly change the services DHS provides.

Broadening the eligibility for ERAP to include people with incomes below 40 percent of the area median income will not have a fiscal impact. ERAP is not an entitlement program so program spending is limited by the amount of funds budgeted each year.

Requiring the Mayor to waive the residency requirement for domestic violence victims, sexual assault victims, human trafficking victims, refugees, and asylum seekers will not have a fiscal impact. This provision will not change current practice, though it will remove the Mayor's discretion to use residency requirements for these victims if she so chooses.<sup>7</sup> DHS believes removing discretion could increase the risk that a non-resident with a history of domestic violence could now be eligible for homeless services even if they are not currently fleeing domestic violence. However, data indicates that people with a history of domestic violence will not claim domestic violence status to receive a government benefit.<sup>8</sup>

A few of the bill's provisions could result in savings for DHS, but the savings are uncertain. Allowing the Mayor to re-determine eligibility for Continuum of Care Services and allowing providers to more easily exit some clients could result in lower expenditures on motel rooms and housing units. Likewise, making District residency harder to prove for some potential clients and allowing the Mayor to deny services to those with access to safe housing could decrease the number of people entering the Continuum of Care system, which could result in savings. However, since these new

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<sup>7</sup> Currently D.C. Code allows, but does not require, the Mayor to waive proof of residency for victims of domestic violence, sexual assault, and human trafficking.

<sup>8</sup> Starting in fiscal year 2014, claiming domestic violence allowed TANF clients to avoid having a greatly reduced benefit after receiving the benefit for more than five years. Currently, less than one percent of clients claim domestic violence status, which is lower than expected based on claims in other states and rates of abuse among TANF clients in D.C.

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FIS: Bill 22-293, "Homeless Services Reform Amendment Act of 2017," version that passed at final reading on December 5, 2017

policies have not yet been put into practice, it is unclear what their exact impact on the shelter and housing system will be, and potential savings could be offset by unforeseen increases in the Continuum of Care population due to factors unrelated to eligibility.