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	AGENCY NAME & ADDRESS	Mayor's Office of Human Services 100 N. Holliday Street, Room 250		
	SUBJECT	14-0159R – HUD Audit of the Homeless Prevention and Rapid Re-Housing Grant		

DATE: April 3, 2014

TO President and Members of the City Council
c/o Karen Randle, 409 City Hall

The Mayor's Office of Human Services (MOHS) is pleased to have the opportunity to respond to City Council Bill 14-0159R - HUD Audit of the Homeless Prevention and Rapid Re-Housing Grant.

Background

The **American Recovery and Reinvestment Act of 2009** (commonly referred to as **the Stimulus** or **The Recovery Act**), was an economic stimulus package enacted by Congress in February 2009. It included \$1.5 billion for the Homelessness Prevention and Rapid Re-Housing Program (HPRP) to prevent and end homelessness. The City of Baltimore was awarded \$9.5 million; this amount was awarded to address only a small slice of the needs of the homeless as identified in the Mayor's 10 Year Plan to address homelessness.

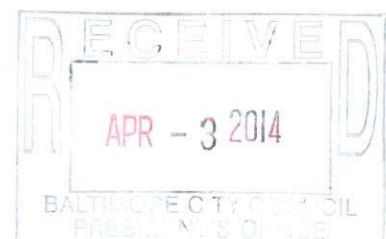
The HPRP funding was intended to address two key goals (1) to assist certain persons who were homeless, as well as persons at imminent risk of homelessness, and (2) to get funds quickly into the economy. The Baltimore Homeless Services Program (now a program within the Mayor's Office of Human Services) was responsible for requesting the proposed programs, enlisting the non-profit agencies within its Continuum of Care providers, and getting the stimulus money into the economy in three months. The City enlisted the assistance of the United Way of Baltimore City to expedite the process.

Findings

Close to \$6 million of the HPRP funding was used and DOCUMENTED in exactly the way that HUD has determined in its audit it should have been spent. However, HUD has called into question the documentation of \$3.7 million and seeks return of that money to the U.S. treasury.

What does this demand return for \$3.7 million mean? It means that the City did not provide the oversight and the documentation HUD believed was necessary to assure that the funds were spent on the exact population and the exact programs that the HPRP funds sought to address. It does not mean that the funds were not spent on the City's homeless population in valuable programs that got the City much closer to the goals of the Mayor's 10 year plan to end homelessness. It means that, instead of the Federal Government paying for those valuable programs, the City will now pay for those programs.

No fraud or misuse of funds was the subject of the investigation and no such finding was made. An example of a disallowed program is the utility assistance program run by the City's Community Action Partnership Centers in the amount of \$224,014. This amount was spent to assure continued gas and electric for residents so that housing remained "habitable" under State law thus clients would keep their housing. HUD disallowed these payments because it thought clients were not adequately screened to determine if clients had another place to go - such as staying with a relative rather than becoming homeless. The Mayor and the City remain committed to this assistance that keeps our families intact in their homes.



Comments

Another example of a disallowance was funding to the Public Justice Center (PJC). HUD required signed affidavits from clients. PJC did not obtain affidavits because clients obtained assistance over the telephone, not in person. Similarly, more than \$500,000 of funding to Legal Aid was disallowed because Legal Aid's eligibility screening tool was not the HPRP screening tool. Many of the persons seeking assistance from Legal Aid were eligible for Section 8/public housing yet this eligibility standard was not the exact screening tool required by HUD under this specific grant. ***HUD has clearly stated that they had no reason to believe that the individuals served would not have qualified under the HUD guidelines for this grant.***

Many jurisdictions across the nation struggled with implementation of the HPRP grant with millions of dollars being deemed ineligible by HUD in dozens of cities such as Newark, New Orleans, New York, Memphis, St. Louis and New Orleans. Much of the regulatory guidance trickled out over the first two years of the grant preventing the City and the providers from having a full understanding of what HUD would or would not accept as eligible documentation. Many providers recall HUD stating that they were "flying the plane as they were building it" as it pertained to guidance and interpretation of how the dollars were to be spent. **During the review over this past year, even the HUD officials themselves argued among themselves over what was eligible and what wasn't eligible as they conducted their review at the provider locations.**

Positive Outcomes

Recognizing that capacity and technical assistance were lacking for both the City and the providers, **HUD immediately provided hundreds of thousands of dollars in Technical Assistance (T/A) to the City's Homeless Services Program.** Recognizing that staffing was a key factor in the ability to adequately monitor grant funding, the HUD T/A providers have worked with the fiscal staff to better allocate administrative dollars to assist with creation of three additional positions to assist with fiscal and program oversight. Also, the HUD T/A providers have provided direct training to the network of homeless providers who receive funding through the Homeless Services program. The HUD T/A providers have also worked with Homeless Services to improve monitoring protocols, processes and procedures throughout the entire program.

Additionally, **HUD has awarded the Homeless Services Program with new grant funding of 200K** to hire two additional staff that will help with work on quality assurance and provider coordination. Clearly, HUD understands the need the Homeless Services program had and responded with continued confidence in the program and its providers by actively participating in beefing up the program's capacity and training and by providing additional grant dollars.

The City unequivocally stands behind the quality of the services rendered and steadfastly believes that the programs helped the City's vulnerable citizens - regardless of who ends up paying for the programs.

MOHS is pleased to be able to provide background information on City Council Bill 14-0159R.