

The Need for Increased Administrative Fees for Local Governments in HUD's Homeless Assistance Programs July 2008

**Prepared by the
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Shelter Plus Care

Administrative funds under the Shelter Plus Care program can only be used for activities such as program intake, housing search, generating payments to landlords, and inspection costs. Local governments have the unfunded mandate to ensure proper administration of the Shelter Plus Care funds, thus program monitoring, planning and reporting are not eligible activities under the program and must be covered by other sources. These excluded activities represent the majority of the administrative burden for the program and, yet, they are not funded. Shelter Plus Care is a valuable program and is very successful at housing homeless individuals. Unfortunately, the administrative portion of the program is greatly underfunded and it is increasingly difficult to find funds to cover all of the additional activities required in the administration of the program. According to grantees we surveyed, on average, the administrative fee of 8% covers approximately 40-50% of the cost to carry out this program. One grantee reported it covered only 12% of the grant administration. At the very least, the fee should be doubled to 16%. In addition, the program language needs to be changed to allow grant recipients to pay for support service administration, reporting and grant application administration.

Emergency Shelter Grants Program

The Emergency Shelter Grant's (ESG) administrative fee of 5% does not currently adequately pay for local government staff costs. On average, the fee covers 35-60% of an ESG coordinator position. Moreover, it does not cover the costs of other staff (including salary and overhead) who work on the grant (e.g., accountant, labor compliance coordinator, contract coordinator, etc.). Local governments have to fund their work out of other sources, typically CDBG. ESG coordinators are expected to take on the following responsibilities: prepare and coordinate the proposal process, review proposals and coordinates the selection committee, finalizes and tracks the program budget, prepares required documents for the consolidated plan and Caper, prepares scope of services and per-project budgets, prepares and submits agency requisitions, and monitors agencies. This is a great amount of work and needs to be adequately funded under this program.

Supportive Housing Program

Unlike S+C, the Supportive Housing Program allows the administrative fee of 5% to be used for program management, planning and reporting. However, most of the administrative fee is utilized by the sponsor agency. Very little (less than 10% in most cases) of the local government's costs are covered by the administrative funds.

Recommendations

1. Change the Shelter Plus Care Program to allow grant recipients to pay for support service administration, reporting and grant application administration.
2. Increase the administrative fee for the Shelter Plus Care Program to at least 16%.
3. Increase the administrative fee for the Emergency Shelter Grants Program (e.g., Emergency Solution Grants Program) to at least 10%.
4. Increase the administrative fee (for the local government grant recipient) for the Supportive Housing Program to at least 10%.