
Due to State Budget Impasse More than \$107 Million in Dedicated Funds for Affordable Housing Are Going Unused: Without a State Budget the Affordable Housing Needs of More Than 172,000 People Will Be Needlessly Unmet

Key Findings

Illinois has accumulated more than \$107 million in dedicated funds for affordable housing that cannot be spent due to lack of appropriations authority.

As the state budget impasse nears its six-month mark, the State of Illinois has accumulated \$107.8 million in 7 dedicated funds to create affordable housing and end homelessness. However, these funds—such as the Illinois Affordable Housing Trust Fund and federal HOME Investment Partners Program funds—cannot be spent without approval by the General Assembly and Illinois Governor Bruce Rauner.

These 7 dedicated funds—6 state funds and one federal fund—have their own revenue sources and are separate and apart from General Revenue Funds (GRF) collected from income taxes and other revenue sources. Spending these dedicated funds would not increase the state budget deficit.

Based on the budget passed by the General Assembly in May 2015, resources from these dedicated funds and a small amount of GRF could fund programs serving the affordable housing needs of 172,350 people and create or preserve 14,640 units of affordable housing.

The balances in most of these funds will continue to grow if the budget impasse continues. In the fiscal year (FY) 2016 budget passed by the General Assembly the total appropriations for these 7 dedicated funds is \$185.9 million.

With the full appropriations for these 7 dedicated funds and an additional \$32.4 million in GRF, also included in General Assembly's budget, the following affordable housing needs throughout the state could be met:

- Serve 72,350 low-income people in need of affordable housing who are at-risk of or experiencing homelessness through providing homeless prevention grants, emergency shelter, transitional housing, permanent supportive housing and/or other services.

- Assist 100,000 people who are members of households in need of housing counseling to avoid foreclosure or to prepare to buy a home.
- Fund 14,640 affordable housing units for low-income households, primarily permanent supportive housing for people who were formerly homeless.

The state budget impasse is causing serious financial hardship for state-funded homeless service providers, housing counseling agencies working with homeowners trying to avoid foreclosure, and developers of affordable housing.

For the report, a survey of state-funded homeless service providers was completed. It's estimated that among the 78 agencies responding:

- 5,458 current clients already have had their services reduced or eliminated.
- An additional 2,729 clients will have their services reduced or eliminated if the budget impasse continues through the first quarter of 2016.

These survey results represent just a snapshot of the larger universe of approximately 200 state-funded homeless service providers serving the needs of unaccompanied youth, individual adults and families with children at-risk of and/or experiencing homelessness.

In addition to the human cost of increased homelessness by not spending these funds, Illinois is losing jobs, economic investment and putting federal matching funds at risk. Moreover, the programs that are going unfunded due to the state budget impasse could be creating long-term savings for the state by keeping people from making use of more expensive publicly funded systems.

For example, if not for the budget impasse, the Affordable Housing Trust Fund and federal HOME funds could contribute to the creation or preservation of 1,700 affordable rental housing units in FY 2016. Using a formula developed by the National Association of Homebuilders, this would generate \$198.9 million local economic activity, \$37.4 million in taxes and other revenue for local governments and 2,737 local jobs in the first year alone.

Additional examples of economic impact and costs savings are detailed later in this report.

Recommendations

We urge Governor Rauner and the General Assembly to work together to pass legislation appropriating these dedicated funds as soon as the General Assembly reconvenes in January 2016.

We also repeat the recommendation from the report we released in September 2015— Illinois needs a responsible budget now. Elected officials, Governor Rauner and others,

must stop using children and families as bargaining chips to address non-budget demands.

We call on Governor Rauner and members of the General Assembly to focus all their energy on resolving the impasse and agree to a FY 2016 budget with adequate revenue to fund services at the level passed by the General Assembly in May 2015. This budget requires a mix of revenue increases and spending cuts.

The remainder of this report provides details about the dedicated funds and how they should be put to use in order to create affordable housing and end homelessness.

We've included quotes from representatives from homeless service providers, housing counselors and housing developers throughout the report to illustrate the challenges the state budget impasse is causing organizations trying to address the problems of homelessness, foreclosures and the shortage of affordable housing. However, the most severe challenges are being faced by the people these organizations serve.

Overview of Cash Balances for Dedicated Housing Funds

As the state budget impasse nears its six-month mark, the State of Illinois has accumulated \$107.8 million in 7 dedicated funds to create affordable housing and end homelessness. However, these funds cannot be spent due to lack of appropriations authority.

These 7 dedicated funds—6 state funds and one federal fund—have their own revenue sources and are separate and apart from General Revenue Funds (GRF) collected from income taxes and other revenue sources. Spending these dedicated funds would not increase the state budget deficit.

Based on information from the Illinois Comptroller's website, these 7 funds have the following cash balances as of December 15, 2015:

Cash Balances for Dedicated Housing Funds

Dedicated Fund	Cash Balance
Abandoned Residential Property Municipality Relief Fund	\$12.5 million
Affordable Housing Trust Fund	\$28.7 million
Federal HOME Investment Partnership Program Fund	\$2.6 million
Foreclosure Prevention Graduated Program Fund	\$6.5 million
Foreclosure Prevention Program Fund	\$5.3 million
Health and Human Services Trust Fund (Portion Appropriated for Permanent Supportive Housing)	\$3.4 million
Rental Housing Support Program Fund	\$48.8 million
Total	\$107.8 million

Source: Illinois Comptroller's Office. Available at <http://ledger.illinoiscomptroller.com>.

Six of these 7 funds have dedicated revenue sources that were specifically created to fund affordable housing programs.¹ The cash balances will continue to grow as long as the state budget impasse continues. The total appropriated amount for these funds in FY 2016, based on the budget passed by the General Assembly in May 2015 is \$185.9 million.²

Information on Specific Dedicated Funds

Illinois Affordable Housing Trust Fund

Created by the Illinois General Assembly in 1989, the Illinois Affordable Housing Trust Fund assists in the creation and preservation of affordable, decent and safe housing for low- and very low-income households—households that earn 80 percent and 50 percent of the area median incomes (AMI) in their areas, respectively. Trust Fund revenue is generated from half of the state real estate transfer fee.

The Illinois Housing Development Authority (IHDA) uses Trust Fund resources to make loans and grants to fund affordable housing units, both for renters and homeowners. Since the Trust Fund was established, and through November 30, 2015, it has created or preserved 69,313 housing units in 1,226 projects using \$688,562,422. No new projects can be funded without additional appropriations.

The Trust Fund has also been used to fund, in whole or in part, the Emergency and Transitional Housing Program, the Homeless Prevention Program and the Homeless Youth Program.³ These are programs administered by the Illinois Department of Human Services and were historically funded primarily using GRF, but due to the state's long-term fiscal crisis starting in FY 2012, there has been \$13.1 million diverted from the Trust Fund annually to pay for these three programs. This equals 71% of these programs total funding in the FY 2016 budget passed by the General Assembly.

“The state's inability to pass a budget has put a strain on the local shelter system, placing unnecessary hardship on people experiencing homelessness, a large portion of whom are families with children. Housing Forward's PADS Shelter, within one week of opening for the season, was turning individuals away because the shelter was full. The shelter has seen a record number of families. With NO Homeless Prevention Program resources to prevent eviction or assistance to help with security deposits and first month's rent, many households are stuck in limbo at the shelter system level.”

Lynda Schueler, Executive Director, Housing Forward, Maywood

¹ All except the Health and Human Services Trust Fund, which is not primarily a housing resource.

² See Appendix 1 for more information on the cash balances and appropriations levels for these funds in FY 2016.

³ Information about these programs is provided in Appendix 2 of this report.

Federal HOME Investment Partnership Program Fund⁴

Federal HOME funds provide resources to state and local governments to help address low-income housing needs. State and municipalities use HOME funds for acquisition, rehabilitation, new construction and rental projects.

Since 1992, Illinois has used HOME Funds to produce 12,979 affordable housing units—53% for rental housing projects, 27% for single-family rehabilitation projects and 20% for homebuyer assistance.

There are at least 20 multi-family rental developments across the state that are funded, in part, with federal HOME funds through IHDA that are being directly impacted by the state budget impasse. IHDA has committed approximately \$35 million in HOME funds to these developments—\$10 million which has been expended and \$25 million of which cannot be spent without additional appropriations authority.

The balance of the financial sources for these developments is a mix of private equity, private bank lending, and other government or philanthropic sources, totaling nearly \$250 million. These developments have already closed on all their financing, begun construction, and are now depending on the release of HOME funds to allow construction to continue.

"The lack of access to HOME funds is impacting two affordable rental housing projects we are developing that have a total of 112 units. This is delaying our and other construction projects all around the state. As a result, developers will need to pay additional interest to lenders and penalties to investors. The budget impasse is making the work of for-profit and nonprofit companies that are trying to create affordable housing, jobs and economic growth for the State of Illinois much more difficult."

Larry Pusateri, CEO, VeriGreen Development, Chicago

If the HOME funds are released, these 20 developments will create 1,132 affordable homes and apartments. If the HOME funds are not appropriated, the opportunity to leverage \$250 million in additional investment for our state is jeopardized, as are the homes, jobs, local tax revenue, and economic activity that our state desperately needs.

In addition to these multi-family developments, there are 12 HOME-funded contracts outstanding for single-family rehabilitation and homeownership programs throughout Illinois, totaling over \$1.5 million. These programs help low-income homeowners afford costly repair expenses and provide acquisition and rehabilitation financial assistance to income-eligible households interested in purchasing vacant homes.

⁴ The unappropriated obligations for the HOME Program are larger than the cash balances cited at the beginning of this report because it includes funding from previous fiscal years already drawn down by IHDA and federal funds not yet distributed to Illinois.

Without these \$26.5 million in HOME funds, projects will be delayed leaving many Illinois families, seniors, and people with disabilities without safe and affordable housing.

“We need our funds from the HOME program for our Homebuyer Program. IHDA owes us \$266,000. We have paid our contractors and vendors, but cannot be reimbursed by the state until the HOME funds are released. Several other agencies also owed HOME funds have actually had to quit work in the middle of homes being rehabbed.”

Kevin Wiehardt, Community Services Director, Western Illinois Regional Council
Community Action Agency, Macomb

Health and Human Services Medicaid Trust Fund

Revenue for the Health and Human Services Medicaid Trust Fund comes from a variety of Medicaid-related sources and has been used for several different health care related purposes. As of December 15, 2015, the overall cash balance in this fund was \$16.4 million; \$3.4 million of this is planned to pay for Supportive Housing Services in FY 2016 based on the budget passed by the General Assembly.

Permanent Supportive Housing ends homelessness and unnecessary institutionalization for children and adults who have special needs, such as a mental illness, intellectual and developmental disability, or chronic, debilitating physical illnesses like multiple sclerosis or HIV/AIDS. Supportive housing is affordable rental properties with essential social and human services closely attached.

“We cannot continue to provide supportive housing services if we’re not getting paid. Without the funding from the state as anticipated, we will not be able to meet our federal match requirement for HUD; therefore HUD leasing, operating and supportive service dollars may be lost to the Southern Illinois area. This includes 28 units of housing and the eviction of those who reside there. Where do they expect these people to go? Without housing and services people may once again become homeless, unemployed, end up in jail, or at shelters or institutionalized.”

Camille Dorris, Executive Director, Southern Illinois Coalition for the Homeless, Marion

At an average per-person annual cost to the state of \$4,000 in supportive service dollars, supportive housing is vastly more affordable than housing an individual in a state mental hospital (\$127,810 per person), state prison (\$38,268), or nursing home setting (\$62,050). According to IHDA’s 2013 annual report,⁵ the total cost of providing permanent supportive housing costs \$37,000 less per year, on average, than the cost of keeping an individual in institutional care.

⁵ Lending A Hand Delivering Results: IHDA Fiscal Year 2013 Annual Report. Available at <http://www.ihda.org/about/news.htm>.

Through two different line items, the State of Illinois funds services for approximately 12,000 people living in 10,300 permanent supportive housing units. In addition to the \$3.4 million from the Health and Human Services Medicaid Trust Fund, the FY 2016 budget passed by the General Assembly also relies on \$26.9 million in GRF to pay for these services.

Foreclosure Prevention Program Funds

In 2010, state legislation created the Foreclosure Prevention Program Fund to support foreclosure prevention efforts. This program is funding by a \$50 fee for plaintiffs filing a foreclosure complaint. In 2013, an additional foreclosure filing fee was created to fund the Foreclosure Prevention Graduated Program Fund. This additional fee, which sunsets on January 1, 2018, ranges between \$50 and \$500 depending on the number of foreclosure filings by the plaintiff, to support additional foreclosure prevention efforts.

These funds support HUD approved housing counseling agencies and community-based organizations for foreclosure counseling, pre- and post-purchase homeownership counseling and other services.

Although overall foreclosure volume had declined in recent years, foreclosures are still a problem in Illinois. In November 2015, Illinois had the fifth highest foreclosure rate in the nation compared to other states, with 1 in every 859 housing units with a foreclosure action.⁶

“Due to the lack of a budget, one of our most important sources of funding, the Foreclosure Prevention Program, is frozen. This has created a severe strain on our ability to provide critical services in western Cook County. Failure to fund our service will result in staff layoffs that will result in a higher rate of foreclosure and more economic strain in these already stressed communities.”

Rob Breymaier, Executive Director, Oak Park Regional Housing Center, West Cook Homeownership Center & Austin Ascending

A 2013 report to Congress by NeighborWorks America⁷ reported data showing that homeowners facing foreclosure who received counseling were more than twice as likely to receive a mortgage modification than homeowners who did not receive counseling, and were 67% more likely to remain current on their mortgage nine months after receiving a modification.

⁶ Source: RealtyTrac. Available at <http://www.realtytrac.com/statsandtrends/foreclosuretrends>.

⁷ Ninth National Foreclosure Mitigation Counseling (NFMC) Congressional Report by Neighborworks America. Available at [http://www.neighborworks.org/Homes-Finances/Foreclosure/Foreclosure-Counseling-\(NFMC\)/Congressional-Reports](http://www.neighborworks.org/Homes-Finances/Foreclosure/Foreclosure-Counseling-(NFMC)/Congressional-Reports).

As shown in the following, since the first funding round in 2012, the Foreclosure Prevention Program has served 108,817 clients.

Foreclosure Prevention Program: Awards and Clients Served

Round	Number of Agencies	Dollars Awarded (include funds to the City of Chicago)	Grant Term	Clients Served
1	40	\$3,819,454	May 2012 – July 2013	30,079
2	45	\$3,403,999	June 2013 – May 2014	35,364
3	50	\$3,075,866	August 2014 – July 2015	43,374
Total Clients Served				108,817

Note: An additional \$1 million funded similar activities through the Illinois Foreclosure Prevention Network prior to May 2012.

Source: Illinois Housing Development Authority.

A fourth round of funding round cannot be completed without additional appropriations authority.

Abandoned Residential Property Municipality Relief Fund

Under this program, IHDA makes grants to municipalities and counties for the maintenance or demolition of abandoned residential properties within their jurisdiction. Funds will be distributed throughout the state geographically, as determined by the enabling legislation. Established in 2010, revenue for the Fund comes from a portion of foreclosure filing fees and a fee on judicial sales of residential real estate calculated at the rate of \$1 for each \$1,000 of the sales amount, not to exceed \$300. The judicial sale fee sunsets on January 1, 2016.

The first round of funding began August 1, 2014. Fifty-two grantees were awarded \$7,213,636. As of September 1, 2015, \$5,061,070 has been disbursed to 51 Grantees for projects on 2,146 unduplicated properties. Based on past activities, the vast majority of funds have been used to demolish vacant properties as part of community redevelopment efforts.

A second round of funding cannot be completed without additional appropriations authority.

Rental Housing Support Program Fund

The Rental Housing Support (RHS) Program was created in 2005 to provide rental assistance to extremely low-income Illinois households by subsidizing rental housing units. It is a unit-based program for households with incomes at or below 30 percent of the area median income (AMI) for their areas. IHDA administers the program, contracting with local administering agencies (LAAs) around the state that manage the program in their communities, including finding and screening tenants.

IHDA paid out \$3,146,669 for the RHS Program in the first half of 2015. These funds assisted approximately 1,150 units through 15 Local Administering Agencies (LAAs).

Approximately 1,000 additional units are subsidized by the Chicago Low Income Housing Trust Fund with program resources that are appropriated directly to the City of Chicago.

The Long Term Operating Support Program (LTOS) is part of the RHS Program. The goal of the LTOS Program is to increase the supply of affordable housing to households earning at or less than 30 percent of area median income by providing a long-term, unit-based rent subsidy. At least 10 percent of RHS Program resources must be set aside for LTOS.

The fund balance for the RHS Program is historically high, \$48.7 million, because of a lawsuit filed in 2012, *Marks v Vanderverter*, challenging the state constitutionality of the Rental Housing Support Program Surcharge funding the program. The surcharge comes from a \$9 fee assessed on the recordation of real estate related documents in county clerks and recorders offices throughout the state. A court order kept funds for the program from being expended while the lawsuit was pending.

In a May 2015 Illinois Supreme Court decision,⁸ the Court upheld the constitutionality of the RHS Program in every respect. The case has been remanded to the trial court for entry of orders that will dissolve the injunction which escrowed the funds collected during the pendency of this case and which will dismiss the case. This process is expected to be completed in early 2016.

Once the funds are appropriated, they can be used to continue subsidizing the units being assisted and to fund additional units through LAAs and/or LTOS.

Estimated Impact of Loss of Housing Resources Due to State Budget Impasse

In the FY 2016 budget passed by the General Assembly the total appropriations for these 7 dedicated funds is \$185.9 million. If not for the budget impasse, with an additional \$32.4 million in GRF, also included in that budget, the following affordable housing needs throughout the state could be met:

- Serve 72,729 low-income people in need of affordable housing who are at-risk of or experiencing homelessness through providing homeless prevention grants, emergency shelter, transitional housing, permanent supportive housing and/or other services.
- Assist 100,000 people who are members of households in need of housing counseling to avoid foreclosure or to prepare to buy a home.
- Fund 14,640 affordable housing units for low-income households, primarily permanent supportive housing for people who were formerly homeless.

⁸ The Court decision is available at <http://www.illinoiscourts.gov/opinions/SupremeCourt/2015/116226.pdf>.

Impact Estimates for State of Illinois Housing Resources

Estimate	Estimated Based On
Creating or preserving 1,700 affordable rental housing units for 4,250 total low-income residents with HOME funds and the Illinois Affordable Housing Trust Fund.	Total number of units assisted with HOME funds in calendar year 2014: 1,779. Calculated from 2014 Annual Progress Report on State of Illinois Annual Comprehensive Housing Plan. Estimated average households size of 2.5 people.
Preventing 10,000 people from being homeless through the Homeless Prevention Program.	Number of people assisted in FY 2015: 10,126. Source: Illinois Department of Human Services.
Providing emergency shelter or transitional housing to 36,000 people through the Emergency and Transitional Housing Program.	Number of people assisted in FY 2015: 36,879. Source: Illinois Department of Human Services.
Assisting 6,250 extremely low-income people who live in affordable rental housing through subsidizing 2,500 units through the Rental Housing Support Program.	Number of units assisted by IHDA during first half of 2015 (1,150) plus 1,082 additional units funded through RHSP appropriations to City of Chicago. Sources: IHDA and City of Chicago. Also assumes additional funding round of Long Term Operating Support Program by IHDA. Estimated average household size of 2.5 people.
Keeping 3,000 unaccompanied young adults off the streets through shelters and other services provided by the Homeless Youth Program.	Number of homeless youth (2,798) and their accompanying children (515) provided shelter in FY 2015. Source: Illinois Department of Human Services.
Supporting 12,000 people in 10,300 permanent supportive housing units through the Supportive Housing Services Program.	Number of people (12,274) and units assisted (10,300) in FY 2015. Sources: Illinois Department of Human Services and Supportive Housing Providers Association.
Counseling 40,000 homebuyer and homeowner households, with a total of 100,000 household members, working to avoid foreclosure or in need of other housing counseling services through the Foreclosure Prevention Program.	Number of clients served in Round 3 (43,374) and estimated average households size of 2.5 people. Source: Illinois Housing Development Authority.
Assisting 140 households, with 350 total low-income people, to purchase and/or rehabilitate affordable single-family homes using HOME funds.	Number of households assisted in calendar year 2014 (148) with estimated average households size of 2.5 people. Calculated from

Estimate	Estimated Based On
	2014 Annual Progress Report on State of Illinois Annual Comprehensive Housing Plan.
Addressing 4,000 vacant and abandoned properties through the Abandoned Property Program.	Not including in calculations because funds primarily used to demolish vacant properties.

“Our agency has spent down all our reserve funds and we are activating a line of credit. Because of this, our agency has not had to reduce services to clients yet, but our clients are still being negatively impacted by the budget impasse. Changes for other providers such as reductions in transportation, childcare, and other essential services that have been cut or reduced make a major impact in quality of life.”

Cindy Grawe, Prevention Director, Madonna House, Quincy

Overview of December 2015 Service Provider Survey

The state budget impasse is causing serious financial hardship for state-funded homeless service providers, housing counseling agencies working with homeowners trying to avoid foreclosure, and developers of affordable housing. We completed a survey of many of these agencies in December 2015.⁹

For the report, a survey of state-funded homeless service providers was completed. It’s estimated that among the 78 agencies responding:

- 5,458 current clients already have had their services reduced or eliminated.
- An additional 2,729 clients will have their services reduced or eliminated if the budget impasse continues through the first quarter of 2016.

In terms of how the state budget impasse is impacting the ability to operate of the 78 homeless service providers responding to the survey, key findings are:

- 56 homeless services providers report that they have already implemented service reductions, limitations on intake of new clients, program closures and/or staff reductions.
- 36 homeless service providers plan to implement additional service reductions, limitations on intake of new clients, program closures and/or staff reductions during the first quarter of 2016.
- 3 homeless service providers told us they expect to close completely if the budget impasse continues for significantly longer.

⁹ See the Appendix 5 of this report for a list of agencies responding to the survey.

- 27 homeless service providers expressed uncertainty about whether their agency could survive a significantly longer budget impasse.

These survey results represent just a snapshot of the larger universe of approximately 200 state-funded homeless service providers serving the needs of unaccompanied youth, individual adults and families with children at-risk of and/or experiencing homelessness.

“More than half, 51%, of the New Foundation Center’s budget is from the State of Illinois. Two projects we are struggling to keep open due to the state budget impasse are a 24-person housing program for people with disabilities and 34-person supportive housing program for formerly chronically homeless individuals. Long-term, we are particularly concerned about how cuts in state funding might hurt our ability to provide the matching funds necessary for our grants from the federal government.”

Sue Shimon, Executive Director, New Foundation Center, Northfield

The Budget Impasse Is Causing Illinois to Lose Jobs, Economic Investment and Putting Federal Matching Funds at risk.

In addition to the human cost of increased homelessness by not spending these funds, Illinois is losing jobs, economic investment and putting federal matching funds at risk. Moreover, the programs that are going unfunded due to the state budget impasse could be creating long-term savings for the state by keeping people from having to use more expensive publicly funded systems.

“The lack of state funding has severely impacted our financial stability and our ability to provide supportive housing and other services to people experiencing homelessness. We have exhausted our line of credit. We choose weekly what bills to pay with nearly \$50,000 in payables that are past due. The budget impasse is only affecting the most vulnerable citizens of Illinois.”

Kevin McCullough, Chief Operating Officer, ReVive Center, Chicago

This report does not attempt to measure every negative consequence of the budget impasse, but we do cite several examples to illustrate the scope of the problem. For example, if not for the budget impasse:

- The Affordable Housing Trust Fund and federal HOME funds could contribute to the creation or preservation of 1,700 affordable rental housing units in FY 2016. Using a formula developed by the National Association of Homebuilders (NAHB),¹⁰ this

¹⁰ National Association of Homebuilders. The Economic Impact of Home Building in a Typical Local Area. Available at <https://www.nahb.org/en/research/housing-economics/housings-economic-impact/the-local->

would generate \$198.9 million in local economic activity, \$37.4 million in taxes and other revenue for local governments and 2,737 local jobs in the first year alone.

- 46% of agencies responding to our December 2015 survey of homeless service providers have reduced work hours and/or laid off staff. Many more report that they will have to do so if the budget impasse continues into 2016.
- According to the IHDA's 2013 annual report, providing permanent supportive housing costs \$37,000 less per year, on average, than the cost of keeping an individual in institutional care.
- State funding for homeless services is an important source of matching dollars to secure federal funding to address homelessness. Three major federal programs to address homelessness require matching funds. The most recent funding allocations in Illinois for these programs totaled \$115,658,145.¹¹
- The average grant to a household from Illinois' Homeless Prevention Program in FY 2015 was \$1,011. Of the people that entered the shelter system in Illinois in FY 2015, 34% stayed 3 months or longer. At an estimated average cost of \$54 per day to provide shelter, the estimated cost of providing emergency shelter to a household in Illinois for 90 days is \$4,860.

Appendixes

1. Dedicated Funds: Cash Balance and FY16 Appropriations Comparison

Dedicated Fund	Cash Balance as of December 15, 2015	FY16 Appropriation: Governor Rauner Proposed	FY16 Appropriation: General Assembly Proposed
Abandoned Residential Property Municipality Relief Fund	\$12.5 million	\$15 million	\$15 million
Affordable Housing Trust Fund	\$28.7 million	\$54.9 million	\$65 million
Federal HOME Investment Partnership Program Fund	\$2.6 million	\$40 million	\$40 million
Foreclosure Prevention Graduated Program Fund	\$6.5 million	\$11 million	\$11 million
Foreclosure Prevention Program Fund	\$5.3 million	\$8.5 million	\$8.5 million

[economic-impact-of-home-building.aspx](#). The NAHB formula estimates that the one-year impacts of building 100 rental apartments in a typical local area include \$11.7 million in local income, \$2.2 million in taxes and other revenue for local governments, and 161 local jobs. These are local impacts, representing income and jobs for residents of the typical metropolitan area or nonmetropolitan county, and revenue for all jurisdictions within the local area. They are also one-year impacts that include both the direct and indirect impact of the construction activity itself, and the impact of local residents who earn money from the construction activity spending part of it within the local area's economy.

¹¹ See Appendix 4 for more details on how state funding to end homelessness is an important source of matching funds for federal dollars.

Dedicated Fund	Cash Balance as of December 15, 2015	FY16 Appropriation: Governor Rauner Proposed	FY16 Appropriation: General Assembly Proposed
Health and Human Services Trust Fund (Portion Appropriated for Permanent Supportive Housing)	\$3.4 million	\$3.4 million	\$3.4 million
Rental Housing Support Program Fund	\$48.8 million	\$35 million	\$44.6 million
Total	\$107.8 million	\$167.7 million	\$185.9 million

Note: For dedicated funds, appropriations are generally based on anticipated revenue and expenditures for the fiscal year, as well as any unspent revenue collected in previous fiscal years. Differences in appropriated levels most likely reflect different estimates regarding anticipated revenue. Historically, expenditures are always lower than actual revenue and positive cash balances are maintained. Source for Cash Balances: Illinois Comptroller's Office. Available at <http://ledger.illinoiscomptroller.com>.

2. Illinois Department of Human Service Programs Funded Through Illinois Affordable Housing Trust Fund

The Homeless Prevention Program provides one-time rental and utility assistance. Between FY 2000 and FY 2015, this program has allowed 109,652 households to remain in their homes and avoid entering the more costly emergency shelter system. The grant is provided to households experiencing a financial crisis due to a temporary hardship such as an illness or job loss, but who can show that they will be able to meet housing expenses going forward. Based on information collected as part of a follow-up survey, 82.1% of the 3,957 households who received these funds in FY 2015 were able to retain their housing.

Once a family enters the shelter system it can be months before they are able to obtain stable housing again. Homeless families may incur additional costs through loss of wages and academic days for children due to displacement. The highly efficient and effective Homeless Prevention Program invests in families and children and reduces costs across state agencies.

The average grant to a household from Illinois' Homeless Prevention Program in FY 2015 was \$1,011. Of households that enter the shelter system in Illinois, 30% stay longer than 3 months. At the average cost of \$54 per day to provide shelter, the estimated cost of providing emergency shelter to a household for 90 days in Illinois is \$4,860. Further costs to the state are incurred with lost taxes paid by workers displaced from their jobs and increased need for government benefits and social services by both adults and children when a family becomes homeless.

The Homeless Youth Program provides outreach services, emergency shelter, and longer-term housing for unaccompanied homeless youth. This program reduces the higher costs of juvenile incarceration, Department of Children and Family Services care, and chronic homelessness, and maximizes matching federal dollars.

In Illinois, an estimated 25,000 youth are homeless on their own without their families. In FY 2015, the Homeless Youth Program provided shelter to 2,798 youth and 515 of their accompanying children. An additional 3,958 homeless youth were considered brief contacts receiving referrals and basic needs services only, including food, clothing, personal hygiene, bandages, blankets, coats, hats, bus passes, etc. While Homeless Youth providers were able to provide shelter and some services to 6,756 youth and their children in 2015, 59% of Homeless Youth providers (17 of 29) reported 2,530 homeless youth were turned away or put on a waiting list during the year. Sixty-five percent of those youth were seeking transitional living services.

Providing housing and services to unaccompanied homeless youth is effective at improving long-term stability. Of those youth receiving services, 82% of unaccompanied homeless youth moved into safe, stable housing. Almost two-thirds, 62%, were employed and/or enrolled in education at program exit.

The average cost of providing housing and homeless services to a homeless youth in Illinois is \$16,700 (the state contributes \$1,953 and other funding sources provide the remainder). The cost to the state to incarcerate a youth is \$111,000 and the cost to provide substitute care in DCFS is \$48,328. Offering housing and supportive services to homeless youth reduces their involvement in other much more costly systems.

The Emergency and Transitional Housing Program funds emergency shelters, transitional housing, voucher programs and an array of supportive services to homeless individuals and families across the state of Illinois. In FY 2015, over 100 agencies provided comprehensive shelter services to 36,879 people across the state. However, people were turned away 45,836 times during that fiscal year due to insufficient resources.

Providing safety net assistance for individuals and families experiencing homelessness allows families to remain intact, children to remain in school and enables people to regain economic and housing security. At a minimal investment of \$247 per person served in FY15, among the 15,510 people who exited the program before the end of the FY with a known destination, 79% moved into a permanent or transitional housing destination.

3. Appropriations for Illinois Department of Human Services Housing Programs

The following table shows appropriations for selected housing-related programs in FY 2015, Governor Rauner's proposed FY 2016 budget and the FY 2016 budget passed by the General Assembly in May 2015. Governor Rauner's proposed budget would cut these programs by a total of 36% by totally eliminating GRF funding for Homeless Prevention and Supportive Housing Services and reducing GRF funding for Homeless Youth to \$1.5 million. By contrast, the General Assembly key programs addressing homelessness are proposed to be cut by 1.10%.

**FY 2015 and FY 2016 Actual And Proposed Funding
(Amounts Represent Dollars in \$1,000s)**

LINE ITEM	Emergency and Transitional Housing	Homeless Prevention	Homeless Youth	Supportive Housing Services	TOTAL
FY15 FINAL BUDGET GRF	-	1,000.0	4,598.1	27,392.7	32,990.8
FY15 FINAL BUDGET OTHER	9,383.7	3,000.0	1,000.0	3,382.5	16,766.2
FY15 FINAL BUDGET TOTAL	9,383.7	4,000.0	5,598.1	30,775.2	49,757.0
FY16 GOVERNOR'S PROPOSED BUDGET GRF	-	-	1,500.0	13,354.2	14,854.2
FY16 GOVERNOR'S PROPOSED BUDGET PROPOSED OTHER	9,383.7	3,000.0	1,000.0	3,382.5	16,766.2
FY16 GOVERNOR'S PROPOSED BUDGET TOTAL	9,383.7	3,000.0	2,500.0	16,736.7	31,620.4
FY16 GENERAL ASSEMBLY BUDGET GRF	-	975.0	4555.0	26,915.8	32,445.8
FY16 GENERAL ASSEMBLY BUDGET OTHER	9,383.7	3,000.0	1,000.0	3,382.5	16,766.2
FY16 GENERAL ASSEMBLY BUDGET TOTAL	9,383.70	3,975.00	5,555.00	30,298.30	49,212.0
GOVERNOR RAUNER'S PROPOSED CUT TOTAL				36.45%	
GENERAL ASSEMBLY PROPOSED CUT TOTAL				1.10%	

Notes: "Other" Funding for Emergency and Transitional Housing, Homeless Prevention and Homeless Youth is from Illinois Affordable Housing Trust Fund. "Other" Funding for Supportive Housing Services is from Health and Human Services Medicaid Trust Fund. Supportive Housing Services funding comes from two separate line items (Grants for Supportive Housing Services and Supportive MI Housing.)

Even small budget cuts will have a significant impact on state-funded human service providers when the costs of operating their programs (e.g., health insurance costs for staff) continue to increase. These agencies have long been underfunded to meet

existing needs and the budget passed by the General Assembly does not include any new resources for emerging needs. For example

- In FY 2015, over 100 agencies provided comprehensive shelter services to 36,879 people across the state through the Emergency and Transitional Housing Program. However, people were turned away 45,836 times during the fiscal year due to insufficient resources.
- Homeless Youth providers were able to provide shelter and some services to 6,756 youth and their children in 2015, 59% of Homeless Youth providers (17 of 29) reported 2,530 homeless youth were turned away or put on a waiting list during the year. Sixty-five of those youth were seeking transitional living services.

4. How Federal Funds to End Homelessness Are At-Risk Due to State Budget Impasse

Millions of dollars in federal funds to end homelessness—many times more than the state has spent on homelessness in the best of times—are at risk if state dollars are not available to use as matching funds. Continuum of Care Networks throughout Illinois—which include state-funded homeless service providers—submitted their federal FY 2015 competitive funding applications on November 20, 2015. Funded agencies will have to provide evidence of matching funds before receiving any federal funds awarded through this competition.

No state funding means the provider may not be able to meet the matching funds requirement imposed by the federal application for funding. The lack of state funding translates into the reduction or elimination of federal funding, resulting in a many more homeless service providers having to decrease programs and/or shut down.

Three major federal programs to address homelessness require matching funds. The most recent funding allocations in Illinois for these programs totaled \$115,658,145 among the following three programs:

- \$100,101,004 in federal FY14 Continuum of Care (CoC) awards for 448 different nonprofit administered programs throughout Illinois providing transitional housing and permanent supportive housing.
- \$12,343,042 in federal FY14 Emergency Solutions Grant Program (ESG) allocations to the State of Illinois and 8 additional local governments.
- \$3,214,099 in federal FY12-14 Runaway and Homeless Youth (RHY) Program three-year program allocations to 13 different agencies to provide shelter and other services to youth.

State funds match federal funding in the following ways:

- Every \$1 in state funding for transitional housing and supportive housing services can be used as match to leverage \$4 in federal CoC funding. Illinois has 20 local Continuum of Care networks. Membership in each Continuum of Care consists of

nonprofit service providers, local governments and others that design and coordinate the local service delivery system and competitively apply for federal funding to support their efforts. All funded projects are required to provide a 25% match.

- Every \$1 in state funding for emergency shelter and homeless prevention services can be used as match to leverage \$1 in federal ESG funding. The federal Emergency Solutions Grant (ESG) Program, formerly the Emergency Shelter Grant Program, provides operating support for emergency homeless shelters, homelessness prevention and rapid rehousing. Recent changes to the ESG program prioritize any future funding increases for homelessness prevention and rapid rehousing. There is a 100% match requirement for ESG funds.
- Every \$1 in state funding for homeless youth programs can be used as match to leverage \$10 in federal RHY funding. Each year, thousands of U.S. youth run away from home, are asked to leave their homes or become homeless. The federal RHY program supports street outreach, emergency shelters and longer-term transitional living and maternity group home programs to serve and protect these young people. There is a 10% match requirement for these funds.

5. Agencies Responding to December 2015 Survey

88 Total Respondents (78 Homeless Service Providers and 10 Providers of Other Types of Housing Services)

360 Youth Services, Naperville
AFC-Community Development Corporation, Chicago
Affordable Housing Corporation of Lake County, Libertyville
Alternatives, Inc., Chicago
Association for Individual Development, Aurora
Aunt Martha's Youth Service Center, Park Forest
Beacon Therapeutic, Chicago
Call for Help, Inc., East St. Louis
Community Action Partnership of Central Illinois, Lincoln
CasaCentral-La Posada, Chicago
Catholic Charities of Chicago, Chicago
Catholic Charities, Diocese of Joliet, Joliet
Catholic Urban Programs, East St. Louis
Chicago Abused Women Coalition, Chicago
Center for Housing and Health, Chicago
Center for Prevention of Abuse, Peoria
Center of Concern, Park Ridge
Center on Halsted, Chicago
Centerstone, Carterville
Children's Home + Aid, Granite City
Chicago House Social Service Agency, Chicago
Children's Place Association, Chicago
Christian Care, Rock Island
City of Rockford Community Action, Rockford
Connections for The Homeless, Evanston
Cornerstone Services, Joliet
Crosspoint Human Services, Danville
Deborah's Place, Chicago
DuPage County Community Services, Wheaton
DuPage PADS, Wheaton
Ecker Center for Mental Health, Elgin
Embarras River Basin Agency, Charleston
Ford Heights Community Service Organization, Ford Heights
Freeport Area Church Cooperative, Freeport
Grand Prairie Services, Tinley Park
Heartland Health Outreach, Chicago
Heartland Human Care Services, Chicago
Hesed House, Aurora
Housing Opportunity Development Corporation, Techy
Home of the Sparrow, McHenry
HomeStart, Freeport
HOPE of East Central Illinois, Charleston
Housing Forward, Maywood

Housing Opportunities for Women, Inc., Chicago
Howard Brown Health, Chicago
Human Support Services, Waterloo
I-PLUS, North Chicago
Illinois Valley Economic Development Corporation, Gillespie
JUF South Suburban Office, Flossmoor
Lake County Health Department TB Program, Waukegan
Lakeside Community Development Corporation, Chicago
Madison County Community Development, Edwardsville
Madonna House, Quincy
Matthew House, Inc., Chicago
Mercy Housing Lakefront, Chicago
Metropolitan Tenants Organization, Chicago
New Foundation Center, Northfield
New Moms, Chicago
Oak Park Regional Housing Center, Oak Park
Outreach Community Ministries, Wheaton
PATH, Bloomington
People's Resource Center, Wheaton
Pioneer Center for Human Services, Woodstock
Project NOW, Rock Island
Project Oz, Bloomington
Renaissance Social Services, Chicago
Respond Now, Chicago Heights
ReVive Center, Chicago
Shelter Care Ministries, Rockford
Southern Illinois Coalition for the Homeless, Marion
Teen Living Programs, Chicago
The Inner Voice, Inc., Chicago
The Night Ministry, Chicago
The Renaissance Collaborative, Chicago
The Salvation Army, Danville
The Salvation Army Evangeline Booth Lodge, Chicago
Thresholds, Chicago
TLS Veterans, McHenry
Transitions of Western Illinois, Quincy
Tri-County Opportunities Council, Rock Falls
Unity Parenting and Counseling, Inc., Chicago
Universal Family Connection Inc., Chicago
Western Illinois Regional Council-CAA, Macomb
Youth Outreach Services, Oak Park
Youth Service Bureau of Illinois Valley, Ottawa
Youth Services Network, Rockford
YWCA of Quincy, Quincy
ZION Development Corporation, Rockford

About the Agencies Issuing this Report



Since 1980, the **Chicago Coalition for the Homeless (CCH)** has followed a clear mission: We organize and advocate to prevent and end homelessness, because we believe housing is a human right in a just society.” Our organization leads strategic campaigns, community outreach, and public policy initiatives that target the lack of affordable housing in metropolitan Chicago and across Illinois. In addition, CCH presses for access to jobs, training, and public schools. Our community organizers, policy specialists, and public interest attorneys advocate with people hurt by homelessness, including mothers with children, students, unaccompanied youth, ex-offenders, prostitution survivors, and low-wage workers.



At **CSH** it is our mission to advance housing solutions that deliver three powerful outcomes: 1) improved lives for the most vulnerable people 2) maximized public resources and 3) strong, healthy communities across the country. Our mission is to advance solutions that use housing as a platform for services to improve the lives of the most vulnerable people, maximize public resources and build healthy communities. We envision a future in which high-quality supportive housing solutions are integrated into the way every community serves the men, women and children in most need. CSH works across 4 lines of business: Training and Education, Lending, Consulting and Assistance and Policy Reform.



A stronger Illinois begins at home

Housing Action Illinois is a statewide coalition formed to protect and expand the availability of quality, affordable housing throughout Illinois. Together we empower communities to thrive through three programs: Organizing, Policy Advocacy, and Training and Technical Assistance. Our members include housing counseling agencies, homeless service providers, developers of affordable housing and policymakers. These organizations serve low- and moderate-income households, helping to provide a place to call home, thereby strengthening the community at large. At Housing Action Illinois our supporters, participants and members agree that a stronger Illinois begins at home.



Supportive Housing Providers Association (SHPA) represents a statewide coalition of supportive housing provider organizations, businesses and continuums of care that provide and promote supportive housing for homeless families and individuals and persons/families with disabilities. SHPA’s vision includes the end of homelessness and unnecessary institutionalization through supports and community integration. SHPA’s mission is to increase supportive housing and to build the capacity of providers through advocacy and quality improvement programming. SHPA provides the following core services: training and technical assistance to supportive housing providers; resident education and empowerment services; and advocacy for supportive housing development and increased funding for supportive services.