

FLEXIBILITY IN ADDRESSING RURAL HOMELESSNESS
ACT OF 2022

JULY 20, 2022.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Ms. WATERS, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 7196]

The Committee on Financial Services, to whom was referred the bill (H.R. 7196) to amend the McKinney-Vento Homeless Assistance Act to expand the authorized activities under the Continuum of Care program to include activities that address barriers to transitioning families in rural areas to permanent housing, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Flexibility in Addressing Rural Homelessness Act of 2022”.

SEC. 2. ELIGIBLE ACTIVITIES UNDER CONTINUUM OF CARE PROGRAM.

Subsection (a) of section 423 of subtitle C of title IV of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11383(a)) is amended by adding at the end the following:

- “(13) Projects in rural areas that consist of one or more of the following activities:
- “(A) Payment of short-term emergency lodging, including in motels or shelters, directly or through vouchers.
 - “(B) Repairs to units—
 - “(i) in which homeless individuals and families will be housed; or
 - “(ii) which are currently not fit for human habitation.
 - “(C) Staff training, professional development, skill development, and staff retention activities.”.

PURPOSE AND SUMMARY

On March, 24, 2022, Representative Axne introduced H.R. 7196, the “Flexibility in Addressing Rural Homelessness Act,” which would allow homeless service providers in rural communities to use funds from HUD’s Continuum of Care program for additional activities to increase their capacity and address the unique challenges they face when serving people experiencing homelessness.

BACKGROUND AND NEED FOR LEGISLATION

Rural communities experience structural barriers that can limit the ability of individuals to provide or access homelessness services. These barriers include a shortage of providers who often cover large service areas, limited institutional capacity and staff, fewer homeless services, limited housing and shelter options, dispersed populations that are harder to engage through outreach, and poor public transportation options. The ANS to H.R. 7196 would allow homeless services providers in rural communities to use funding received under HUD’s Continuum of Care (CoC) program for additional activities to better meet the needs of their community. These additional activities include: 1) payment of short-term emergency lodging, including motels or shelters; 3) repairs to units in which homeless individuals and families will be housed or units not currently fit for human habitation; and, 4) capacity-building activities, including staff training, professional development, skill development and staff retention activities.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

- This section establishes the short title of the bill as the “Flexibility in Addressing Rural Homelessness Act of 2022.”

Section 2. Eligible activities under Continuum of Care program

- This section authorizes additional eligible activities under subsection (a) of Section 423 of the McKinney-Vento Homeless Assistance Act for projects in rural areas, including: 1) payment of short-term emergency lodging, including motels or shelters; 3) repairs to units in which homeless individuals and families will be housed or units not currently fit for human

habitation; and 4) staff training, professional development, skill development and staff retention activities.

HEARINGS

For the purposes of section 3(c)(6) of House rule XIII, the Committee on Financial Services' Subcommittee on Housing, Community Development, and Insurance held a hearing to consider H.R. 7196 entitled, "Housing America: Addressing Challenges in Serving People Experiencing Homelessness."

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on May 18, 2022 and ordered H.R. 7196 to be reported favorably to the House with an amendment in the nature of a substitute by a voice vote, a quorum being present.

COMMITTEE VOTES AND ROLL CALL VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the Committee advises that no roll call votes occurred during the Committee's consideration of H.R. 7196.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goals of H.R. 7196 are to allow homeless service providers in rural communities to use funds from HUD's Continuum of Care program for additional activities to increase their capacity and address the unique challenges they face when serving people experiencing homelessness.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, and pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has requested an estimate from the Director of the Congressional Budget Office. CBO was unable to provide an estimate in a timely manner.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 7196. After careful review, including discussions with the Congressional Budget Office, the Committee estimates that H.R. 7196 would have an insignificant impact on spending.

UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the *Congressional Budget and Impoundment Control Act* (as amended by Section 101(a)(2) of the *Unfunded Mandates Reform Act*, Pub. L. 104–4), the Committee adopts its own the estimate of federal mandates regarding H.R. 7196, as amended.

ADVISORY COMMITTEE

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Pursuant to section 102(b)(3) of the *Congressional Accountability Act*, Pub. L. No. 104–1, H.R. 7196, as amended, does not apply to terms and conditions of employment or to access to public services or accommodations within the legislative branch.

EARMARK STATEMENT

In accordance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 7196 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as described in clauses 9(e), 9(f), and 9(g) of rule XXI.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of H.R. 7196 establishes or reauthorizes a program of the Federal Government known to be duplicative of another federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

CHANGES TO EXISTING LAW

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, H.R. 7196, as reported, are shown as follows:

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics and existing law in which no change is proposed is shown in roman):

MCKINNEY-VENTO HOMELESS ASSISTANCE ACT

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TITLE IV—HOUSING ASSISTANCE

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Subtitle C—Continuum of Care Program

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SEC. 423. ELIGIBLE ACTIVITIES.

(a) IN GENERAL.—Grants awarded under section 422 to qualified applicants shall be used to carry out projects that serve homeless individuals or families that consist of one or more of the following eligible activities:

(1) Construction of new housing units to provide transitional or permanent housing.

(2) Acquisition or rehabilitation of a structure to provide transitional or permanent housing, other than emergency shelter, or to provide supportive services.

(3) Leasing of property, or portions of property, not owned by the recipient or project sponsor involved, for use in providing transitional or permanent housing, or providing supportive services.

(4) Provision of rental assistance to provide transitional or permanent housing to eligible persons. The rental assistance may include tenant-based, project-based, or sponsor-based rental assistance. Project-based rental assistance, sponsor-based rental assistance, and operating cost assistance contracts carried out by project sponsors receiving grants under this section may, at the discretion of the applicant and the project sponsor, have an initial term of 15 years, with assistance for the first 5 years paid with funds authorized for appropriation under this Act, and assistance for the remainder of the term treated as a renewal of an expiring contract as provided in section 429. Project-based rental assistance may include rental assistance to preserve existing permanent supportive housing for homeless individuals and families.

(5) Payment of operating costs for housing units assisted under this subtitle or for the preservation of housing that will serve homeless individuals and families and for which another form of assistance is expiring or otherwise no longer available.

(6) Supportive services for individuals and families who are currently homeless, who have been homeless in the prior six months but are currently residing in permanent housing, or who were previously homeless and are currently residing in permanent supportive housing.

(7) Provision of rehousing services, including housing search, mediation or outreach to property owners, credit repair, providing security or utility deposits, rental assistance for a final month at a location, assistance with moving costs, or other activities that—

(A) are effective at moving homeless individuals and families immediately into housing; or

(B) may benefit individuals and families who in the prior 6 months have been homeless, but are currently residing in permanent housing.

(8) In the case of a collaborative applicant that is a legal entity, performance of the duties described under section 402(f)(3).

(9) Operation of, participation in, and ensuring consistent participation by project sponsors in, a community-wide homeless management information system.

(10) In the case of a collaborative applicant that is a legal entity, payment of administrative costs related to meeting the requirements described in paragraphs (1) and (2) of section 402(f), for which the collaborative applicant may use not more than 3 percent of the total funds made available in the geographic area under this subtitle for such costs.

(11) In the case of a collaborative applicant that is a unified funding agency under section 402(g), payment of administrative costs related to meeting the requirements of that section, for which the unified funding agency may use not more than 3 percent of the total funds made available in the geographic area under this subtitle for such costs, in addition to funds used under paragraph (10).

(12) Payment of administrative costs to project sponsors, for which each project sponsor may use not more than 10 percent of the total funds made available to that project sponsor through this subtitle for such costs.

(13) *Projects in rural areas that consist of one or more of the following activities:*

(A) *Payment of short-term emergency lodging, including in motels or shelters, directly or through vouchers.*

(B) *Repairs to units—*

(i) *in which homeless individuals and families will be housed; or*

(ii) *which are currently not fit for human habitation.*

(C) *Staff training, professional development, skill development, and staff retention activities.*

(b) **MINIMUM GRANT TERMS.**—The Secretary may impose minimum grant terms of up to 5 years for new projects providing permanent housing.

(c) **USE RESTRICTIONS.**—

(1) **ACQUISITION, REHABILITATION, AND NEW CONSTRUCTION.**—

A project that consists of activities described in paragraph (1) or (2) of subsection (a) shall be operated for the purpose specified in the application submitted for the project under section 422 for not less than 15 years.

(2) **OTHER ACTIVITIES.**—A project that consists of activities described in any of paragraphs (3) through (12) of subsection (a) shall be operated for the purpose specified in the application submitted for the project under section 422 for the duration of the grant period involved.

(3) **CONVERSION.**—If the recipient or project sponsor carrying out a project that provides transitional or permanent housing submits a request to the Secretary to carry out instead a project for the direct benefit of low-income persons, and the Secretary determines that the initial project is no longer needed to provide transitional or permanent housing, the Secretary may approve the project described in the request and authorize the recipient or project sponsor to carry out that project.

(d) **REPAYMENT OF ASSISTANCE AND PREVENTION OF UNDUE BENEFITS.**—

(1) REPAYMENT.—If a recipient or project sponsor receives assistance under section 422 to carry out a project that consists of activities described in paragraph (1) or (2) of subsection (a) and the project ceases to provide transitional or permanent housing—

(A) earlier than 10 years after operation of the project begins, the Secretary shall require the recipient or project sponsor to repay 100 percent of the assistance; or

(B) not earlier than 10 years, but earlier than 15 years, after operation of the project begins, the Secretary shall require the recipient or project sponsor to repay 20 percent of the assistance for each of the years in the 15-year period for which the project fails to provide that housing.

(2) PREVENTION OF UNDUE BENEFITS.—Except as provided in paragraph (3), if any property is used for a project that receives assistance under subsection (a) and consists of activities described in paragraph (1) or (2) of subsection (a), and the sale or other disposition of the property occurs before the expiration of the 15-year period beginning on the date that operation of the project begins, the recipient or project sponsor who received the assistance shall comply with such terms and conditions as the Secretary may prescribe to prevent the recipient or project sponsor from unduly benefitting from such sale or disposition.

(3) EXCEPTION.—A recipient or project sponsor shall not be required to make the repayments, and comply with the terms and conditions, required under paragraph (1) or (2) if—

(A) the sale or disposition of the property used for the project results in the use of the property for the direct benefit of very low-income persons;

(B) all of the proceeds of the sale or disposition are used to provide transitional or permanent housing meeting the requirements of this subtitle;

(C) project-based rental assistance or operating cost assistance from any Federal program or an equivalent State or local program is no longer made available and the project is meeting applicable performance standards, provided that the portion of the project that had benefitted from such assistance continues to meet the tenant income and rent restrictions for low-income units under section 42(g) of the Internal Revenue Code of 1986; or

(D) there are no individuals and families in the geographic area who are homeless, in which case the project may serve individuals and families at risk of homelessness.

(e) STAFF TRAINING.—The Secretary may allow reasonable costs associated with staff training to be included as part of the activities described in subsection (a).

(f) ELIGIBILITY FOR PERMANENT HOUSING.—Any project that receives assistance under subsection (a) and that provides project-based or sponsor-based permanent housing for homeless individuals or families with a disability, including projects that meet the requirements of subsection (a) and subsection (d)(2)(A) of section 428 may also serve individuals who had previously met the re-

quirements for such project prior to moving into a different permanent housing project.

(g) ADMINISTRATION OF RENTAL ASSISTANCE.—Provision of permanent housing rental assistance shall be administered by a State, unit of general local government, private nonprofit organization, or public housing agency.

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