



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 9, 2007

S. 1518 **Community Partnership to End Homelessness Act of 2007**

*As ordered reported by the Senate Committee on Banking,
Housing, and Urban Affairs on September 19, 2007*

SUMMARY

S. 1518 would reauthorize the McKinney-Vento Homeless Assistance Act for five years and consolidate the act's separate competitive grant programs for assistance to the homeless into a single program. CBO estimates that implementing this legislation would cost about \$7.7 billion over the next five years, assuming the appropriation of the necessary amounts. The Joint Committee on Taxation (JCT) estimates that enacting S. 1518 would reduce revenues by \$7 million over the 2008-2012 period and by \$22 million over the next 10 years.

S. 1518 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1518 is shown in Table 1. The costs of this legislation fall within budget function 600 (income security).

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1518 will be enacted near the beginning of fiscal year 2008, that the amounts authorized will be appropriated, and that outlays will follow historical patterns. Components of the estimated costs are described below.

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF S. 1518

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
CHANGES IN REVENUES						
Changes to Low Income Housing Credits						
Estimated Revenues ^a	0	*	-1	-1	-2	-2
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority ^b	1,444	0	0	0	0	0
Estimated Outlays	1,428	1,444	1,201	632	380	145
Proposed Changes:						
Homeless Assistance Grants						
Estimated Authorization Level	0	2,200	2,288	2,330	2,372	2,416
Estimated Outlays	0	22	375	1,269	1,708	2,077
Contract Renewals						
Estimated Authorization Level	0	429	466	474	540	548
Estimated Outlays	0	258	451	471	514	545
Research on Interventions for Homeless Families						
Authorization Level	0	0	8	8	8	0
Estimated Outlays	0	0	3	5	8	5
Interagency Council on Homelessness						
Estimated Authorization Level	0	3	3	3	3	3
Estimated Outlays	0	3	3	3	3	3
Total Proposed Changes						
Estimated Authorization Level	0	2,632	2,765	2,815	2,923	2,967
Estimated Outlays	0	283	832	1,748	2,233	2,630
Spending Under S. 1518						
Estimated Authorization Level ^b	1,444	2,632	2,765	2,815	2,923	2,967
Estimated Outlays	1,428	1,727	2,033	2,380	2,613	2,775

Note: * = revenue loss of less than \$500,000.

- a. Estimate provided by the Joint Committee on Taxation (JCT). In addition to the effects shown through 2012, JCT estimates that enacting S. 1518 would reduce revenues by an additional \$15 million over the 2013-2017 period.
- b. The 2007 level is the amount appropriated in that year for Homeless Assistance Grants and the U.S. Interagency Council on Homelessness.

Revenues

Section 7 of the bill would exclude grant funding authorized by the McKinney-Vento Homeless Assistance Act when determining the eligible basis of a building receiving Low Income Housing Credits under section 42 of the Internal Revenue Code of 1986. The JCT estimates that consequent reductions in revenue would total \$7 million over the 2008-2012 period and \$22 million over the next 10 years, as shown in Table 2.

TABLE 2. CHANGES IN REVENUES UNDER S. 1518

	By Fiscal Year, in Millions of Dollars											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-2012	2008-2017
Estimated Revenues	*	-1	-1	-2	-2	-2	-3	-3	-3	-4	-7	-22

Note: * = revenue loss of less than \$500,000.

Spending Subject to Appropriation

In total, CBO estimates that S. 1518 would authorize the appropriation of \$2.6 billion in 2008 and \$14 billion over the 2008-2012 period. Appropriation of those amounts would result in estimated outlays of \$7.7 billion over the next five years.

Homeless Assistance Grants. S. 1518 would consolidate the Department of Housing and Urban Development's (HUD's) separate competitive grant programs for assistance to the homeless (including the Supportive Housing Program, the Shelter Plus Care program, and the Single- Room Occupancy Dwellings program) into a single program (the Homeless Assistance Program) and reauthorize grants for the emergency shelter needs of the homeless. Section 5 of the bill would authorize the appropriation of \$2.2 billion in 2008 and such sums as necessary from 2009 through 2012 for these programs. Assuming appropriation of the authorized amounts and adjusting for inflation, CBO estimates that implementing this section would cost \$22 million in 2008 and about \$5.5 billion over the 2008-2012 period.

Contract Renewals. Section 7 of the bill would authorize the HUD to use such sums as necessary from amounts appropriated for Section 8 housing assistance to renew expiring contracts for the leasing, rental assistance, or operating costs of permanent housing for the homeless. Such renewals are currently funded through the Shelter Plus Care and Supportive

Housing programs. In 2006, HUD awarded about \$360 million in renewal funding covering about 67,000 permanent housing beds. Based on data provided by HUD, CBO estimates that renewing expiring contracts would require the appropriation of \$429 million in 2008 and \$2.5 billion over the 2008-2012 period. Appropriation of those amounts would result in outlays totaling an estimated \$2.2 billion over the next five years.

Other Provisions. Additionally, section 4 would authorize the appropriation of \$3 million in 2008 and such sums as necessary from 2009 through 2012 for the U.S. Interagency Council on Homelessness, and section 10 would authorize the appropriation of \$8 million for each of fiscal years 2009 through 2011 for research into the efficacy of interventions for homeless families. In total, assuming appropriation of the authorized amounts, CBO estimates that implementing these provisions would cost \$3 million in 2008 and \$36 million over the 2008-2012 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1518 contains no intergovernmental or private-sector mandates as defined in UMRA. Funds authorized by the bill would benefit state, local, and tribal governments that receive grants to provide housing and emergency shelter. Any costs those governments incur, including matching funds, to comply with program requirements would be incurred voluntarily.

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