S. HRG. 109–872

MCKINNEY-VENTO REAUTHORIZATION AND CONSOLIDATION OF HUD'S HOMELESS PROGRAMS

HEARING

BEFORE THE

SUBCOMMITTEE ON HOUSING AND TRANSPORTATION

OF THE

COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON

EXAMINATION OF S. 1801, TO AMEND THE MCKINNEY-VENTO HOMELESS ASSISTANCE ACT TO REAUTHORIZE THE ACT, AND PROVIDE FOR CONSOLIDATION OF HUD'S HOMELESS PROGRAMS

MARCH 30, 2006

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MCKINNEY-VENTO REAUTHORIZATION AND CONSOLIDATION OF HUD'S HOMELESS PROGRAMS

THURSDAY, MARCH 30, 2006

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING AND TRANSPORTATION,
Washington, DC.

The Subcommittee met at 3:34 p.m., in room SD–538, Dirksen Senate Office Building, Senator Wayne Allard, (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. In brief, I will call the hearing to order.

I would like to welcome everyone to this hearing of the Housing and Transportation Subcommittee hearing on the McKinney-Vento Act Reauthorization and Consolidation of HUD's homeless programs. I want to thank all of you also for being patient while we finished the full Committee action and also had a chance to go down to the floor to vote, and I am sure that later on, I will be joined by Senator Reed.

In 1987, Congress passed the Stewart B. McKinney Homeless Assistance Act, now known as the McKinney-Vento homeless assistance programs. The Act was the first comprehensive law addressing the diverse needs of the homeless, including programs at the Department of Health and Human Services, the Department of Education, the Department of Labor, the Department of Agriculture, and the Department of Housing and Urban Development.

Until enactment of this law, the problems confronted by the homeless were mainly addressed at the State and local level. The McKinney Act represented a consensus that had developed that a major Federal commitment was required in order to end homelessness. Currently, the Federal Government devotes significant resources to the homeless. In fiscal year 2006, HUD's homeless grant programs were funded at $1.34 billion.

Yet, despite the enormous Federal resources directed toward homelessness, the problem persists. We need to bring more accountability to homeless assistance, increasing funding for successful programs and initiatives, and replacing those that are ineffective. There seems to be consensus that the McKinney-Vento bill has been an important tool to help some of society's most vulnerable members and that the first step should be reauthorization of the Act.

There also seems to be consensus that the second step should be consolidation of the existing programs. I originally introduced consolidation legislation in the year 2000, and Senator Reed offered a proposal in 2002. HUD has also advocated for a consolidated program for several years now.

While we differed in some of the details, including the funding distribution mechanism for a new program, these proposals offered consensus on the important starting point of consolidation. After extensive discussion, Senator Reed introduced Senate bill 1801, the Community Partnership to End Homelessness Act, a bill I was pleased to cosponsor. The bill will consolidate the existing programs to eliminate administrative burdens, multiple applications, and conflicting requirements.

The streamlined approach will combine the efficiencies of a block grant with the accountability of a competitive system. Localities will submit applications outlining the priority projects for their area based on outcomes and results. I am especially supportive of approaches such as this one that focus on results rather than processes.

In considering reauthorization of such an important program, especially given the scope of the potential changes, I believe it is important to solicit a variety of viewpoints. Thus, I have convened today's hearing to facilitate that discussion. I would like to hear the witnesses' views as to what is and is not currently working in the McKinney-Vento programs as their suggestions for reauthorization, including their comments on Senate bill 1801 or any other reauthorization proposal.

We have an excellent lineup of witnesses today. First, we will hear from Roy Bernardi, Deputy Secretary of the Department of Housing and Urban Development. In addition to his perspective as the second in command at HUD, Secretary Bernardi has the added advantage of his service as a mayor.

He will be followed by Phillip Mangano, who has provided excellent leadership for the Interagency Council on Homelessness, partnering with cities nationwide in developing 10-year plans to end homelessness, and I appreciate your efforts, Mr. Mangano, with our Denver Mayor, Mayor Hickenlooper. He tells me that he felt like his working relationship has been just superb, so we appreciate you helping us out there.

Our final witness on the first panel will be Gail Dorfman, County Commissioner of Hennepin County, Minnesota. Hennepin County has been active on the issue of homeless and on Tuesday announced a commission to end homelessness in the country.

The second panel will begin with Steve Berg, Vice President for Programs and Policy at the National Alliance to End Homelessness. The Alliance is a national nonprofit organization dedicated to addressing the root causes of homelessness.

Next, we will hear from Charles Gould, who is the National President of the Volunteers of America, an organization that has been helping people in need for 110 years; Anthony Love, President and CEO of the Houston Coalition for the Homeless will be able to give a front line perspective on reauthorization based on his daily work providing homeless assistance. Finally, we will hear from

Dennis Culhane of the University of Pennsylvania. Dr. Culhane is known nationwide as one of the leading experts on homelessness.

I would like to thank all of our witnesses for being here today. Your testimony will be helpful as the Subcommittee moves forward with these issues.

Now, I would like to call on my colleague, Senator Reed from Rhode Island, to make an opening statement, and then, we will proceed to the panel.

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman, and let me thank you not only for holding this hearing on reauthorization of the McKinney-Vento Homeless Act but also for your leadership in championing Senate bill 1801, the Community Partnership to End Homelessness Act. And let me thank the witnesses, all of them, for their testimony today. We look forward to it.

How we deal with homelessness is not just an issue of policy. It touches on the values that we cherish as a Nation. What do we say to children whose parents cannot afford adequate housing? To women in abusive relationships who have to flee and find shelter, to veterans who served their country and cannot find a home, to the mentally ill, who are challenged in finding adequate places to live, if we cannot respond with adequate and safe housing?

This is about values as well as about policy. We have to tackle this complex issue. We have learned a great deal since the passage of the McKinney-Vento Homeless Assistance Act 20 years ago.

For one, we learned that keeping a chronically homeless person off the streets saves money. If you look at the medical, enforcement, emergency shelter, other expenses that these individuals accrue, it is far more cost-effective to find them permanent housing. We also know that many people who are temporarily homeless often experience homelessness as a result of a job loss, a medical crisis, a discharge from a medical facility or even a correctional facility. For these people, allowing communities more flexibility in trying to help them through assistance in paying utility bills, with planning for transition is effective and could be more effective.

We know that. We know that coordinating discharge, as I said, from hospitals and from jails makes sense. We know that communities are making substantial inroads with limited Federal dollars they are receiving. Thanks to many of these programs, households that typically lacked housing stability have moved into supportive housing environments. Eighty-five percent of such households have remained in permanent housing 2 years later, thanks to the services they receive, so we know that supportive services can make a key difference.

We know giving communities flexibility will allow them to target the populations that need the most assistance to prevent family homelessness, provide successful support of housing programs, and quickly provide transitions for individuals from homelessness to permanent housing. We also know that the HUD implementation of the Continuum of Care has stimulated increased coordination within communities, better programs, and real results.

As we move forward in this process of reauthorizing McKinney-Vento, we are in an unusually strong position not only to reauthor-

ize the Act but also to improve it. And we can codify the structural improvements that have already been put in place by HUD and agencies throughout this country.

And by asking communities to provide better documentation on homelessness, on the steps they are taking to combat it, and on the effectiveness of these steps, we increase their ability to share information on what works, enhancing the potential for future improvements.

Through a collaborative effort with HUD, the Interagency Council on Homelessness, homeless advocates in communities throughout the country, and service providers, Senator Allard and I and 11 other Senators from both sides of the aisle crafted the Community Partnership to End Homelessness Act, S. 1801, legislation—and the Senator has described it before—consolidates existing homelessness programs into one program; creates a unified, performance-based process of funding that would allow more funding to flow to communities that demonstrate a commitment to ending homelessness and accomplishing the goals they set; focuses public and private sector on ending and preventing homelessness, not just simply warehousing people time and time again; encourages collaboration and planning; and ensures that multiple Federal agencies are involved as appropriate for their missions to serve homeless people.

With limited Federal dollars, our legislation promises to make significant progress in giving communities the flexibility and creativity they need to combat homelessness. Tackling this issue along with the issue of affordable housing are of paramount importance to the American public. I look forward to working with Senator Allard on these goals, as we have worked before, and I thank him again for his cooperation and his collaboration.

And Mr. Chairman, I have three letters from homeless service providers I would like to put in the record.

Senator ALLARD. Without objection.

Senator REED. Thank you very much. Again, let me thank you, Mr. Chairman, for your leadership on this issue.

Senator ALLARD. Thank you.

I am going to run a pretty tight hearing. The reason for that, I have been told that at least on our side, we may have votes around 5:00, in which case, we are going to have our clock running here. When we get on 5 minutes, I am going to start cutting you off, just because I see three witnesses on this panel and I have four on the other. And by the time we get into some questioning, we are going to eat it up. I would just hate to have us break at 5:00, and maybe we have two or three votes, and you sit around for an hour, and then, we are back.

So, I would like to get this wrapped up within the next hour and a half if we can. And your full statement is going to be made a part of the record as a lot of other information. We are not going to get all of our questions presented to you in the hearing. I am going to have some that I do not think I will be able to ask; same thing with Senator Reed.

But the way we handle that is we then request the witnesses to respond to those questions in writing. So we will give those to you, and then, if you can get back to us, to the Committee, within 10

days on your responses to that, we will then make them part of the record. We will hold the record open that long.

Okay; having shared that good news with everybody, Mr. Secretary, we will start with you.

STATEMENT OF ROY A. BERNARDI, DEPUTY SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. BERNARDI. Thank you, Mr. Chairman and Ranking Member Reed. I will be brief. I will ask and I know that you will hopefully allow me to submit my written testimony for the record.

Senator ALLARD. We will, without objection.

Mr. BERNARDI. Mr. Chairman, it is important to begin by thanking you for holding this hearing and recognizing you and Ranking Member Reed for your leadership in the fight against homelessness. We have been going at this for a number of years.

Each of you has played a pivotal role in this effort, and it is appropriate to acknowledge that your bill, S. 1801, introduced last fall, represents a major step forward in the effort to consolidate the three Continuum of Care programs and codify them in statute to allow far greater flexibility which will enable improved performance and effectiveness of the HUD's homeless assistance grant programs.

I am pleased to report that in the House of Representatives yesterday, Congressman Rick Renzi introduced the Administration's bill. As you know, the Administration's proposal to consolidate our three competitive homeless assistance programs, our Supportive Housing Program, our Continuum of Care, and our single room occupancy Section 8 program into a single program is aimed at alleviating homelessness in this country.

In our view, consolidation would provide more flexibility to localities; devolve grantmaking responsibilities to local decisionmaking bodies; fund prevention of homelessness; dramatically reduce the time required to distribute the funds to the grantees, which right now is a very onerous process; and further the Administration's goal to end chronic homelessness.

These two bills are the culmination of several years of hard work and I am proud to say bipartisan good faith work that has included input from so many, including some of you who are going to be appearing on the next panel.

Mr. Chairman and Ranking Member Reed, I would be remiss if I neglected to recognize two staff members in particular who have served each of you with great distinction: Ms. Tawanna Wilkerson and Ms. Kara Stein have worked tirelessly with us to produce solid legislation that is represented by Senate bill 1801 and the Renzi bill in the House.

These bills are very complementary, and while there are differences between them, I think the most remarkable feature is that there is common ground there to really go ahead and do some wonderful things. Both of these bills consolidate the three competitive programs into a single program with a single match, and both affirm the role of local planning entities to provide for more local decisionmaking authority and flexibility.

Both bills would greatly simplify how HUD's resources can be used to effectively and efficiently solve homelessness. Both bills

would greatly compress the time it takes to get Federal funds into the hands of grantees and the providers.

As I mentioned, while the two bills are similar in overall design, in a number of areas, there are differences that merit our attention. The Administration bill ensures broader participation in the Continuum of Care; that is, we feel, greater participation by the nongovernmental entities. It ensures greater accountability in the expenditure of funds for homelessness by each Continuum of Care by requiring each Continuum to be a legal entity; focuses more on chronically homeless persons living on the streets; provides for renewal of all types of projects, including transitional housing; provides greater flexibility for the kinds of services needed to solve homelessness; provides greater flexibility in using supportive program funds to prevent homelessness and we feel better targets its permanent housing resources for those who are the most vulnerable, the disabled.

It is my view that if we continue our dialogue and work together, we can bring these bills to closure, and in closing, I want to thank you for holding this hearing once again; look forward to participating and answering your questions.

Senator ALLARD. Thank you for your brief testimony.

Mr. Mangano.

STATEMENT OF PHILLIP F. MANGANO, EXECUTIVE DIRECTOR U.S. INTERAGENCY COUNCIL ON HOMELESSNESS

Mr. MANGANO. Thank you, Chairman Allard and Senator Reed. Thank you for your opening statements and for having this hearing committed to homelessness.

Having been committed to the abolition of homelessness for the past 20 years, beginning then as a full time, bread line volunteer and now as the Executive Director of the U.S. Interagency Council on Homelessness, I want to first acknowledge the historic and heroic role that countless community and faith-based groups have demonstrated on this issue. They have been on the front lines and in the forefront of response to homelessness in our country for 30 years, and the McKinney-Vento resources have been critical in that effort for 20 years.

While I know it is unusual and even unorthodox, I want to report some good news on homelessness. We are now achieving in this country what we have sought for a quarter of a century: Results on homelessness, change, progress on our streets, in our shelters, for our neighborhoods and communities. Visible, measurable, quantifiable change. Mayors reporting these results: In Miami, a 30 percent reduction in street homelessness; in Portland, Oregon, a 20 percent reduction; in Nashua, New Hampshire, a 26 percent reduction; in Raleigh, Durham, and Chapel Hill, North Carolina, a 17 percent reduction; in San Francisco, a 28 percent reduction; and in Philadelphia, an 81 percent reduction in Central City street homelessness.

At a hearing 2 weeks ago, the VA and providers reported a reduction in the number of homeless veterans.

Why is this new results-oriented mindset and approach working? For the past 20 years, Federal investment has increased. From the McKinney Act of 1987 to the President's record $4.15 billion level

of proposed funding for 2007, the increase is tenfold, 1,000 percent. In that time, homelessness has increased. Researchers tell us that more than 2 million Americans experience homelessness in a year.

Increased resources and increased numbers are a frustrating reminder that while new resources are important, new ideas are just as important. We cannot simply take the new resources and expend them on the old status quo. That is why these new resources and bills are so important, and that is why change is happening.

We have learned much in the last 20 years. In the past few years, the Council has encouraged the creation of jurisdictional plans in States and cities that are informed by a management agenda that prioritizes results and outcomes. Informed by GPRA and the President's Management Agenda that calls for every Federal investment to be research and data driven, performance based and results oriented, those plans put new ideas and innovative initiatives to work for homeless people.

Who benefits when Federal and other public and private resources are invested for results? Homeless people benefit, as do our neighborhoods and communities, businesses and police, ER workers, pedestrians, librarians, and we join with them. We are changing the verb of homelessness. No longer managing the crisis but ending the disgrace. We are moving from funding programs that serve homeless people endlessly to investing in the result of ending people's homelessness. We have seen it work in England, and now we are seeing it work here.

And we have discovered that our attention to measurable and quantifiable outcomes makes common sense to jurisdictions that measure every other initiative in that way, and dollars and cents to the taxpayer. Shuffling homeless people between homeless programs or cycling them through expensive systems of health and law enforcement is expensive. Studies in a number of communities around our country indicate what that expense is in emergency rooms of hospitals, in police and law enforcement, in court costs.

We have learned through those studies that the old status quo of ad hoc, siloed crisis interventions is more expensive and less effective.

Of course, we have learned that what makes the most sense is to prevent homelessness in the first place. We save the human tragedy and taxpayer resources in that dollars and cents strategy.

I am proud to be here today with Commissioner Dorfman, who this week joined with Minneapolis Mayor Rybak to become the 212th community joining with us in a partnership across the country that includes 53 governors and 20 Federal agencies.

Thankfully, the Community Homeless Assistance Act, forwarded by both of you and others is informed by 20 years of learning. With expansive input from stakeholders in and out of government, Committee staff is to be commended for their inductive approach to create added value in emphasizing housing, prevention, and performance to affirm in the law what is working and to dismiss what is not.

And the HUD intent to consolidate several HUD homeless programs into a single initiative makes sense, common sense. It would be better in the field, for communities, for Continuums, and for the

front lines. I endorse that consolidation and affirm the common direction in initiatives in both of these bills.

Finally, our common intent through a national partnership is to end chronic homelessness in our Nation. The initiative is a priority, not an exclusivity. We have not forgotten homeless families. And the research and data is now being created to inform family policy and investment.

Is everything perfect? No. Is progress being made? Yes. And the act and the consolidation will forward that progress. We have much work to do, but we are better prepared and equipped than ever before.

Thank you.

Senator ALLARD. Thank you for your testimony. Secretary Bernardi had a minute left over. I just gave it to you.

[Laughter.]

Mr. MANGANO. Thank you.

Senator ALLARD. Commissioner Dorfman, you are next.

STATEMENT OF GAIL DORFMAN
COUNTY COMMISSIONER, HENNEPIN COUNTY, MINNESOTA

Ms. DORFMAN. Thank you, Mr. Chairman, and Senator Reed. I am honored to address the Committee this afternoon. And I first want to remember former Minnesota Congressman Bruce Vento. He spent his life dedicated to improving the lives of people experiencing homelessness. Congressman Vento left us too soon, but he left behind a legacy of working effectively on behalf of America's homeless, and that legacy will not be forgotten in Minnesota or in the Nation.

I applaud you, Mr. Chairman and Senator Reed for introducing the Community Partnership to End Homelessness Act. Reauthorization of McKinney-Vento is absolutely critical if we are to change the paradigm, as Mr. Mangano said, from managing homelessness to ending homelessness in our communities.

Yesterday, as has been said, we began an intensive 100-day effort to develop a blueprint for ending homelessness in Minneapolis and Hennepin County. Mr. Mangano joined us as leaders from the public and private sectors, nonprofit and philanthropic communities and the homeless—and I say that again, and the homeless—came together to commit to ending homelessness over the next 10 years. In partnership with the Federal Government and our State government, we will be successful, and will do it before the 10 years is up.

In Hennepin County, we well remember what it was like before McKinney-Vento. Our shelters were overflowing, and we were vouchering families into hotels and motels, about 100 of them across the Twin Cities every night. Our average shelter stays were three times what they are today, and an alarming number of families were cycling in and out of shelter on a regular basis. McKinney-Vento dramatically improved upon the situation by supporting results-oriented programs. Additionally, through our partnership with the Federal Government, we have been able to leverage significant amounts of local dollars, $12.4 million in 2005 alone.

Together, we have ended homelessness for thousands of men, women, children, and unaccompanied youth in our community.

Over the past two decades, we have learned a great deal in Hennepin County about what does and does not work to end homelessness. We no longer look to shelters as the solution. Instead, we first focus on preventing people from becoming homeless whenever possible and rapidly rehousing them when they do.

It costs 10 times more to house and resettle a homeless family than to prevent them from losing their housing in the first place. Through the support of McKinney-Vento funds, we have established one of the best family homeless prevention models in the Nation.

In Hennepin County, we work hard to keep people in the housing they have. We have learned that prevention is the best and most cost-effective way to end homelessness. When families do become homeless, we work with them through our Rapid Exit program to quickly place them in permanent housing. Rapid Exit is a supportive services program funded by HUD, McKinney-Vento, and is listed on the HUD website, as a national best practice.

Through Rapid Exit, Hennepin County contracts with highly effective, community-based providers who support both clients and landlords, the landlord piece is really critical, providing housing stabilization assistance while maximizing mainstream resources. They provide ongoing case management, help clients resolve personal issues that are barriers to their housing, and build relationships and build on the strength of their clients.

As one provider told me, most homeless people are survivors. They have the innate strength to be successful, and we encourage them to use that strength. The case managers also assist landlords in resolving issues when their clients' housing is in jeopardy, cosign leases, provide financial and legal assistance. They are the intermediaries with the private landlords, and that is the single most effective way to recruit and maintain landlords, who are willing to rent to high barrier tenants.

Our 2005 results, like past years, far exceed expectations. During the one year, 588 families, an average of three children per family, and 48 chronically homeless adults were placed into housing by Rapid Exit. Of the families, 94 percent remained out of shelter for the full 12 months. Of the 48 chronically homeless, we followed them for 6 months; 79 percent remained out of shelter. Additionally, 30 percent of the families, 60 percent of the single adults who have been chronically homeless, increased their incomes during that period. Through the expansion of our prevention efforts in Rapid Exit, we have seen dramatic reductions, as I said, in the average length of stays, and the number of parents and children sheltered per year.

And these kinds of results highlight the importance of innovative, results-oriented practices and our ongoing partnership with the Federal Government through McKinney-Vento. But, you know, the numbers are good, but the personal stories are the best, like the single mom from Illinois who fled from an abusive relationship with her four children and showed up in our county shelter in Minneapolis. She struggled with finding work, caring for her children, and getting them to school on time.

Our Rapid Exit worker helped her locate a job and an apartment she could afford. Now, 10 years later, she owns her own modest

home. Two of her children have graduated high school and are attending college, and she still calls her case manager every 6 months to proudly report on her success.

The Community Partnership to End Homelessness Act and McKinney-Vento will bring us another step forward in our quest to end homelessness and provide stable housing. We support consolidation of McKinney-Vento programs, renewal of rent operating subsidies, automatic renewal; the 30 percent permanent set aside for individuals and families with disabilities; and the recognition of the critical importance of prevention.

We are, however, concerned with just one point, the proposal to curtail certain services after 3 years. It is critical that services that directly support housing placement, coordination with the private landlords, and housing stabilization remain intact.

Last, we support increased flexibility. The more creative we can be at the local level, the more likely we will be able to end homelessness for people in our community.

Thank you so much for the opportunity to testify today.

Senator ALLARD. I would just add that I served with Congressman Bruce Vento on the Ag Committee when I served in the House of Representatives, and he was truly dedicated to—at that time, we served on the Nutrition Committee on the Ag Committee, so he was truly committed, and I very much enjoyed working with him at that time on nutritional programs and how they would impact the homeless.

So now, I am over here on the Banking Committee and taking a little different perspective, and I could not agree more with you that having a home to start with is a great starting spot. And then, things get much easier from that point on.

My first question is to you, Mr. Secretary: What outcome and performance measures does HUD currently use for grantees? Given that the Continuum of Care has been rated as an effective program by the PART analysis, why is HUD proposing to change these highly effective programs.

Mr. BERNARDI. Thank you, Mr. Chairman.

We are very pleased with the performance measurement score that we received from OMB. To end chronic homelessness and move families and individuals to permanent housing, we want to make sure that we use GPRA, and we use the measurements that are in place. We have increased the percentage of homeless persons staying in permanent housing over 6 months. That was at 70 percent last year, and we are looking for an incremental increase in 2006; increase the percentage of homeless persons moving from transitional housing to permanent housing; we also measure the increase in the percentage of homeless persons becoming employed by 11 percent.

I would like to state some accomplishments, if I may. In 2005, HUD assisted nearly 125,000 homeless persons in moving from the streets or other living situations into the HUD McKinney-funded transitional housing or permanent housing. Of these, over 27,000 were chronically homeless, over 20 percent. Only 1 percent of people in HUD McKinney-funded housing fell back into the streets in 2005.

Persons employed in 2005: Almost 30,000 persons became employed while in HUD-funded housing, and of those, 5,700, or approximately 20 percent, were chronically homeless. With our homeless management information system, of the 450 Continuums, about 75 percent of them right now have that system in place. And it is a collection of data; it is working with Mr. Mangano and the Interagency Council on the Homeless on their effort to end chronic homelessness. Both of those paths run parallel. And each and every year, the Continuums are doing more when it comes to measurement, when it comes to performance and reporting back to us.

The difficulty that we have and the purpose of this legislation is that anywhere from 10 to 20 percent of the individuals that are homeless are what we identify as chronically homeless. And yet, they use up to 50 percent of a community's emergency resources. Now, that is an incredible number. So we feel very strongly, this Administration, the President, Secretary Jackson, and ourselves, that we really need to address that, and that is what the bill we have been working for does, with the consolidation of these three programs.

I will stop there. I would like to go further into how strongly I feel about this consolidation; hopefully, I will have the time to do it, but we really need—as a former mayor, I can tell you, the Continuums of Care in this country, those 450, they represent 3,700 jurisdictions, about 92 percent of the population.

And with the Interagency Council on the Homeless, with their 200-plus States and cities that have signed onto their own individual plans and with the resources, $1.3 billion this year; a $200 million proposed increase for 2007, we feel we can do more with the resources that we have; that we can take these chronically homeless individuals and stop that revolving door; place them, these disabled individuals, into permanent housing, and with the supportive services that the Continuums provide and other agencies, we can bring them back to a productive life and eliminate that kind of expenditure not only from the Federal Government but also from the communities.

Senator ALLARD. Mr. Mangano, I believe that you look around, and you see what programs are working and what are not, and those that are working, you try and replicate their success.

As you look around the world, what countries have taken approaches to homelessness that have been effective, and what best practices can you see us adopting?

Mr. MANGANO. Well, I appreciate the question, and I was just at a meeting with 25 European countries who are all meeting together specifically on the issue of homelessness, and I would have to say the countries that had results as the orientation of their investment were England and Ireland. And there is no question that one of the best practices in the world is what is known as the Rough Sleepers Initiative in England, which targeted specifically people who were living on the streets of England.

That best practice involved modest new resources from central government in England; had the political will of the Prime Minister; and was oriented to local planning processes that themselves were results oriented. The modest new resources of central government were invested in those results oriented plans, and in 3½

years, 3 out of every 4 people who were sleeping on the streets of England were no longer there, not through punitive means but through solution-oriented efforts.

We have committed an act of "legitimate larceny" on that effort, and I think what we are doing here in the United States, thanks to the investment of HUD resources, and the Secretary mentioned the $200 million additional in the HUD budget, which is the Samaritan Initiative in the President's proposed budget; those would be important new resources in the investment that we are making in ending the homelessness of those who are the most visible and on the streets of our country.

We are certainly learning from England and from Ireland where jurisdictionally based plans that are targeted to end the homelessness of the most visible. I will finish with this, as they achieved success in terms of the Rough Sleepers Initiative, 3 out of every 4 off the streets; people in Parliament were going home to their districts. There were fewer people on the streets in Manchester, Leeds, and Birmingham; fewer people as they walked to their offices in London.

That remoralized Parliament, who had been reluctant to invest in any more, because they had not seen any results or outcomes. That remoralized them to reinvest in the issue of homelessness, and now, there is a deeper investment in family homelessness as a result of the achievements that were secured in the Rough Sleepers Initiative.

Senator ALLARD. Success breeds success.

Mr. MANGANO. Exactly.

Senator ALLARD. Okay; Senator Reed.

Senator REED. Thank you very much, Mr. Chairman, and let me ask, if I can, one question to each person and then reserve the right for additional questions later.

Thank you, Mr. Secretary, for recognizing Kara Stein and the staff members. She would be here, but she has about a 3½ week-old child to care for, and you understand that.

Mr. BERNARDI. That is the priority.

Senator REED. Indeed.

In 1993, HUD created the Continuum of Care. It is a very effective program. What additional benefits do you see by essentially codifying the Continuum of Care in legislation that we are looking at?

Mr. BERNARDI. Well, I think it puts all the Continuums throughout the country basically in the same situation to be working together as they presently do. The part of the legislation that I really like is the prevention that we do not have now, and we have a little difference in our bills. We want to allow the Continuums to use 10 percent of the resources, and your bill, I believe, speaks to 5 percent.

But we need to do more with prevention. If we can do more with prevention, obviously, I think, in the final analysis, we can begin to decrease the numbers. The Continuums, our proposal, as you know, calls for at least a 65 representation of nongovernmental entities. Those are the not for-profits, the foundations, the hospitals, the homeless people, people who have been homeless, and about a 35 percent representation of local officials.

To codify that, to give them the emphasis that they need, right now, we at HUD receive—let us see, the notice of funding availability went out March 8; the 6,000 applications will be there by May 25, the close of business. We spend 6 months going over those applications and another 2 or 3 months putting that all together and making the announcements.

By changing this and by codifying the Continuums, having a single application with a single match and comprising boards throughout the country in each one of these Continuums, we push where we should back to the local level. And then, they will hold their own individual competitions among their projects that they will prioritize and that they need the most.

Again, I think this is the legislation that we need. I know legislation is difficult to come by, but I think we are very close on it, and with the support in the House and with your continuous support and the Chairman's, I feel very strongly that the Continuums, the 450 that we have in the country, I believe we have met with many of them; they are in favor of this; this would really address the chronic homeless situation that we have in this country by providing more permanent housing and even bonuses for these Continuums as we have these competitions; if their first priority is the chronically homeless, they can receive, after the pro rata share for need, 15 percent more in their application, with a maximum of $6 million, so the large cities do not take too much of the money, but that would provide additional dollars to really address those individuals.

Now, some people may say to you, well, what about families, and what about other people that are homeless that are maybe not disabled? Well, the way the funding works right now, it is about 52 percent goes toward the chronically homeless and about 47 percent for all the remaining homeless population.

Senator REED. Thank you very much, Mr. Secretary.

Mr. Mangano, I just want to thank you for your over 20 years of dedication to this issue and your help in working with the staff along with the Secretary and developing this legislation. And because time is dwindling, let me ask a question of Ms. Dorfman. Your project, Homeless Connect, is one that has been noted, and it features one-stop-shopping. I would hope and assume that the legislation we are talking about would facilitate these types of one-stop-shopping arrangements. Might you just briefly comment on that?

Ms. DORFMAN. Thank you, Mr. Chairman and Senator Reed.

Project Homeless Connect I believe started with Mayor Newsome in San Francisco, and we thought it was a good idea, so we took it up last year. And it really is getting all the resources in one room from our community and broad-based participation and volunteers. And the way it works, and I will give you one success story, is we had a guy who was homeless come in at our last Project Homeless Connect who had serious and persistent mental illness, and there was a housing provider there who had a vacancy. But he needed to get on SSI, and he needed to get a mental health assessment in order to be eligible.

But the mental health providers and psychiatrists were in the room, and the Social Security Administration was in the room, and

so, they could fill all of those eligibility slots and problems that day, and this one individual was moved into supportive housing that very day. And in addition to that, he got a haircut before he moved in and a pair of shoes.

And so, that is what it is all about breaking down those barriers that the chronically homeless have faced in having access to services. So if we have Project Homeless Connect combined with the McKinney-Vento supportive housing programs, it works beautifully, and that is what we are trying to do.

Senator REED. Thank you very much.

Mr. Chairman.

Senator ALLARD. Well, I think we are going to have to move on to the other panel. I was hoping maybe we might get another round of questioning. We have used up about 45 minutes or 40 minutes right now, and we have about 45 minutes.

And I do not think we have heard anything different on the vote schedule, have we? We have not yet, so let us still assume we have 5:00 votes.

Senator REED. We have warned everyone that we could send questions out and ask you to respond, and I think they waited for awhile before we did CFIUS.

Senator ALLARD. They have already done a lot of waiting.

Senator REED. You have paid your time.

Senator ALLARD. Thanks for your time and showing up here. I know it is not always easy to break away from your daily routines to be here, but your participation is very valuable, and we appreciate your taking the time to be with us.

Thank you.

Mr. BERNARDI. Thank you very much.

Mr. MANGANO. Thank you, Mr. Chairman, Senator Reed.

Ms. DORFMAN. Thank you.

Senator ALLARD. If the second panel would please come forward.

I would like to welcome the second panel, and we will start with you, Mr. Berg, and then go right down the line until we hit Dr. Culhane. You will have the privilege of wrapping things up.

Mr. Berg, you are on.

STATEMENT OF STEVE R. BERG
VICE PRESIDENT FOR PROGRAMS AND POLICY,
NATIONAL ALLIANCE TO END HOMELESSNESS

Mr. BERG. Thank you.

Good afternoon. I am Steve Berg. I am the Vice President for Programs and Policy with the National Alliance to End Homelessness. I would first like to thank you for holding this important hearing, for inviting us to testify and for introducing the Community Partnership to End Homelessness Act.

I would like to start by saying that this is a particularly exciting time to be working on the issue of homelessness. Over the past few years, people at every level are beginning to see homelessness as a problem with a straightforward solution and that undertaking that solution is the right thing to do, and it is the smart thing to do.

We are at the point where in the past year, a small number of communities that have been leaders at reforming their approach to

homelessness are beginning to see quantifiable results in the form of fewer homeless people. Hundreds of other communities are now working hard to replicate that success and to end homelessness. We regard the introduction of this bill as an important step toward that goal, newly awarded we are proud to support the bill.

To a very large extent, this bill codifies the practices that have evolved in the HUD Continuum of Care. Given the positive record of the Continuum of Care, that is completely appropriate. The most important and far reaching change that this bill would make is to give to communities that are ready to accept it the responsibility and the authority to direct their local efforts more strongly toward an outcome-based approach that holds the promise of ending homelessness. Now, this kind of strong leadership at the local level is one of the key elements in communities that have had positive results.

The bill codifies some important specific provisions that provide for balancing good results. It ensures that some attention will be paid to people with severe disabilities, many of whom tend to remain homeless for the longest periods of time. Fortunately, the answer for this population is well known. It is supportive housing, with its strong record of cost-effectiveness and positive results for people.

The bill would require that 30 percent of the funding nationwide be used for permanent housing for people with disabilities. That is something that has been in appropriations bills for the last 8 years. It has tended to give balance to the program and achieve good results.

The bill makes important changes involving family homelessness. For a number of the communities that have had these quantifiable results, it has been reductions in homelessness among families with children that have driven those results. The stakes are huge, because the trauma of homelessness can affect children for years afterward. The bill would provide incentives to develop housing stock for families. It would encourage rental assistance. It would reward communities that quickly rehouse homeless families, and it would provide more money for prevention. These are all things that experience has taught us will be useful in reducing homelessness among families with children.

Now, there are some issues that I believe are going to require continued consultation to attempt to resolve. We will need to continue to work on how to deal with communities that may not have the capacity to immediately undertake all the activities that collaborative applicants are expected to carry out under this bill. We will need to spend time working out the right approach to matching, since it is the experience of some providers that a cash match might cause inefficiencies and hurt communities that need the help the most.

The extent to which HUD would be involved in funding services as opposed to housing remains controversial, and we will need to seek the input of people working in communities to see if the approach in this bill is an approach that would promote or hamper program effectiveness. I am personally confident that consensus on these issues, which are somewhat esoteric and technical, can be achieved and that we will be able to move forward.

Finally, I would like to note that there are other areas of Federal policy beyond the structure of the HUD homelessness programs that have a huge role in determining whether we will be successful. A strong Interagency Council on Homelessness has proved to be crucial in moving us forward. Increased resources and good incentives in other Departments such as HHS, Labor, and VA are critical, and I would specifically like to note the Services for Ending Long Term Homelessness Act, Senator DeWine's bill, which, of course, Senator Reed is the chief Democratic sponsor and which would provide a much needed funding stream out of HHS to match up with the HUD funds on chronic homelessness.

Finally, it is important to have strong programs to address the larger needs for housing for the most vulnerable Americans with the lowest incomes. The strong targeting that is in the affordable housing fund in the House version of the GSE bill would be an important step in this direction. It is of incalculable importance to retain the good features of the Section 8 voucher program, including targeting to the people who need it the most and in general to have strong support for HUD programs.

I would like to thank the Subcommittee once again for its consideration of our testimony and offer to answer any questions either now or at any point in the future.

Senator ALLARD. Mr. Gould.

STATEMENT OF CHARLES W. GOULD
NATIONAL PRESIDENT, VOLUNTEERS OF AMERICA

Mr. GOULD. Chairman Allard, Ranking Member Reed, thank you for inviting me to testify this afternoon, and thank you for the leadership that you are providing on this vital challenge. My name is Charles Gould. I serve as the National President for Volunteers of America. I have submitted a written statement for the record, and I would like to summarize that.

Volunteers of America is a national, nonprofit, faith-based organization that is dedicated to helping those in need to rebuild their lives and reach their full potential. For 110 years now, since 1896, our ministry of service has supported and empowered America's most vulnerable groups, including homeless individuals and families. Our interventions both prevent and end homelessness in urban and in rural communities across the country. Last year, we provided assistance to about 80,000 homeless children, youth, and adults.

As a homeless service provider, my comments and recommendations today reflect the views of our staff from around the country, people who are on the ground every day working to end homelessness. Volunteers of America believes that by consolidating current programs, by broadening the lists of eligible activities, by focusing on homelessness prevention and by expanding the population to whom housing and services can be provided, reauthorization of HUD's homeless assistance programs will allow local communities to take full advantage of the best practices that have been developed over the past 20 years.

Since 1987, we have learned three key lessons about homelessness in America: First, McKinney-Vento programs are not a substitute for mainstream housing and social service programs or sys-

tems of care; second, family homelessness has significantly increased; and third, both permanent and transitional housing can be effective tools to end homelessness.

Each of these lessons has significant policy implications in the context of the McKinney-Vento reauthorization bill before the Subcommittee, and my written statement details all of our recommendations, but I would like to focus on three in particular. First, we know that McKinney-Vento programs cannot end homelessness without ensuring that homeless persons are able to access the far greater resources that are available in mainstream housing and social service programs.

So we must increase the percentage of McKinney-Vento funds being spent on homeless prevention and ensure that mainstream programs do not discharge people into homelessness. Intervening to end homelessness is considerably more expensive than ensuring that we prevent it, and preventing homelessness must be our primary social objective, so no individual or family spends time on the street or in emergency shelter.

Second, recognizing that family homelessness continues to increase, any reauthorization of McKinney-Vento programs must allow local communities the flexibility necessary to assist all homeless populations. In this regard, Volunteers of America supports provisions of Senate bill 1801 that permit funds to be spent on permanent housing for nondisabled homeless families. We ask, however, that this Committee take additional measures, such as ensuring that the HUD definition of who is homeless includes persons who are doubled up or living in hotels or motels due to the lack of adequate alternative housing and requiring that the HUD definition of chronic homelessness include families.

And finally, since we now understand that both permanent and transitional housing are effective at ending homelessness, we ask the Committee to provide incentives for both of these interventions so that every American community may plan to end homelessness and receive targeted funding to assist local individuals and families who are most in need. Thank you again for inviting me to testify, and I look forward to answering any questions.

Senator ALLARD. Thank you.

Mr. Love.

STATEMENT OF ANTHONY LOVE
PRESIDENT AND CEO, COALITION FOR THE HOMELESS OF HOUSTON-HARRIS COUNTY, INC.

Mr. LOVE. Thank you.

Good afternoon. My name is Anthony Love. I am the President and CEO of the Coalition for the Homeless of Houston-Harris County. Thank you for inviting the Coalition for the Homeless to testify in support of the reauthorization and amending of the McKinney-Vento Homeless Assistance Act.

The Coalition for the Homeless of Houston-Harris County, known as the Coalition, is a private, nonprofit organization whose mission is to educate and advocate for the needs of persons who are homeless through support and the coordination of services. Founded in 1982 at the request of then City of Houston Mayor Katherine Whitmayer and then-Harris County Judge John Lindsay, the Coali-

tion was formed to support those entities that provide direct support to people that are homeless through advocacy, education, collaboration, and community partnerships.

The Coalition currently serves as the lead coordinator for the local Continuum of Care system. We serve in this role through the support and partnership with the City of Houston and Harris County. This collaborative was developed in 1992, and the foundation of this process is based on two principal concepts: Implementation and evaluation. Under the guidance and coordinating efforts of the Collaborative Continuum of Care Approach, Houston-Harris County's strategy became a model that HUD used to encourage other jurisdictions to develop.

Last year, our local Continuum of Care provided funding for 27 agencies, representing 62 programs and/or projects that spanned the spectrum of outreach, emergency shelter, transitional housing, and, of course, permanent supportive housing.

In Houston-Harris County prior to Hurricanes Katrina and Rita, there were 12,000 to 14,000 men, women, and children without a place to call home on any given night. Last year, approximately 34,000 individuals accessed homeless services in our community. All of these services represent McKinney-funded agencies that function as the existing system to exit homelessness in Houston-Harris County.

Since 1992, McKinney-Vento homeless assistance funding has been the major source of funding for the majority of homeless service agencies in Houston and Harris County. This funding has provided housing, employment, and other essential services to tens of thousands of individuals who have experienced homelessness in our community.

McKinney-Vento for years has served as the impetus for collaboration and community solutions to ending homelessness. McKinney-Vento has enabled many communities to leverage millions of dollars in private funding and investment while also providing housing opportunities to thousands of low-income Americans who otherwise might not be able to afford housing of any sort.

On the other hand, the current bill being considered would enhance the Act's ability to serve more people who are at risk of being homeless, realize that any reduction in HUD service dollars will not take place until adequate alternative funding is provided and expand who qualifies as chronically homeless.

The Coalition supports this bill, especially the following three items: Provision of funding for preventing homelessness. By allowing communities to use up to 5 percent of their grant funding to prevent homelessness, a huge barrier to ending homelessness is significantly reduced. This provision truly provides a means of closing the front door to homelessness. The Continuum is incomplete without prevention as part of the collaborative process to create a seamless system of service.

Involvement of more Federal agencies: One agency should not be expected to do it all or bear the burden of ending homelessness in our country. This measure ensures that multiple Federal agencies are involved in the provision of housing, health care, human services, employment, and other services as necessary and appropriate.

Adjusting the role of the Interagency Council on Homelessness provides a nationally coordinated effort to complement local and State efforts. It also makes the issue of homelessness a national priority and serves as encouragement to local communities that this issue will remain important nationally.

A broader definition of chronically homeless: The current definition of chronically homeless is restrictive and disallows much needed services to individuals and families, who also demand much from the current homeless assistance system. This new definition is more inclusive than the current definition, because it includes families who have an adult head of household with a disabling condition and people who are homeless other than only those who are sleeping in an emergency homeless shelter or in a place not meant for human habitation. This definition provides a more accurate picture of the individuals and families that are served by these community agencies every day.

Again, the Coalition supports this legislation. However, we are concerned about the 25 percent match requirement and its possible effect on smaller nonprofits and their ability to apply for these funds. We are not opposed to this provision, but we are uneasy about the possible consequences and wonder aloud what type of barrier does this requirement create for smaller agencies that perform at a high level but with a smaller budget?

Once again, I thank you for your invitation and this opportunity to speak on behalf of the Coalition. The Coalition supports your efforts to reauthorize and amend the McKinney-Vento Homeless Assistance Act and the critical resources it will provide to communities in their efforts to end homelessness.

Senator ALLARD. Dr. Culhane.

STATEMENT OF DENNIS PATRICK CULHANE, PH.D.
PROFESSOR OF SOCIAL WELFARE POLICY AND PSYCHOLOGY, UNIVERSITY OF PENNSYLVANIA

Mr. CULHANE. Thank you, Chairman Allard, Ranking Member Reed, and Members of the Subcommittee for the invitation to come here today.

Like the others, I want to commend you for your leadership in bringing this bill up, bringing some consolidation to these programs and codifying, as people have said, some of the best practices and knowledge that have developed over the years.

I am going to speak to a few of the provisions in the bill that I support and a couple of the concerns that I may have, and then, I would be happy to answer any questions.

The permanent housing setaside for the chronically homeless, of course, is something that I feel that research strongly supports. There has been a lot of research to show that a significant percentage of the shelter beds, more than half of them in the single adult population, are being used by people who are chronically homeless. They are effectively living in the shelter system, and they bounce around between jails, hospitals, and other very expensive systems of care at great cost, and research has shown that placing people in permanent supportive housing actually reduces their use of those services and saves money. So the setaside, I think, makes ample sense with regard to the single adult population.

I did have a couple of concerns about the specifics in that area. One was that the language did not at present include a disability requirement among the single adults. Nearly all of the chronically homeless adults do have a disability, but I think we would want to be careful not to incentivize long stays in shelters as the sole means of accessing this rather limited resource.

A second concern I have is about the inclusion of families in the category of chronically homeless. I go in greater detail in my written testimony on this, but to my knowledge of the research literature families are not considered within the category of chronically homeless people. While there are families who experience long shelter stays, and that is a problem that deserves to be addressed, they really have not been considered within the whole theory and research about the population who, without shelters or permanent supportive housing, would be living and even dying on our streets.

Now, I think as a matter of principle, what we should be working toward is that no family should stay in a shelter long enough to qualify as chronically homeless. The fact that families are staying in shelters or transitional housing for up to a year is the problem, and that is what we need to address. I think that Ms. Dorfman from Hennepin County, who was on the last panel and described the work of that county and all that they are doing with the Rapid Exit programs and prevention, this is the direction to go.

Recent research we have done shows that those long stay families in shelters are using about $22,000 each in shelter resources. That is the equivalent of 3 years of a Section 8 vouchers in the City of Philadelphia. So you can either get 270 days of shelter, 9 months, or you can get 3 years of housing for that same resource. So, I think it makes a lot of sense for us to be thinking about taking the resources that are going into long stays in shelters and into transitional housing and focusing on the Rapid Exit component. And I think that the evidence supports the fact that indeed, for families who linger in shelters, it only works to their detriment.

If indeed there is going to be permanent supportive housing that is targeted for families, I would suggest that you recommend that the transitional housing stock is converted to that purpose, because right now, those transitional housing units are not targeted to special needs populations, and they do not have a demonstrable benefit for those families. We do not see in the literature that there is a benefit to longer stays in transitional housing as opposed to being in housing in the community.

Another point is that I think that including families in the set aside could potentially dilute the intent of the bill, which is to codify what we have learned about targeting the chronic homeless initiatives for single adults.

Another provision that I very much support is all the accountability measures in the bill, particularly the support for the homeless management information systems. We know that data and research has been critical to informing decisionmaking at the local level, and having these data systems is going to be the most important thing going forward.

Many of the people coming into the homeless system are coming from other places, whether it is jails, prisons, or hospitals, and the

only way we can put that fact on the radar screens of these other agencies is by having data which is tracking that and which we can show to these other entities, "Hey, you are not only having an impact on homelessness, but also these people end back up in your institutions if we do not do something about this." So really, I think it is critical in terms of the whole prevention agenda to have that kind of information infrastructure.

Last, I just want to credit the 10-year planning processes that have been started and the way that the Interagency Council on Homelessness has really galvanized communities and changed the nature of the discussion about homelessness in this country.

Finally, I am just a little concerned, I want to note, about the local planning boards described in the bill. One of the things I think we have learned from the Continuum of Care is that local government really needs to have a majority say in how these decisions are made, because they control all the policy levers; they control most of the resources in these communities; and only they have the public authority and accountability, I think, that can be driving consistency with the Federal agenda.

Thank you.

Senator ALLARD. Thank you all for your testimony.

My first question is both to you, Mr. Berg and Mr. Gould. What is your opinion on the matter of a required setaside of Federal funding for permanent housing? We have heard from Dr. Culhane on that matter, and then, while you are answering the question, kind of share with us what you think might be an appropriate level for a setaside.

Mr. Berg.

Mr. BERG. Thank you.

We have found over the last 8 years that the 30 percent setaside that has been included in appropriations bills has provided a balanced approach. It has directed new resources to practices; really driven a lot of the serious progress in a number of communities about that. And the bill, of course, retains that requirement, so that is the level we would support.

Senator ALLARD. Mr. Gould.

Mr. GOULD. We also support the 30 percent setaside. Volunteers of America provides a great deal of permanent housing, and we think that the 30 percent level is an appropriate balance as well. However, we also find that transitional housing is a very important program to provide, and the bill would go further in providing additional incentives for permanent housing.

We would prefer to see those same sorts of incentives provided for transitional housing to really balance out those needs.

Senator ALLARD. Mr. Love, I have a different question for you. Please share with us your opinion of the requirement for State and local matching funds. Under a consolidated approach, what do you believe would be a reasonable matching fund?

Mr. LOVE. Thank you; I do agree with the idea of having a matching fund, because that demonstrates the local level of investment in ending this condition of homelessness. I think an appropriate level would be 20 percent as opposed to 25 percent.

In HUD's supportive services, there is a 20 percent requirement, and I know in our community, that level of match has been a lot easier to attain than the 25 percent level.

Senator ALLARD. Okay; and then, on to you, Professor Culhane: Based on your research, what are the common elements among successful approaches toward ending homelessness?

Mr. CULHANE. Well, of course, common to all of those would be having some kind of housing, and usually, that is in the form of some kind of subsidized housing. That is a common component. And for people who need supportive services in order to maintain that housing, that is also a critical ingredient. But I think, yes, that is pretty much it.

Senator ALLARD. Okay. I have a question for all of you.

Now, we have heard a great deal about collaborative approaches and how that can approach, you know, promote coordination within the city. I believe also, it is important to have some coordination between jurisdictions, from neighbor city to another city down the road. And let me give you an example: One city has an excellent program; another one does not. Then, you know, you have a migration of homelessness from one part of the country to another.

How much coordination currently happens between jurisdictions, and what can be done to promote greater coordination, and we will start with you, Mr. Berg, and just go right down the line if you want to respond.

Mr. BERG. I think current practice, it very much varies. As you know, the current HUD program allows jurisdictions to come together to apply for the HUD programs. In many places, cities and counties, several cities in a county along with the county will apply for funding. Rhode Island, of course, the whole State applies as one entity. Other places, it is very much individualized, and each little town has its own Continuum of Care.

I agree. I think the importance of consolidation of cooperation and collaboration across governments, between levels of governments, is very important. I think HUD has tried to encourage places to form larger Continuums just because they tend to get a little better results in terms of the score they get on their results, but I think there is probably some more that could be done there.

Senator ALLARD. Mr. Gould.

Mr. GOULD. I would simply support that as well. Anything you can do to incent larger Continuums or that kind of collaboration, we would certainly support. I think it is very much across the board in a community by community experience.

Senator ALLARD. Mr. Love.

Mr. LOVE. I would also support that, and at the same time, I think when you have smaller communities that are surrounding a larger community, it is critically important for that smaller community to maintain their sense of identity and not feel that—I will give you an example. There are smaller communities around Houston. They seem to feel that Houston should be the sole source or the sole provider of coordinating services for individuals that are homeless. If they decided, as smaller communities, to take that mantle, they feel that they would draw people who are homeless to their communities.

So a great deal of education would first and foremost have to take place, and then, I think increased incentives for those smaller communities to want to participate in that form of a collaboration would be necessary.

Senator ALLARD. Dr. Culhane.

Mr. CULHANE. Yes, I would only add that I think that the 10-year planning processes which have unfolded around the country have probably done more than anything to share information and collaboration across these regions. I think, in fact, there are some areas of the country where there are regional 10-year plans. And the State interagency councils on homelessness that have also emerged I think also have a role to play, where they can do the kind of information sharing and the kind of brokering of relationships among these localities.

Senator ALLARD. Senator Reed.

Senator REED. Thank you very much, Mr. Chairman, and gentlemen, thank you not only for your excellent but also succinct testimony. I appreciate that very much and thank you also for the dedication over many years to this issue of homelessness.

Mr. Berg, could you just comment briefly on how the proposed legislation would help underserved homeless populations?

Mr. BERG. Well, I think it provides incentives. It provides incentives to communities that I think are doing the most outreach and dealing with the problem. I mean, the current system does this a lot. I think this bill moves a little further in terms of rewarding communities that have a very comprehensive approach, including addressing all aspects.

I think the underserved populations include the people who have lived on the streets for years and years; there is definitely a push there. One of the things I would mention is that we have to make some more progress in the area of homelessness in rural areas, and I think by opening up the process a little bit, this bill does that, but we are definitely going to have some work to do there. I think we are starting to see some progress.

Senator REED. Thank you very much.

Mr. Gould, you made a very good point, I think, in your testimony about the homelessness programs do not operate in a vacuum. If we do not support CDBG and Section 8, we are going to have a real difficult problem, and you might elaborate on that, if you could.

Mr. GOULD. Well, it is a real concern that we not create a system here that requires that people be discharged from those programs into homelessness in order to access these funds. This bill would do a great deal of good. But if we focus too much at one end and force people to really become chronically homeless before we help them, we really are going to increase the cost on the other end, and that is a very real concern for us in this bill.

Senator REED. Good.

And Mr. Love, you have had extensive experience over 10 or more years in dealing with homelessness issues, and you actually run the Houston Continuum of Care, I think, through your office.

Mr. LOVE. Yes.

Senator REED. And I will ask you the same question I asked the Secretary, how codifying this Continuum of Care, we presume, in the legislation, will be very helpful from your perspective.

Mr. LOVE. Yes.

Senator REED. What do you hope will happen?

Mr. LOVE. Absolutely. In particular, certain provisions within the legislation that the Continuum has not been able to access; in particular, the prevention measure. Usually, prevention funds came from ESG, which kind of sat outside of the Continuum of Care. By making it a part of it, when you look at the Continuum of Care chart, all of it functioned based upon the person actually becoming homeless and then going through the system. Adding this prevention measure, in my opinion, expands the Continuum of Care and creates a real system in terms of addressing the issues of homelessness.

Senator REED. I think we have heard from everyone that the prevention issue might be one of the key aspects of this new legislative approach if we can codify it and support it with real resources.

And Dr. Culhane, again, thank you for your extensive academic expertise on this issue and your presence here today. Part of the legislation we are proposing would have a collaborative applicant panel and would serve under our bill to look at some of these proposals, and I wondered if you have any comments about the composition of that. I think you referred to it before about making sure that there is a heavy government presence, and might you elaborate?

Mr. CULHANE. Yes, I think one of the things that we learned from the Continuum of Care process in a number of the communities that I have had the opportunity to work in is that local government has been frustrated that they have not always had a significant enough decisionmaking power on those local Continuums, so even though they may control most of the policy levers, and they may spend most of the money on emergency shelter. In a place like Philadelphia, for example, they pay for the entire shelter bill or in New York City, they pay the entire shelter bill. But yet, they do not control the Continuum of Care process.

Now, I am not saying that partnership and collaboration is not valuable. We need the input of the provider community, the advocate community, et cetera, but only local government really has the authority, really has the resources, has the policy levers to pull all of this together to meet a specific, set of policy objectives.

And so, I would encourage you to think about making sure that there was some kind of majority composition of those boards that was local government.

Senator REED. Mr. Love, since you are right there in the middle of it all, your comments on this issue.

Mr. LOVE. Yes, in Houston, in particular, we serve as the lead agency, but it is a collaborative process, and the collaboration is made up of the Coalition for the Homeless as the lead agency; representatives from the City of Houston and representatives from Harris County, and we operate as that collaborative, meaning that there has to be two votes before anything is done or any initiatives are moved forward.

One of the reasons that the Coalition was made as the lead agency because of the flexibility and the lack of bureaucracy entailed within a 501(c)(3).

Senator REED. So essentially, how your operation works, you have three voters.

Mr. LOVE. Yes.

Senator REED. The county, the city, and the Coalition.

Mr. LOVE. And the Coalition.

Senator REED. You are the lead agency; you develop the ideas, but if they both dislike it, then, you cannot do anything.

Mr. LOVE. Absolutely.

Senator REED. Good.

Mr. Berg, Mr. Gould, any comments on this issue?

Mr. BERG. I would agree. This is done different ways in different places, but when we look at the places that are really having success, they all have a very strong role by the public sector, for the reasons that Dr. Culhane spelled out. We need to ensure that the process will work in a community where the public sector is not particularly interested, and there are those communities. That is the only caveat to that.

Senator REED. Good point.

Mr. GOULD. And just that the collaborative effort among the nonprofit organizations I think is also an essential component to that that really brings a lot of value to it.

Senator REED. Indeed.

Mr. Chairman, do you have another round?

Senator ALLARD. Do you want to do another round?

Senator REED. It is up to you. I think we have——

Senator ALLARD. I think we have pretty well covered everything that we need to. I think you have all given us very good testimony. You have given us good responses to the questions, and I hate to tie your day up any more than what we already have. I think maybe if you had any flights later on today, you may have already missed them; I do not know. If you have not, we want to give you an opportunity to catch them.

And so, I just remind you again that the record is going to stay open for 10 days. There might be some questions that Members on the Committee or from the Committee itself will submit to you, and if you would expedite responding to those questions and get your answers back in 10 days, we would appreciate that very much.

And so, with that, we will go ahead and adjourn the hearing, and thank you.

[Whereupon, at 4:50 p.m., the hearing was adjourned.]

[Prepared statements, response to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF ROY A. BERNARDI

DEPUTY SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

MARCH 30, 2006

Introduction

Good afternoon. I am pleased to be here to discuss the proposed consolidation of HUD's 3 competitive Homeless Assistance Grant programs into a single program aimed at alleviating homelessness in this country. Consolidation would provide: (1) more flexibility to localities; (2) grant-making responsibility with local decision-making bodies; (3) funds for prevention of homelessness; and (4) dramatic reduction in the time required to distribute funds to grantees. The proposal would also further the Administration's goal to end chronic homelessness.

HUD has been providing funding for homeless programs since 1987. Through its programs, HUD has awarded billions of dollars to communities across the country. Approximately 5,000 projects each year receive funds to alleviate homelessness in their communities.

In 1994, HUD developed the Continuum of Care planning and grant process, which calls for communities to develop local plans for solving homelessness. It is a community-led effort that involves a diverse group of organizations, including State and local government, public housing agencies, nonprofit providers, foundations, and homeless and formerly homeless persons. The Continuum identifies the community's housing and service needs, as well as the existing inventory to address those needs. The Continuum then assesses remaining needs and determines how to best address them, proposing an overall plan and specific project requests for HUD funding. Since 1994, the Continuums have proven to be effective as a coordinating body for fighting homelessness; among the reasons for their effectiveness are the broad-based partnerships they have forged at the local level.

The Continuum of Care program is made up of three programs: Supportive Housing Program; the Shelter Plus Care Program; and Section 8 Moderate Rehabilitation Single Room Occupancy Dwellings for Homeless Individuals, or SRO. Senators Reed and Allard have introduced a bill that would affirm the role of local planning entities, bring HUD's three competitive programs into one program, and provide for even more local decisionmaking authority and flexibility. I want to recognize the two Senators for their longstanding commitment to alleviating homelessness. I also want to acknowledge their hard work in developing this very worthwhile proposal. Their bill would greatly simplify how HUD's resources could be used to effectively and efficiently solve homelessness.

I also want to thank Congressman Rick Renzi who has introduced the Administration's bill. Our bill is similar in many ways to the legislation introduced by Senators Reed and Allard. For example, both bills would decentralize the Federal role in selection of applications for funding and speed up the award process. Currently, staff at HUD headquarters reviews nearly 6,000 individual project applications each year. This is one of the largest and most intensive grant competitions in the Federal Government. It takes the Department nearly 6 months to review the applications; once selections are made, 3–6 additional months are needed to finalize the nearly 5,000 awarded contracts. Both bills would greatly simplify this process by reviewing an overall application from each community and then having the communities award local projects for funding. Rather than taking up to a year to review and execute contracts, the proposals would reduce the timeframe to a few months. This would result in the timely obligation of funds and assistance to those who literally have no place to live.

The bills would also greatly simplify the match requirements. Currently, one of the programs, the Supportive Housing Program, has, by statute, a 100 percent match requirement for capital costs such as acquisition and rehabilitation, a 25 percent match for operating costs, a 20 percent match for supportive services and no match requirement for leasing. Both bills would establish a single match requirement of 25 percent for all activities.

HUD's Continuum of Care programs maintain a unique and comprehensive public-private partnership for ending homelessness. The programs work within broad national goals. We have established through the Continuum concept a resource-driven planning and allocation system, with emphasis on local decisionmaking processes. The Continuum also provides a focus on performance as a key element of local planning outcomes. The proposed consolidation starts with all of these strengths and expands on them, by decentralizing Federal processes and moving community planning to the local level. This way, decisionmakers can more effectively work to solve homelessness and end chronic homelessness in their communities.

Unique and Comprehensive Program

The Continuum of Care is a unique and comprehensive public-private partnership. It calls for all stakeholders within a community to be involved in shaping solutions to homelessness. They identify the needs, assess existing resources, and prioritize projects needing funding. State and local government officials, nonprofit homeless providers including faith-based and other community organizations, foundations, businesses, hospitals, law enforcement, schools, and homeless and formerly homeless persons are all part of the Continuum of Care. Over 3,700 jurisdictions participate in the Continuum of Care process, representing over 92 percent of the U.S. population. The skills, abilities, and resources of each stakeholder are maximized and leveraged to make a visible difference within their community. Both bills would codify this concept, which was created by HUD through administrative means.

A significant enhancement in these bills would add prevention as an eligible funding activity. Prevention is a key part of solving homelessness, and is an important element in both bills. The proposed legislation would allow projects to spend HUD funds on prevention activities, such as utility payments or rental assistance, for persons at risk of becoming homeless. This way, HUD can help keep people in their homes and prevent people from actually becoming homeless. Not only would this reduce additional, unnecessary costs on a city's homeless system, but it would improve continuity of housing for individuals and families, improving their ability to function as productive members of society.

In HUD's current competitive grant programs, applicants must explain and document their efforts to prevent homelessness. By allowing the Continuum programs to fund homelessness prevention, both bills would place greater emphasis on its importance.

Targeting Most In-Need Populations

In addition to preventing homelessness for those at risk, HUD's homeless programs are addressing another portion of the population: The chronically homeless. These are the hardest-to-serve individuals; they have been in and out of homeless shelters and on the street for long periods of time. In 2002, the Administration set a goal of ending chronic homelessness for this population. Through the Continuum of Care grants, HUD funds have been working to effectively achieve this goal.

In fact, while representing just 10 to 20 percent of the homeless population, they consume up to 50 percent of emergency resources in a city. Instead of having these individuals cycling through the various public systems and using these emergency resources, this Administration has focused on providing permanent housing as a way to improve cost effectiveness for the community and quality of life for the individual. In fact, $365 million, or 30 percent of HUD competitive homeless assistance funds, were awarded to projects targeting the chronically homeless in 2005.

While this Administration has not shied away from serving this difficult population, it has also not forgotten about the needs of homeless families with children. In fact, 70 percent of funds awarded this past year went to projects that targeted persons who were not chronically homeless, especially homeless families.

A Results-Oriented System

The Continuum of Care approach is also a resource-driven planning and allocation system. Prior to the Continuum of Care, individual local projects independently applied in separate HUD competitions for a particular homeless assistance program. This previous approach did not promote local coordination or strategic planning. The Continuum of Care requires thoughtful, strategic planning across a community so that the needs are identified and prioritized. The community then chooses from a menu of existing HUD homeless resources, including the Supportive Housing, Shelter Plus Care, and the Section 8 SRO programs.

Moreover, the Continuum of Care ensures that the community links its efforts to other plans and funding sources. For instance, Continuums are scored on whether they are part of HUD's resource-driven Consolidated Planning process. This helps ensure linkages and resources from other parts of HUD such as the Community Development Block Grant, HOME, the Emergency Shelter Grants, and the Housing Opportunities for Persons With AIDS Programs. The Continuum also encourages active linkages with existing jurisdictional 10-year plans to end chronic homelessness.

The consolidation bills would enhance the existing resource-driven and allocation system of the Continuum of Care by providing a modest amount for administrative costs, including strategic planning and monitoring. The bills would also provide a more efficient resource-driven system by consolidating and greatly simplifying the various homeless assistance programs into a single program.

A Performance-Based System

The Continuum of Care approach is performance based. The application contains a performance section that represents 30 percent of the score in the annual Continuum of Care competition. The core of this performance section is the Government Performance and Results Act (GPRA) indicators by which Congress assesses HUD for the area of homelessness. Our GPRA goal is to end chronic homelessness and help families and individuals move to permanent housing. The specific indicators with which we measure a community's progress in achieving this goal include: The percent of homeless clients who move to permanent housing; the percent of clients in permanent housing who remain stably housed; and the percent of homeless clients we serve who become employed. In addition, creating permanent housing units has been another important aspect of achieving this goal. Finally, we measure the extent to which the Congressional directive to implement and use a Homeless Management Information System is achieved in each community. By connecting HUD's performance with that of our grantees and ultimately homeless clients we are seeing success.

HUD's GPRA efforts have been touted by the Office of Management and Budget (OMB) as exemplary for other Federal programs to emulate. HUD's Continuum of Care programs were recently rated "Effective" when assessed by the Administration's Program Assessment Rating Tool (PART). That rating underscores the efficacy of the Continuum of Care approach.

Key Differences

While the two bills are similar in the overall design and a number of specific areas, there are also some differences between the bills. For example, the Administration bill:

- Ensures broader participation in the Continuum of Care Board (that is, greater participation by nongovernmental entities);
- Assures greater accountability in the expenditure of funds for homelessness by each Continuum of Care by requiring each Continuum to be a legal entity;
- Focuses more on chronically homeless persons living on the streets;
- Provides for renewal of all types of projects, including transitional housing;
- Provides greater flexibility for the kinds of services needed to solve homelessness;
- Provides greater flexibility in using program funds to prevent homelessness; and
- Better targets its permanent housing resources for those who are most vulnerable: The disabled.

Overall, consolidating the three Continuum of Care programs and codifying it in statute would allow far greater flexibility, which will enable improved performance and effectiveness of HUD's Homeless Assistance Grant programs. Thank you very much for inviting me to be here. I am looking forward to more discussions on this issue that is so critical to the future of our nation.

PREPARED STATEMENT OF PHILIP F. MANGANO

EXECUTIVE DIRECTOR, U.S. INTERAGENCY COUNCIL ON HOMELESSNESS

MARCH 30, 2006

Chairman Allard, Senator Reed, and distinguished Members of the Committee, I appreciate the commitment you are expressing to homelessness in today's hearing.

I appreciate the work of Senators Reed and Allard to bring this bill before the Subcommittee, knowing its long development and thoughtful integration of the experience of the last 19 years. The inclusive process that Committee staff employed in creating the bill is appreciated. The input from stakeholders across the country in and out of government assured that the bill represented a broad constituency.

I am pleased to endorse the Administration's proposal to consolidate the Homeless Assistance competitive grants at the Department of Housing and Urban Development to more effectively assist individuals and families in leaving homelessness and moving to permanent housing and self-sufficiency. Consolidation of these programs would also give localities more decisionmaking power over their funds and provide a greater focus on prevention of homelessness.

I have been the Executive Director of the U.S. Interagency Council on Homelessness since March 2002. The Council is an independent Federal entity with a mission to coordinate the Federal response to homelessness and to create a national partnership at every level of government to reduce and end homelessness in the Nation and forward the Administration's goal of ending chronic homelessness. Since revitalization by the President in March 2002, the U.S. Interagency Council on Homelessness

(USICH) has fostered interagency, intergovernmental, and intercommunity partnerships in the creation of an unprecedented national partnership focused on homelessness. Over the past 3 years, the Council has worked with Governors to create State Interagency Councils on Homelessness to mirror the work we are doing in Washington in the Federal Council. These State Councils make State resources more available and accessible. Fifty-three Governors are now partnered in the creation of such Councils.

There are 20 Federal agencies which make up the Council membership, meeting regularly in Washington and 53 State level Councils, but the frontlines of homelessness are in local communities. Building on the 10-year planning process set in motion by the National Alliance to End Homelessness, the Council has been active for the past 3 years through its Regional Coordinators and the encouragement of HUD through its Continuum of Care grants to foster local 10-Year Plans to End Chronic Homelessness. Two hundred twelve localities are now committed with the full support of their Mayors and County Executives to ending chronic homelessness. As part of the partnership, the Council has provided technical assistance to cities to ensure results in their communities in ending chronic homelessness.

These local planning processes have created unprecedented local partnerships that have brought together the nonprofit sector, business sector, faith and community-based organizations, in results oriented business plans to achieve the outcome of reducing and ending chronic homelessness.

Introduction

Having been involved in the response to the problem of homelessness for a quarter century now, I want to first express my appreciation and solidarity with those who have been on the frontline of response, in the forefront of local efforts.

A decade before the McKinney Act came into existence, countless faith and community-based nonprofit groups, as well as the philanthropic and business community joined by concerned citizens provided extraordinary and heroic work to our homeless neighbors. Unfortunately, the need and numbers grew despite these efforts.

McKinney-Vento Importance

In 1987, the passage of the McKinney Act contributed a range of new resources and restored morale to the work that local groups were doing to assist those who had fallen into homelessness.

I was Director of Homeless Services in the City of Cambridge that summer in 1987, and I can assure you that all across that city, the State, and the Nation there was relief that reinforcements and resources had arrived.

Thankfully, over the last two decades the McKinney-Vento programs at a range of Federal agencies have supplemented other public and private resources all across the Nation. Without that Federal funding there is little question that homelessness would be even more pervasive than it is now.

In the nearly 20 years since then, the McKinney-Vento programs have been an important source of resources for our local and national responses.

The Role of Federal Agencies

Much credit must go to the important role that HUD and a number of other Federal agencies has had in prioritizing homeless people and focusing both targeted homeless funds and mainstream funding to assist in the national effort. HUD, along with other Federal agencies, has been central in the national quest to reduce and end homelessness by funding vital research, direct services, employment resources, and permanent housing, Through HUD's Continuum of Care grant process, local Continuum of Care boards—in nearly every locality across the country—receive funds to help end the problem of homelessness in their communities.

Through collaborations and initiatives by Department of Housing and Urban Development, Department of Health and Human Services, Department of Veterans Affairs, Department of Labor, Department of Education, General Services Administration, Department of Justice, and the Social Security Administration significant investments over the last several years have made a difference for our most vulnerable and disabled citizens.

Increased Federal Investment

In the past 5 years, targeted Federal resources have increased to record levels each year, including the President's proposed budget for 2007 which includes an increase to bring total targeted Federal funding to a record level of over $4.1 billion.

That increase includes the Samaritan Initiative at HUD which targets $200 million to help those who are chronically homeless—those who are on the streets and long term in our shelters. Samaritan is an important resource to continue efforts

to spur the Administration's goal to reduce and end chronic homelessness, now a national initiative supported by Governors, Mayors, County Executives, nonprofit providers, and private sector partners all across the Nation.

If the President's proposed funding level for 2007 is approved, there will have been nearly a tenfold increase in targeted resources for homelessness since the McKinney Act first passed in 1987. In fact, just in the past 4 years, McKinney Act programs have increased more than 20 percent. Overall targeted homeless funds have increased by over 30 percent during that time.

Homelessness remains a significant problem across the United States. Researchers tell us that on any given night, there are between 600,000 and 800,000 Americans who are homeless. A recent *USA Today* article indicated over 700,000 on that night. In the course of a year, researchers tell us that more than 2 million of our neighbors experience homelessness.

Increased resources and increased numbers are a frustrating reminder that, while new funding is important, new ideas are just as important. We cannot simply take the new resources and expend them in the status quo.

Twenty Years of Experience and Learning

We have learned a great deal to inform policy and investment over the past 20 years and those insights need to inform any changes to McKinney-Vento.

Here are a few of those insights:

1. No one level of government, no one element of the private sector can get the job done alone. We need to be partnered in every facet of the public, private, and nonprofit sectors. And the entire community must be partnered from the jurisdictional CEO—whether Mayor, County Executive, or city manager—to those nonprofit providers who are on the frontlines to business, academia, philanthropy, advocates, formerly and currently homeless people, to each level of government, all partnered together as stakeholders on this issue.

2. Federal resources must be invested in the result of ending people's homelessness. Resources should be aimed at creating opportunities for individuals and families to rebuild their lives by funding case management, employment services, benefits coordination, and permanent housing.

Public and private sector partners have also joined us in moving beyond managing the crisis to reducing and ending homelessness. The National Governors Association, U.S. Conference of Mayors, National League of Cities, National Association of Counties, United Way, the International Downtown Business Association, National Alliance to End Homelessness, The National Alliance of the Mentally Ill, and others are partnered with us nationally. And they have committed to join with us in beginning that effort to end the homelessness of those who are the most disabled and most vulnerable, people experiencing chronic homelessness.

3. Federal resources should be invested according to what works. Investments should be data and research driven, performance based, and results oriented.

4. People experiencing chronic homelessness are expensive. Research tells us that, while they number only between 10 and 20 percent of the homeless individual population, they consume half of all emergency shelter resources. And recently through research conducted in local communities across the country, we are learning that chronic homelessness is costly in expensive mainstream health and law enforcement systems. Funding of housing, treatment and services and planning for these individuals must be coordinated across all sectors in local communities.

5. 10-Year Plans to End Chronic Homelessness encouraged by the Council bring the entire community together in a stakeholder informed planning process focused on results. When those strategies are business plans driven by the political will of the local jurisdictional leaders, change happens, results are quantifiable.

HUD has encouraged its local Continuums of Care to partner in jurisdictional 10-Year Plans. These plans not only ensure that all levels of government are partners in the community-based strategies and include resources from a variety of Federal agencies, they importantly provide a place for all stakeholders—from the Chamber of Commerce to downtown business associations, law enforcement, hospital administrators, providers, librarians, and all others who are concerned and impacted.

6. Perhaps most importantly, jurisdictional plans are creating inclusive local partnerships that are achieving results and leveraging resources. Two hundred eleven communities are now partnered with the Council through their Mayors and County Executives. Jurisdictionally led planning infused with local political, social, and civic will are achieving visible and measurable outcomes in implementing their 10-Year Plans.

In a 40 city survey conducted by the Council, jurisdictional plans and our increase in Federal resources have leveraged more than $2 billion in State, local, and private funds in the past 3 years.

7. We know that permanent supportive housing works for vulnerable and disabled populations. When McKinney-Vento was first passed, this technology developed in the mental health system of response was not in common use. Today, communities across the country are targeting this technology to those experiencing chronic homelessness and achieving 80–85 percent retention rates on average. And another technology borrowed from the mental health system, Assertive Community Treatment Teams, known as ACT, is making a significant difference on the streets, engaging those who were thought to be intractably homeless there and providing the clinical and multidisciplinary strategies to end their street homelessness and support them in housing. A consumer-centric response rooted in opportunities for housing, services, benefits, and employment is working.

8. We now understand the priority that needs to be placed on prevention. For too long we bailed the leaking boat of homelessness, some moved out, more moved in.

Again, research helped us understand that, without prevention strategies, especially focused on effective discharge planning protocols from mainstream systems of care and incarceration and services, our intervention efforts would not create the results we expect.

9. Employment must be part of the strategy to reduce dependency and increase self-sufficiency.

10. Research and innovation investments have shaped initiatives that are evidence-based and produce results. Both have been essential in advancing policy in this Administration.

Reauthorization of McKinney-Vento and Consolidation of HUD's Homeless Assistance Grants

The Administration's proposal as well as the Bill introduced by Senator Reed would reauthorize McKinney-Vento and consolidate HUD's competitive Homeless Assistance Grants. Both of these proposals would provide: (1) more flexibility to localities, (2) grant-making responsibility to local boards, (3) provide a significant amount of funds for prevention of homelessness, (4) continued support for the creation of permanent housing opportunities, and (5) dramatically reduce the time required to distribute funds to grantees. The Administration's bill would also further the goal of ending chronic homelessness.

The proposals to consolidate the Homeless Assistance Grant programs would address the needs identified by the lessons learned over the past 20 years.

1. An increased focus on prevention activities including the development of discharge planning protocols, research, and innovations will forward the national objectives on homelessness. Prevention stops the human tragedy before it begins and is less costly than homelessness.

2. The focus on permanent housing and the targeting by HUD and the Congress is the right direction to reduce and end homelessness. Prioritizing McKinney resources to create and access permanent supportive housing makes sense.

3. Cost benefit analyses continue to demonstrate that housing and supportive service solutions for chronic homelessness may be less expensive than this population randomly ricocheting through the homeless system and expensive mainstream health and law enforcement systems.

4. Coordination at the local level of all relevant local government, nonprofit, and private sector players is key to making Continuum of Care funding and 10-year jurisdictional plans successful.

5. Coordination of Federal investments ensures that each agency initiative is supporting a national strategy. Cooperation of Federal agencies ensures that such investments are monitored for evidence based results.

Conclusion

Across the Nation, localities in partnership with all stakeholders, public and private, have been reenergized on the issue of ending homelessness in their communities. The mind set across our country has changed in the past few years. The creation of State Interagency Councils on Homelessness and jurisdictional 10-Year Plans have stimulated this new sense and provided a nexus point for their joint impact. The commitments of Federal agencies to new initiatives and new investments have provided inspiration. HUD's partnerships in the field, especially through the Continuum of Care, have offered resources and coordination among providers. The Continuum of Care process would be strengthened by consolidation of programs with an even greater focus on local collaborations and prevention of homelessness.

There is now a national intent to end the disgrace of homelessness beginning with chronic homelessness, visible on our streets and in our shelters. We have much work to do, but we are better prepared and equipped than ever before.

PREPARED STATEMENT OF GAIL DORFMAN

COUNTY COMMISSIONER, HENNEPIN COUNTY, MN

MARCH 30, 2006

Chairman Allard, Senator Reed, and Members of the Committee, I am Gail Dorfman, County Commissioner from Hennepin County, Minnesota, and the City of Minneapolis. I am honored to address the Committee this afternoon on the reauthorization of McKinney-Vento and the consolidation of HUD programs for the homeless. I first want to remember former Minnesota Congressman Bruce Vento, who throughout his life of public service was dedicated to improving the lives of people experiencing homelessness. Congressman Vento left us too soon, but left behind a legacy of working effectively on behalf of America's homeless, a legacy that will not be forgotten.

I applaud you, Mr. Chair and Senator Reed, for introducing the Community Partnership to End Homelessness Act of 2005. Reauthorization of McKinney-Vento is critical if we are to change the paradigm from managing homelessness to ending homelessness in our communities. Yesterday, we began an intensive 100 day effort to develop a Blueprint for Ending Homelessness in Minneapolis and Hennepin County. Mr. Mangano joined us as leaders from the public and private sectors, nonprofit and philanthropic communities and the homeless came together to commit to ending homelessness over the next 10 years. In partnership with the Federal Government and our State government, we will be successful, and we will do it before the 10 years is up.

In Hennepin County, we well remember what it was like before McKinney-Vento. Our shelters were overflowing and we were vouchering families into more than 100 hotel and motel rooms across the Twin Cities every night. Our average shelter stays were three times what they are today and an alarming number of families were cycling in and out of shelter on a regular basis. McKinney-Vento has helped to dramatically improve upon this situation by supporting results-oriented programs. Additionally, through our partnership with the Federal Government, we have been able to leverage significant amounts of local dollars—$12.4 million in 2005 alone. Together, we have ended homelessness for thousands of men, women, children, and unaccompanied youth.

Over the past two decades we have learned a great deal in Hennepin County about what does and does not work to end homelessness. We no longer look to shelters as the solution. Instead, we focus on preventing people from becoming homeless whenever possible and rapidly rehousing them if they do. It costs 10 times more to house and resettle a homeless family than to prevent them from losing their housing in the first place. Through the support of McKinney-Vento funds, we have established one of the best family homeless prevention models in the country. In Hennepin County, we work hard to keep people in the housing they have. We have learned that prevention is the best and most cost-effective way to end homelessness.

When families do become homeless, we work with them through our Rapid Exit program to quickly place and support them in permanent housing. Rapid Exit is a supportive services program funded by HUD and is listed on HUD's website as a national best practice for its excellent results and low cost. Through Rapid Exit, Hennepin County contracts with highly effective community-based organizations to support both clients and landlords, providing housing stabilization assistance while maximizing mainstream resources. They provide on-going case management to help clients resolve personal issues that are barriers to housing while also building on the strengths of their clients. As one provider told me, "Most homeless people are survivors! They have the innate strength to be successful and we encourage them to use that strength." The case managers also assist landlords in resolving issues that place the client's housing in jeopardy, cosign leases, and provide financial and legal assistance. Providers serving as intermediaries with private landlords are the single most effective way to recruit and maintain landlords willing to rent to high-barrier tenants.

Our 2005 results far exceeded expectations. During this 1 year period, 588 families and 48 chronically homeless adults were placed into housing by Rapid Exit. Of the 588 families, 94 percent remained out of shelter for at least 12 months. Of the 48 chronically homeless, 79 percent remained out of shelter for at least 6 months. Additionally, 30 percent of the families and 60 percent of the individuals increased their incomes during the first 6 months in their new housing.

Through the expansion of our prevention efforts and the Rapid Exit program, we have also seen dramatic reductions in the average length of stays in our family shelters and the number of parents and children sheltered per year. Between the years of 2000 and 2003, we saw a 47 percent decrease in length of shelter stays for fami-

lies, a 42 percent decrease in the number of parents and children sheltered, and a 70 percent decrease in the number of shelter beds purchased per year. These kinds of results highlight the importance of innovative, results-oriented practices and our on-going partnership with the Federal Government through McKinney-Vento.

The numbers are good, but the personal stories are the best, like the single mom from Illinois who fled from an abusive relationship with her four children and came to our county shelter. She struggled with finding work, caring for her children, and getting them to school on-time. Our Rapid Exit worker helped locate a job and an apartment she could afford. Now 10 years later, she owns her own modest home, two of the children have graduated high school and are attending college, and she still calls her case manager every 6 months to proudly report on her success.

The Community Partnership to End Homelessness Act will bring us another step forward in our quest to end homelessness and provide stable housing for every member of our community. We support the consolidation of McKinney-Vento programs, the noncompetitive renewal of rent/operating subsidies for permanent housing, the 30 percent permanent set aside for individuals and families with disabilities, and the recognition of the critical importance of prevention. We are, however, concerned with the proposal to curtail certain services after 3 years. It is critical that services that directly support housing placement, coordination with private landlords, and housing stabilization remain intact. Our Rapid Exit program depends on McKinney-Vento to ensure our continued success—and this, our most effective McKinney-Vento program, would be at risk of termination. Last, we support increased flexibility within McKinney-Vento funding streams. The more creative we can be at the local level, the more likely we will be able to end homelessness for people in our communities.

We know what works to end homelessness in our communities. Prevention, Rapid Exit, and supportive housing are key ingredients to keeping people in housing rather than in shelters and on the streets. Reauthorization of McKinney-Vento is critical to our success. I am confident that we will end homelessness in Hennepin County by continuing our strong local, State, and Federal partnership.

PREPARED STATEMENT OF STEVEN R. BERG

VICE PRESIDENT FOR PROGRAMS AND POLICY,
NATIONAL ALLIANCE TO END HOMELESSNESS

MARCH 30, 2006

The National Alliance to End Homelessness would like to thank Chairman Allard and Senator Reed for holding this hearing, for inviting us to testify, and for introducing S. 1801, the Community Partnership to End Homelessness Act. We are looking forward to continuing our cooperative work with this Subcommittee.

We are beginning to change the terms of the conversation about homelessness in the United States. Since the summer of 2000, when the National Alliance to End Homelessness made public its Ten Year Plan to End Homelessness, many people around the country who for years had viewed homelessness as endemic are beginning to see that it is a problem with a solution. Over 220 cities, counties, and States have publicly committed the energy to adopt local and State plans to end homelessness. Congress and the Administration have established goals of solving important pieces of this problem. Major national media outlets have covered the issue, stressing the solution-oriented approaches that communities have adopted. And a small number of leading communities, those that over several years have carried out commonsensical reforms to their approach, are showing quantifiable declines in the number of homeless people, even while the numbers go up in most places.

In this context of change and opportunity, we will discuss the most important lessons we have learned about homelessness in recent years, the kinds of responses that lead to solutions, and the importance of this bill in moving to the next level of progress.

What We have Learned about Homelessness

Over the past 20 years of concerted efforts to address homelessness, and particularly over the past 5 years as we have worked to change our approach to the issue, we have improved our understanding and programmatic know-how. The following are our most important insights.

HUD McKinney-Vento programs are effective and useful. Often when Congress sets out to reauthorize a program, it is because of a perception that something is broken. That is not the case here. As they have evolved over the past decade under

both Republican and Democratic leadership, the HUD homelessness programs are effective tools in helping communities. In reauthorizing the programs, Congress, instead of fixing a broken system, is in a position to take an already strong program and jumpstart a new phase of development, looking toward using these programs to drive a widespread effort to solve the problem of homelessness.

Managing homelessness and taking care of homeless people is essential. Homelessness is damaging to people and communities. It must be regarded as an emergency situation that requires a strong response. The basic survival needs of homeless people must continue to be met.

At the same time, we now have the know-how to do more, to end homelessness—it is a problem with a solution. The solution to this expensive and dispiriting problem is more apparent. It involves four elements: Outcome-based planning using reliable data; preventing at-risk people from becoming homeless; more quickly moving homeless people back in to housing; and making some progress on housing affordability, incomes and the availability of support services to all low-income people.

We are now at the point where a small number of leading communities have put these principles into action over the course of several years, and have achieved excellent outcomes in the form of reductions in homelessness. In Columbus, OH, family homelessness declined 53 percent between 1997 and 2004. In Hennepin County, MN (including Minneapolis), family homelessness declined by 43 percent between 2000 and 2004. In San Francisco, chronic homelessness declined by 28 percent from 2002 to 2005. In Westchester County, NY, family homelessness declined by 60 percent in 2 years. And in New York City, the number of homeless children declined by 19 percent in 1 year. As more cities develop reliable data systems tracking the number of homeless people, we expect to find similar results elsewhere.

Solutions require aggressive steps by local communities, and Federal leadership in providing resources and incentives. Communities that have made the most progress have had strong leadership on the issue from elected officials, in order to develop a community-wide commitment to solving this problem. These communities have responded to Federal funding opportunities and incentives to use their funding in new ways. To bring these solutions to scale around the country, this national leadership is indispensable. The U.S. Interagency Council on Homelessness has played an indispensable part in coordinating the Federal role and building strong collaborations between the Federal and other levels of government.

The solution is about getting people housed as quickly as possible and keeping them housed. "Housing First" has become a watchword for many of the reforms. Many homeless people have problems, some of them extremely severe. Yet, in nearly all cases, the problems are better solved after people are provided with housing, whether they be stabilizing a mental illness, conquering an addiction, improving earning power, or strengthening family relationships. Trying to solve these problems for people while they are homeless is extremely difficult.

Interestingly, Housing First is responsive to the expressed desires of homeless people. When asked in a major Federal survey what would be most helpful to them, the most common responses by far from homeless people were help finding housing, and help finding a job so they could afford housing.

The homeless system cannot do it by itself. Mainstream systems and indeed the entire community need to make it their project. Collaboration is key. The homeless system does not have the ability by itself to prevent people from becoming homeless on a large scale. Fortunately, by far the majority of people who become homeless are eligible for help from extensive systems of care directed toward low-income people in general. In fact, many who become homeless were previously residents of government-funded institutions—hospitals for people with mental illness, child welfare, and foster care agencies, jails and prisons. This provides the opportunity for government to do a better job of ensuring stable housing.

The homeless services system also does not have the capacity to provide large quantities of new housing, at the scale necessary to end homelessness. The small amount of permanent housing that the homeless system can afford to fund must be directed toward those least likely to be housed in any other manner. Meanwhile, market-based approaches and mainstream housing programs must be used more aggressively and targeted toward those least able to afford housing without intervention.

Homeless people are a diverse group and there need to be interventions appropriate to all. This is especially the case regarding how much supportive services are needed to get and keep people housed. The stereotype of a homeless person who lives on the streets year after year at the mercy of severe mental illness often combined with addiction is only too accurate for many people. Supportive housing, discussed below, is crucial for people who fit this pattern, and has excellent results. On the other hand, most people who experience homelessness have problems that are largely eco-

nomic in nature, combined with thin social supports. The help they need to achieve housing stability is relatively modest—communities have had very good results with programs that build relationships with local landlords, help people fix credit problems, and perhaps provide a small amount of financial help for security deposit and initial rent, with referral to mainstream programs that help with employment stability.

The hardest to serve often do not get served. For most of the time the HUD McKinney-Vento programs have been in effect, a certain portion of the funding was explicitly directed by the Federal Government to permanent housing for homeless people with disabilities. The exception was a 5-year period in the late 1990's, when HUD developed the "Continuum of Care" model allowing communities to exercise more centralized control over what projects would be funded. The Continuum of Care improved the system in many ways; but during this short period, spending on permanent housing for homeless people with disabilities fell precipitously. While it is unclear why this occurred, the possibilities include the difficulty of carrying out supportive housing projects, particular the difficulties siting permanent housing for people with mental illness, a well-documented phenomenon. The bipartisan enactment by Congress of a floor of 30 percent on spending for permanent housing brought the system back into balance.

The Right Models are Proven Cost-Effective Interventions that Work

Leading communities are already answering the question of the right kinds of models that flow from these lessons. The following describes the most effective approaches.

Supportive Housing. "Supportive housing" is a generic term describing housing where the rent is subsidized, and where treatment and support services are provided to those who live in the housing. This kind of housing can include everything from large apartment buildings dedicated to this use, to scattered site programs where rent subsidies are paid to for-profit landlords and visiting teams provide services and treatment.

This model is particularly designed for homeless people with the most severe problems, including mental illness and addiction. Careful research has demonstrated that such housing can be provided to homeless people with mental illness at virtually no cost to the taxpayer, because people who leave the streets in favor of supportive housing reduce sharply their use of expensive emergency services such as psychiatric emergency hospitals and detoxification facilities, as well as jails and shelters.

The proven success of permanent supportive housing has driven the campaign to end chronic (long-term) homelessness. The research on homelessness and housing for people with mental illness has provided strong incentives to State mental health systems to prevent homelessness among their clientele. A push to rehouse those who are already homeless can reduce the incidence of homelessness among people with severe mental illnesses to minimal levels.

Emerging conclusions on families. Approximately half a million families with children become homeless in the United States each year, and a similar number leave homelessness each year and reenter housing. But at any given time approximately 100,000 families are homeless, staying in shelters, "welfare hotels," cars, abandoned buildings and outside. Because of the greater numbers and the wider range of circumstances, a scenario for ending family homelessness has been more difficult to develop than has a solution for chronic homelessness. Thanks to the leadership of communities like Minneapolis, Columbus, and New York, however, the scenario is becoming increasingly clear.

Because of high rates of entry into and exit from the homeless system among families, prevention is especially important. Successful prevention programs involve outreach to find families that are on the brink of homelessness; work with landlords and short-term financial assistance to stave off evictions; and social and employment services to stabilize circumstances and improve incomes and the ability to pay rent. Some communities target these resources to neighborhoods from which homeless families most often arrive in the shelter system. In New York City, shelter entry data is fed back to prevention programs to help tailor outreach and services to the kinds of families that are being missed.

Housing First is a key element for progress on ending homelessness for families. It involves developing close working relations with landlords, combined with financial assistance so that homeless families can be quickly placed into housing. The vast majority of families that experience homelessness are facing problems of an economic nature—they are those with the lowest incomes, and probably those that lack strong social support networks. Interventions that focus on these barriers are the most effective.

Services after placement in housing are another piece of the puzzle for families. Services must be evaluated based on their impact on housing stability. Intensive employment services are used in the most successful communities, so that families can afford rent. The ability to intervene if there are landlord-tenant problems is effective.

Finally, data and planning are essential in communities that are succeeding at ending family homelessness. Data systems identify cost-effective solutions, help fine-tune interventions, and allow a focus on performance.

Recognizing different issues in rural areas. There are significant problems of homelessness in rural areas. While the basic approaches of prevention and rapid re-housing apply in rural areas, they will take different forms. Few rural communities will be able to support programs dedicated exclusively to addressing homelessness—many will rely on structures that address poverty or development more generally. Market-based approaches to housing the lowest-income people will be particularly important.

System-level outcome orientation. The most important reforms are taking place at the level of local systems. Leaders have put into place outcome-based systems that reward individual programs for achieving the best results. A key intervention has been a system of matching individual homeless people and families to programs that provide a level of support services that is appropriate—enough to overcome barriers to housing stability, while not so much as to hamper cost-effectiveness or delay exit from the homeless system.

This Bill is a Positive Reaction to this Know-How

The approach to McKinney-Vento reauthorization that is adopted by the Community Partnership to End Homelessness Act would have a positive impact.

The existing program combines the best aspects of a block grant and a competitive program, and the bill improves both parts. As noted recently by the Office of Management and Budget, the HUD homelessness programs combine the best aspects of a block grant and a competitive program. This bill would improve both aspects.

The bill simplifies the system by consolidating three programs. It provides communities with more flexibility. It gives communities the resources and authority to move their homeless system in the direction it needs to go in order to get better results.

At the same time, the bill makes the overall program more outcome-oriented. It provides financial rewards to communities that work most effectively and achieve the best results.

The bill provides the necessary incentives to meet the needs of the hardest to serve. The bill retains the approach adopted through the appropriations process for the past 8 years, requiring that 30 percent of appropriated funds nationwide be used for permanent housing for people with disabilities. This is a balanced approach that ensures that the most severely disabled homeless people will secure what they need, while leaving substantial resources for other parts of the homeless population.

The bill includes an appropriate balance between getting people housed and meeting emergency needs. As has been HUD's practice in recent years, the bill allows 15 percent of appropriated funds to the Emergency Shelter Grants program; and allows the use of bonuses to communities that develop permanent housing. For the first time, the bill allows program funds to be used for permanent housing for homeless people without disabilities.

The bill includes strong incentives for collaboration and involvement of mainstream funding. The criteria for competitive awards includes the ability to involve mainstream systems in planning and coordination, and to leverage mainstream dollars as part of the homelessness system. This approach, already used by HUD in its administration of the current programs, has a great impact on improving the quality of the system.

The bill allows additional investment in prevention. It retains prevention as an eligible activity for the Emergency Shelter Grants program, while allowing a small portion of the competitive grant programs to also be used for prevention. It is extremely important nonetheless to avoid encouraging communities to see preventing homelessness as the exclusive responsibility of homelessness programs, rather than mainstream programs.

There are Issues that will Require Further Exploration

Does the capacity exist at the local level to undertake the planning, evaluation, and other functions? Is the funding for those activities appropriate? The bill increases the expectations places on those entities that run the local homeless systems, and provides additional administrative funding. Consultation with local communities should

focus on whether capacity exists for immediate implementation of these expectations, and whether the amount of administrative funding is sufficient.

Does the bill have appropriate expectations regarding leveraging other resources? Matching requirement in the current system are a hodgepodge of different requirements. The bill simplifies this system with a uniform requirement of a 25 percent cash match for each program operator. The important thing is to ensure that clients have access to mainstream services. It is less important that the cash to pay for those services pass through the bank account of the entity operating the HUD-funded program. There has been support in Congress for a provision allowing the value of in-kind services to count toward a match requirement where there is a memorandum of understanding with the entity providing the services. Solutions such as this should be explored.

Does the bill take the right approach to the need for capital, housing operating funding, and services including rehousing services? The provision of the bill limiting program funding of support services after 3 years has proven to be controversial, especially in light of growing understanding of how support services stabilize housing for homeless people. The percentage of HUD homeless funding going toward support services has declined since earlier versions of this bill were introduced. Meanwhile, there have been no new Federal initiatives to provide new funding for support services for homeless people. Revisiting these provisions may be appropriate.

It is important to note that a bipartisan bill, the Services to End Long-Term Homelessness Act, has been introduced. This bill would partially solve the problem of insufficient resources for support services for homeless people, by creating a funding stream from the Department of Health and Human Services that would match up well with the HUD services that are the subject of this bill. The National Alliance to End Homelessness strongly supports SELHA.

Conclusion

The National Alliance to End Homelessness is proud to support the Community Partnership to End Homelessness Act. We look forward to continued debate to allow all affected interests to be heard. We believe that such a consensus-oriented approach can produce a final product that would move our collective efforts on homelessness forward, while attracting support from a wide range of interests. A real opportunity exists to make progress.

PREPARED STATEMENT OF CHARLES W. GOULD

NATIONAL PRESIDENT, VOLUNTEERS OF AMERICA

MARCH 30, 2006

Chairman Allard, Ranking Member Reed, and Members of the Subcommittee, thank you for inviting me to testify this afternoon. My name is Charles W. Gould, and I serve as the National President of Volunteers of America.

Volunteers of America is a national, nonprofit, faith-based organization that is dedicated to helping those in need rebuild their lives and reach their full potential. Through thousands of human service programs, including housing and healthcare, Volunteers of America helps nearly 2 million people in over 400 communities. Since 1896, our ministry of service has supported and empowered America's most vulnerable groups, including at-risk youth, the frail elderly, men and women returning from prison, homeless individuals and families, people with disabilities, and those recovering from addictions. Our work touches the mind, body, heart—and ultimately the spirit—of those we serve, integrating our deep compassion with highly effective programs and services.

In the context of today's hearing, our interventions both prevent and end homelessness, in urban and rural communities across the country. Last year, we provided assistance to over 80,000 homeless children, youth, and adults. We are working to end homelessness in almost every State represented by a Senator on this Subcommittee—and on the full Committee on Banking, Housing, and Urban Affairs.[1]

As the only representative of a homeless service provider testifying today, my comments and recommendations reflect the views of our staff from around the country—the people who are on the ground, every day, working to end homelessness. I will begin with lessons learned in the 20 years since the passage of the McKinney-

[1] See Appendix for a summary description of Volunteers homeless programs in States represented by Members of the Subcommittee.

Vento Act, and from those lessons will draw a series of recommendations for how to most effectively reform the U.S. Department of Housing and Urban Development's (HUD's) homeless programs. We have a significant opportunity before us—the opportunity to closely reexamine every portion of the McKinney-Vento programs, and of the Federal, State, and local partnership to prevent and end homelessness. We should take advantage of that opportunity.

McKinney-Vento's housing programs have not been reauthorized since 1994. Since that time, Volunteers of America has significantly broadened our understanding of how to provide cost-effective housing and supportive service interventions to prevent and end homelessness for all populations. Based on this understanding, the time is right for a complete reauthorization and streamlining of HUD's McKinney-Vento programs. By consolidating current programs, broadening the list of eligible activities, focusing on homelessness prevention and expanding the population to whom housing and services can be provided, reauthorization will allow local communities to take full advantage of the best practices developed over the past 20 years.

Reauthorization will also ensure that *Congress* makes important decisions about the structure and emphasis of Federal homeless programs. Over the past 12 years, lack of input from Congress has led to HUD making significant policy changes through the annual Notice of Funding Availability (NOFA) process. Volunteers of America has not always been comfortable with this approach, which has often appeared to be "legislation by NOFA." Making abrupt policy changes in a February or March NOFA, with applications due in May, does not allow communities the certainty and consistency they need to implement long-term plans to end homelessness.

Twenty Years of McKinney-Vento—Lessons Learned

I want to highlight three important lessons that Volunteers of America has learned in the 20-year period since McKinney-Vento was first passed: (1) McKinney-Vento programs are no substitute for "mainstream" housing and social service programs or systems of care; (2) Family homelessness has significantly increased; and (3) Both permanent and transitional housing can be effective tools to end homelessness. I will follow my discussion of these "lessons learned" with Volunteers of America's policy recommendations for S. 1801—the reauthorization bill that is currently before this Subcommittee.

McKinney-Vento Programs are no Substitute for "Mainstream" Housing and Social Service Programs or Systems of Care

Americans are homeless for many reasons. However, over the past 20 years it has become clear to Volunteers of America that many people become homeless due to the failure of Federal and State "mainstream" programs or systems of care to meet their needs. These "mainstream" programs and systems can be defined as interventions designed to assist all low-income Americans—not just persons experiencing homelessness.

In recent years, we have discovered just how these programs can contribute directly to homelessness. Here are some examples. When funding for Section 8 and other affordable housing programs is reduced, and affordability requirements on other housing units are allowed to expire, individuals and families will not find alternative affordable housing in their communities, and many will become homeless. When eligible low-income persons are incorrectly denied Temporary Assistance for Needy Families (TANF) "welfare" or Supplemental Security Income (SSI) disability benefits, they lose their ability to afford housing, and many will become homeless. When people are discharged from mental health or substance abuse treatment facilities, jails, prisons, or foster care, and no provisions are made to ensure that they receive appropriate housing and healthcare, many of them will become homeless. And when people cannot access mental health or substance abuse treatment, they lose jobs and other social supports. Many of these people will become homeless.

Unfortunately, none of these statements are hypothetical. Over the past 20 years, we have repeatedly seen funding cuts for affordable housing programs, incorrect denials of eligibility for public assistance, lack of discharge planning, and inability to access community based services—and these failures of "mainstream" programs have directly resulted in homelessness.

Ensuring access to public benefits and treatment, and ensuring adequate discharge planning, is costly and complicated—there is no question about it. However, the moral and economic cost of not doing so is far greater. Intervening to end homelessness is considerably more expensive than ensuring that we prevent it, and preventing homelessness must be our primary social objective—so no individual or family spends time on the street or in emergency shelter.

Family Homelessness has Significantly Increased

When the McKinney-Vento Act was first passed, homelessness was viewed mainly as an urban issue—a problem of people, mainly single individuals, living on the streets. And as all of us who live here in Washington, DC know, we do not have to go more than a block or two away from the Dirksen building to see that street homelessness continues to exist. There is no question that we must do a better job of ending homelessness for people who live outdoors.

But what we have seen over the last 20 years is that there is another face of homelessness—both in cities around the country, and in suburban and rural areas. Much of this population consists of homeless families with young children. We now know that each year, over one million children are homeless. Homeless children lag behind their housed peers in almost every significant indicator of child well-being, including early childhood development, educational performance, health, and well being. As a result, many of these children are likely to grow up to be the next generation of low income, poorly housed, and homeless adults. We must reform HUD's homeless programs to take better care of our Nation's homeless families, while continuing to seek an end to street homelessness.

Many of these families enter emergency shelters, and eventually receive transitional housing or other assistance. However, too many homeless families remain on the margins. In rural areas and many suburbs, emergency shelters may not exist or may be full. In urban areas where shelters do exist, parents often do not want to subject their children to overcrowded congregate living facilities. These families are doubled up with friends or family, or living in short term inexpensive hotels or motels. Nobody would choose to live in these hotels or motels—whole families must coexist in one room, with no cooking facilities, no access to public transportation, and no place for children to play. Families move back and forth between these settings, making it almost impossible to keep children in school. Make no mistake about it—these living situations are involuntary, and these families are homeless. HUD's homeless programs must assist them.

Both Permanent and Transitional Housing can be Effective Tools to End Homelessness

In 1987, many people believed that homelessness could be ended by providing emergency shelter that would allow people to "get back on their feet." Today, Volunteers of America understands that this generalization does not apply to most homeless populations.

There is no question that 10 to 15 percent of homeless persons have severe disabilities, due to physical, mental, and substance use impairments. Both single adults and families with children can be found among this population. Many members of this group have spent significant time living on the streets or in emergency shelters, and under today's terminology are identified as "long-term" or "chronically" homeless. The "chronic" homeless population needs permanent supportive housing—a combination of housing and intensive services where individuals and families are not time limited, and can remain for as long as they need to.

Volunteers of America is a major provider of permanent supportive housing. And in response to the Federal initiative to end "chronic" homelessness, we are working to produce more—in partnership with groups like the Corporation for Supportive Housing. This initiative must continue. However, permanent supportive housing addresses the needs of no more than 15 percent of the homeless population. Volunteers of America is equally committed to intervening on behalf of the other 85 percent of homeless Americans, and our reauthorization recommendations will detail ways in which HUD's homeless programs can be realigned to best serve this large and ever growing group.

Although some members of every homeless sub-population will need permanent supportive housing with intensive services, a large group will not. Many single homeless adults and homeless families with children fall into this category. Still others are runaway youth, or youth aging out of foster care. It is easy to say that all these individuals and families need is access to "affordable housing"—although such housing does not exist in most communities. And indeed, in some cases, this is accurate.

Volunteers of America is a leading provider of quality affordable housing, and we have made affordable housing development and preservation our top organizational priority. We urge the Banking Committee to help us make good on this commitment, by supporting the creation of an "Affordable Housing Fund" through the GSE reform bill—S. 200. By helping Volunteers of America and other nonprofits provide new units of affordable housing, passing this legislation would result in a decrease in homelessness.

But many of these homeless individuals and families can benefit from a shorter-term intervention that comes with supportive services. That intervention, in most cases, is transitional housing. Transitional housing is limited to 2 years, and focuses on providing individuals and families with the support they need to become self-sufficient. Unfortunately, in recent years, the Administration and many advocacy organizations have been critical of transitional housing, asserting that it amounts to managing homelessness—not ending it. This assertion could not be more incorrect.

Transitional housing, in fact, is an extremely successful and cost-effective way to provide individuals and families with the helping hand they need to obtain stable permanent housing through the private market or through mainstream HUD subsidized housing programs. Given the limited funds available to homeless assistance programs, reducing the role of transitional housing in ending homelessness is unwise.

It is important to understand that transitional housing has significantly evolved since 1987. Years ago, transitional housing meant congregate living without as many supportive services as are provided today. Individuals or families with different needs were put into the same programs. As a result, many people ended a 2-year housing placement having no more ability to secure permanent housing than they did upon program entry.

Now, however, "best practice" transitional housing looks different. If housing is provided at a single site, it is usually in the form of individual apartments, with their own living and cooking facilities. And transitional housing providers have specialized services interventions for different populations—families fleeing domestic violence, families with a parent who is returning from incarceration or from mental health or substance use treatment, homeless veterans needing job training, or youth who have either run away from unstable family situations or aged out of foster care.

In many cases, transitional housing is provided in scattered site apartments where tenants remain permanently housed without McKinney-Vento funded subsidies after 2 years—a model called "transition in place." This model is successful at ending homelessness, and when rental subsidies move to a new individual or family at least every 2 years (often much more frequently), it is cost effective for HUD by allowing limited funding to benefit more people. A consolidated homeless program must incentivize this efficient housing intervention.

Volunteers of America Policy Proposals for S. 1801—The Community Partnership To End Homelessness Act of 2005

I wish to thank Chairman Allard, Ranking Member Reed, and other Members of the Subcommittee for the hard work they have put into the drafting of S. 1801—the Community Partnership to End Homelessness Act of 2005. Volunteers of America believes that S. 1801 provides a strong framework for the reauthorization discussion that we have engaged in over the past several years, and continue to engage in today. The following policy proposals are indicative of our strong support for particular provisions of S. 1801, while also offering recommendations for significant improvements to the bill.

Support Cost Effective Homelessness Prevention Initiatives

Volunteers of America strongly supports the provisions of S. 1801 relating to homelessness prevention. The first of two provisions would continue to allow up to 5 percent of Emergency Shelter Grants (ESG) (distributed to States and localities) to be used for homelessness prevention by providing short-term rental assistance to avoid evictions. The second provision would allow 5 percent of CHAP funds to be spent on a broader array of prevention activities—including eviction prevention, relocation assistance for people being discharged from public institutions, assistance in reunifying homeless youth with their families, and aid to help reconnect homeless children in the child welfare system with their parents and guardians.

Homelessness prevention is both better for people and financially less costly than allowing individuals and families to live on the streets or in emergency shelter—we are pleased to see that this understanding has been adopted in the drafting of S. 1801.

Prevent Discharges into Homelessness

HUD funded permanent housing has long served applicants coming from the streets, emergency shelter, transitional housing, and treatment programs or other institutions. However, in the 2005 NOFA HUD announced that future permanent housing renewal projects would only be able to accept residents coming from transitional housing if they originally came from emergency shelter or from the streets. This prevents permanent supportive housing projects from housing individuals who may have become homeless after being discharged from jails, prisons, alcohol or drug treatment programs, or other public institutions. In order to receive permanent

housing assistance, people leaving these settings would first have to suffer the indignity of becoming homeless, by living on the streets or in an emergency shelter—even if a permanent housing bed was immediately available.

Volunteers of America believes that this policy change is unwise—particularly since HUD has recently released an exploratory study on homeless prevention which found that one of the most effective strategies was "supportive services coupled with permanent housing, particularly when coupled with effective discharge from institutions." We know that reentry housing prevents homelessness—HUD should encourage it, not disfavor it.

In addition, this HUD policy weakens community control over who can be assisted through local homeless programs. Since local service providers and advocates best understand who is homeless and in need of assistance in their cities and towns, a policy that ties their hands contributes to inefficient use of scarce homeless program resources.

Provide Service Providers with the Flexibility Needed to Assist All Homeless Populations

In keeping with our strong support for keeping homeless individuals and families from ever having to live on the streets or enter emergency homeless shelters, Volunteers of America has long believed that McKinney-Vento's definition of who is homeless should be expanded to include people who are living in doubled up situations, or in hotels or motels, solely due to the lack of adequate alternative housing. We support this change by virtue of what our local office staff from around the country tell us. They report that their Continuums of Care would like to provide assistance to individuals and families living in these precarious situations—before they are forced onto the streets or into a shelter. However, under the current definition of homelessness, they must wait. S. 1801, as currently drafted, does not address this issue.

It is important to realize that living doubled up or in a hotel or motel is not a safe or stable situation, where an individual or family might choose to remain for lengthy periods of time. Instead, doubled up families often bounce between the homes of various friends and relatives—never staying in one place for more than a month or two—before they wear out their welcome and are forced to move on. This highly mobile and unstable lifestyle is particularly difficult for children—it leads directly to poor educational achievement and behavioral problems. Expansion of the definition of homelessness would allow communities who have large numbers of these highly mobile families to provide them with the assistance necessary to enter stable housing.

Include Homeless Families in the Definition of "Chronic" Homelessness

HUD's current definition of "chronic" homelessness permits only single individuals to be considered under that category. This definition, however, does not appear in McKinney-Vento—it was created by the Administration. Volunteers of America strongly urges Congress to codify an amended definition. Such an amendment would expand the definition of "chronic" homelessness to include families where either the head of household or a child in the household is disabled.

As currently worded, S. 1801 would only include families with disabled heads of household. Volunteers of America supports this language, as does almost every homeless advocacy or service organization. When an adult meets the criteria for being "chronically" homeless, why should that person not be able to receive permanent housing assistance, simply because they are living with one or more minor children. If anything, the presence of a child in the household creates an additional reason to provide that family with permanent housing.

Volunteers of America would also go slightly farther, to include families where the disabled individual is a child. Like other families who have been homeless repeatedly or for one lengthy stretch, these families need long-term housing and supports. We should give communities the flexibility to provide them with permanent housing, if the need for such housing can be demonstrated.

Incentivize Successful Permanent and Transitional Housing

Volunteers of America believes that HUD homeless programs should incentivize a range of housing interventions that are successful at ending homelessness. Currently, HUD has administratively chosen to provide significant incentives for the development of permanent housing through McKinney-Vento. The permanent housing "bonus" essentially diverts all new funding for the homeless programs into a bonus for communities who develop permanent housing for "chronic" homeless individuals.

We support S. 1801's continued incentives for permanent housing, which maintain the current bonus, while adding a bonus for permanent housing to assist non disabled homeless families. However, Volunteers of America would add an additional

activity that is eligible for bonus money—cost effective transitional housing targeted to particularly vulnerable populations. These populations could include families leaving domestic violence situations, parents reuniting with children leaving foster care, or families with extremely young children. In addition—Volunteers of America believes that receipt of bonus money in a community, for a particular type of housing, must be conditioned on the community's ability to demonstrate, through their required gaps and needs analysis, that there is a need for such housing.

These changes will balance the current bonus structure, where permanent supportive housing for single "chronic" homeless individuals is the only eligible activity. Because every community can use additional homeless program funding, this structure pressures communities that do not have a significant "chronic" homeless population to "write to the grant" and devise projects to serve that population, simply to get bonus money. It would be a far more effective use of Federal funds to provide bonus money that meets demonstrated local needs.

Ensure Continued Access to Supportive Services

It is well established that ending homelessness requires a combination of housing and supportive services. This is why in 1987 McKinney-Vento authorized HUD to fund services, and why HUD has consistently done so. In recent years, HUD has undertaken significant efforts to fund more housing, and fewer services. Provisions contained in S. 1801 would go too far in continuing this trend.

S. 1801 would allow the Government Accountability Office (GAO) to make a determination, 3 years after enactment, that certain Federal mainstream services programs (such as the Substance Abuse and/or Mental Health Block Grants) were receiving additional funds. If that determination occurred, the HUD Secretary would have discretion to stop funding supportive services not directly tied to maintaining housing—potentially to include mental health and substance abuse services. Volunteers of America does not believe that this is a wise policy.

As I referenced earlier, mainstream programs do not serve homeless persons well. So additional funding for these programs does not mean that additional funds will go to homeless persons. Therefore, it is inappropriate to condition homeless program funding for services on how mainstream programs are funded.

Volunteers of America would prefer to see HUD and HHS work together to determine an efficient way for HHS to fund additional supportive services for homeless programs. This solution would require additional resources, but would best achieve the goal of having HUD—the Federal Government's housing agency—fund more housing. We regret that HUD and HHS have yet to reach agreement on this matter, and hope that the U.S. Interagency Council on Homelessness (USICH) will be able to facilitate an accord.

Require Coordinated Federal, State, and Local Planning to End All Homelessness

Over the past 4 years, the USICH has strongly encouraged State and local governments to create plans to end "chronic" homelessness in 10 years. And in the just released HUD NOFA, Continuums of Care must coordinate their plans with these State and local plans if they want to receive the maximum number of points for strategic planning.

Volunteers of America supports the idea of planning to end homelessness. We believe, however, that this planning must start with the creation of a Federal strategic plan to end homelessness—not just "chronic" homelessness but all homelessness. We are pleased that the development of such a plan, by the USICH is required under S. 1801.

Similarly, we believe that it is a mistake for the USICH to insist that State and local plans focus only on "chronic" homelessness. If all levels of government are going to engage in planning around the issue of homelessness, then the resulting plans should focus on ending homelessness altogether—with specific strategies for "chronic" homelessness, family homelessness, and youth homelessness, or homelessness among any other subpopulation found in that State or locality.

This would allow State and local plans to be in alignment with the gaps and needs analysis that each Continuum of Care is required to prepare every year, and would alter the current inequitable system—under which communities with little to no "chronic" homelessness are still forced to plan for ending it, even as they receive little credit for demonstrating a need to assist other homeless populations and putting together a comprehensive strategy to meet that need. Volunteers of America strongly supports the provision in S. 1801 that would instruct the USICH to encourage these broader State and local plans to end all homelessness.

We would also note that plans to end homelessness are only as good as the resources available to implement them. So while we are pleased that many local plans are succeeding in encouraging State, local, and private investment, we believe that

the Federal Government must set an example by providing adequate funding for McKinney-Vento programs and "mainstream" housing and supportive services programs.

Consolidate HUD's Homeless Assistance Programs

I will not devote significant time to this recommendation, as it appears to have nearly unanimous support—both in Congress and among service providers and other homelessness advocates. But, in brief, HUD now operates three competitive homeless assistance programs—Shelter Plus Care (SPC), which provides permanent housing for individuals with disabilities and families where the head of household has a disability—Supportive Housing Program (SHP), which provides both transitional and permanent housing, as well as supportive services—and Section 8 Moderate Rehabilitation, which provides funds to nonprofits. Nonprofits then combine these resources with Low Income Housing Tax Credit (LIHTC) or some other source of housing production dollars, and rehabilitate buildings to be used as Single Room Occupancy (SRO) housing.

Since both SPC and SHP have five sub-programs, program consolidation would take a total of 11 programs and turn them into one program—the Community Homeless Assistance Program (CHAP). This single program would have a lengthy list of eligible activities, allowing funds to be used for all current activities, and several new ones—including permanent housing for homeless families without a disabled head of household. Volunteers of America strongly supports this initiative, as proposed in S. 1801.

Include Administrative Provisions to Help Service Providers

I want to conclude by offering our strong support for several administrative changes to McKinney-Vento. S. 1801 as currently drafted requires a 25 percent cash match for almost all housing and supportive services programs funded through McKinney. As service providers, we would prefer that there be no match requirement. However, we understand the importance of having a match, in order to most efficiently leverage funds. But in order to make the match requirement less onerous, we recommend that a service provider be allowed to satisfy it either with cash or in-kind resources. In-kind contributions such as mental health, substance abuse, or other supportive services are of equal value to cash, and are often significantly easier to obtain.

We also recommend that, as S. 1801 mandates, HUD be required to create a formal appeals process for communities who believe that the scoring of their NOFA applications was incorrect. Mistakes do happen, and there should be a formal process in place to correct them. The current system does not specify any appeal procedure, which means that appeals are made on an ad hoc basis, and there are no specified standards for evaluating them.

Thank you again for inviting me to testify today. I look forward to answering your questions.

PREPARED STATEMENT OF ANTHONY LOVE

PRESIDENT/CEO, COALITION FOR THE HOMELESS OF HOUSTON/HARRIS COUNTY, INC.

MARCH 30, 2006

Good afternoon. Thank you for inviting the Coalition for the Homeless of Houston/Harris County to testify in support of the reauthorization of the McKinney-Vento Homeless Assistance Act.

The Coalition for the Homeless of Houston/Harris County, known as the Coalition, is a private, nonprofit organization whose mission is to educate and advocate for the needs of persons who are homeless through support and the coordination of services. Founded in 1982, at the request of then-City of Houston Mayor Katherine Whitmire and then Harris County Judge Jon Lindsey, the Coalition was formed to support those entities that provide direct support to people that are homeless through advocacy, education, collaboration, and community partnerships.

The Coalition currently serves as the lead coordinator for the local Continuum of Care system. We serve in this role through the support and partnership with the City of Houston and Harris County. This "Collaborative" was developed in 1992. The foundation of this process is based on two principle concepts, implementation and evaluation. Under the guidance and coordinating efforts of the Collaborative Continuum of Care approach, Houston/Harris County's strategy became a model that HUD used to encourage other jurisdictions to develop. Last year, our local Continuum of Care provided funding for 27 agencies representing 62 programs/projects

that span the spectrum of outreach, emergency shelter, transitional housing and, of course, permanent housing.

In Houston/Harris County, prior to Hurricanes Katrina and Rita, there were 12,000–14,000 men, women, and children without a place to call home on any given night. Last year, approximately 34,000 individuals accessed homeless services in our community. All of these services represent McKinney funded agencies that function as the existing system to exit homelessness in Houston/Harris County. Since 1992, McKinney-Vento Homeless Assistance Funding has been the major source of funding for the majority of homeless service agencies in Houston/Harris County. This funding has provided housing, employment, and other essential services to tens of thousands of individuals who have experienced homelessness in our community.

McKinney-Vento for years has served as the impetus for collaboration and community solutions to ending homelessness. McKinney-Vento has enabled many communities to leverage millions of dollars in private funding and investment while also providing housing opportunities to thousands of low-income Americans who otherwise may not be able to afford housing of any sorts. On the other hand, the current bill being considered, would enhance the Acts' ability to serve more people who are at risk of being homeless, realize that any reduction in HUD service dollars will not take place until adequate alternative funding is provided and expand who qualifies as chronically homeless.

The Coalition supports this bill in its entirety, especially the following three items:

Provision of Funding for Preventing Homelessness: By allowing communities to use up to 5 percent of their grant funding to prevent homelessness, a huge barrier to ending homelessness is significantly reduced. This provision truly provides a means of "closing the front door" to homelessness. A continuum is incomplete without prevention as a part of the Collaborative process to create a seamless system of service.

Involvement of More Federal Agencies: One agency should not be expected to do it all or bear the burden of ending homelessness in our country. This measure ensures that multiple Federal agencies are involved in the provision of housing, healthcare, human services, employment, and other services as necessary and appropriate. Adjusting the role of the Interagency Council on Homelessness provides a nationally coordinated effort to complement local and State efforts. It also makes the issue of homelessness a national priority and serves as encouragement to local communities that this issue will remain important nationally.

Broader Definition of Chronically Homeless: The current definition of chronically homeless is restrictive and disallows much needed services to individuals and families who also demand much from the current homeless assistance system. This new definition is more inclusive than the current definition because it includes families who have an adult head of household with a disabling condition, and people who are homeless other than only those that are sleeping in an emergency homeless shelter or in a place not meant for human habitation. This definition provides a more accurate picture of the individuals and families that are served by these community agencies every day.

Again, the Coalition supports this legislation; however we are concerned about the 25 percent match requirement and its possible effect on smaller non profits and their ability to apply for these funds. We are not opposed to this provision, but we are uneasy about the possible consequences and wonder aloud, what type of barrier does this requirement create for smaller agencies that perform at a high level with a smaller budget?

Once again, I thank you for your invitation and this opportunity to speak on behalf of the Coalition. The Coalition supports your efforts to reauthorize the McKinney-Vento Homeless Assistance Act and the critical resources it will provide to communities in their efforts to end homelessness.

PREPARED STATEMENT OF DENNIS PATRICK CULHANE, Ph.D.

PROFESSOR OF SOCIAL WELFARE POLICY AND PSYCHOLOGY,
UNIVERSITY OF PENNSYLVANIA

MARCH 30, 2006

Chairman Allard, Ranking Member Reed, and distinguished Members of the Committee, the Committee is to be commended for the proposed bill reauthorizing of the McKinney-Vento Act. As you are aware, tremendous strides have been made in recent years, through both the appropriations process and HUD's competition in ori-

enting the McKinney-Vento programs toward meeting the goal of reducing homelessness through the creation of permanent housing opportunities. Many thoughtful changes have been made to these programs which have collectively moved communities away from mere expansions in providing services to people in a state of homelessness, and toward a goal of reducing the number of people who experience homelessness. The bill under consideration is a significant milestone in meeting the nation's obligations to the poorest and neediest among us.

I am particularly supportive of the bill's codifying into law the emphasis of using the McKinney-Vento programs to advance efforts to end chronic homelessness among single adults with disabilities. Research on the dynamics of homelessness among single adults has consistently shown that people experiencing chronic homelessness are costly users of emergency shelter, and costly users of acute care systems in health, public safety, and corrections. While adults who become chronically homeless may represent only 15 percent of adult shelter users over time, research indicates that they occupy more than half of the emergency shelter beds for adults in our cities, and account for a substantial majority of the people who live—and in some cases die—on our streets and in other public spaces.

Research has further shown that investments in supportive housing targeted to this population in many cases can be fully offset by the reduced use of shelters, hospitals, emergency rooms, and jails. In the face of such evidence, it is difficult to justify a policy that spends so many resources essentially maintaining people in a state of homelessness, when those same resources can be leveraged for a solution to their plight. The bill's provision for setting aside 30 percent of the McKinney-Vento resources for permanent housing programs for people who are chronically homeless makes moral and economic sense in light of these data, and the Committee is to be commended for requiring that communities continue to target significant Federal resources for this purpose.

I have just a couple of concerns with the nature of the targeting suggested in the bill. The bill should include a requirement that adults who are chronically homeless also have to have a disability in order to qualify for the set-aside resources. Previous Federal efforts in this area, including priorities established through the appropriations process and HUD's competition, have included a disability eligibility criterion for homeless adults. This targeting is based on the fact that the evidence of cost-effectiveness is strongest for people with disabilities, and because research suggests that nearly all adults who experience chronic homelessness also have a disability. Without this further criterion, the bill could unintentionally encourage lengthy shelter stays alone as a means of accessing this limited housing benefit.

My second concern centers on the inclusion of "chronically" homeless families in the eligible population for permanent supportive housing funded through this legislation. I am not aware of a research literature on family homelessness that supports the designation of "chronicity" among homeless families. Indeed, there are families who are homeless for long periods of time, and that is an issue deserving of redress. But it is not at all clear that long-term homelessness among families is best understood through a theoretical framework that was primarily intended to characterize a population of single adults who are so disabled and disenfranchised that—were it not for emergency shelter or supportive housing programs—they would live and even die on the streets. Without a doubt there are families among the homeless who have special needs, and who have disabled members, but segmenting this population from the larger population of homeless and near-homeless families, as is done in the proposed bill, could have unintended and long-term negative consequences, for both homeless families and the chronic homeless adult population.

Research on family homelessness has not found that homeless families in general are significantly different from other poor families. This is not surprising, given that we now know that homelessness among families is fairly common—10 percent of poor children will experience homelessness each year, with a rate that is certainly much higher (perhaps twice as high) among families from disadvantage minorities, such as African-Americans. The extent of family homelessness, and its disruptive impact on children and their educations—irrespective of whether they are from a family with a disabled family member—cries out for a broader and more substantive policy solution than can be found within the very limited resource represented by the 30 percent set-aside of McKinney-Vento spending.

Research has found that homeless families nearly universally respond positively to the receipt of rental assistance. Despite the many challenges a given family may face, nearly all homeless families end their homelessness, and do not recur into homelessness with the support of rental assistance. Current research in which I am engaged indicates that long-stay families reside in shelters for an average of 9 months, at a cost of approximately $22,000 per family in Philadelphia. The same resource that provides 9 months in a shelter could provide those same families with

the equivalent of 3 years of Federal housing assistance through the Section 8 program. Even the majority of families who's average stay in shelters is less than 2 months consume nearly $4,000 in emergency shelter resources, resources that could be much better spent providing families with an expedited exit out of homelessness and into housing.

In many small and even quite substantial program and policy experiments around the country, communities are exploring the value of such "Housing First" programs as an alternative to shelter among homeless families (as well as singles). These programs embody the principle that no family should be chronically homeless, and, indeed, no family should be homeless for more than a brief period of time (that is 30 days). To the extent that this Committee can do so, it should seek to encourage communities to explore how they can use these current resources, as well as their TANF programs and other Federal and local resources, to relocate families presenting as homeless as soon as possible, either through emergency relocation grants, or transitional rental assistance.

The subsegment of families who need additional support services to maintain their housing, could and should receive those support services from mainstream child welfare and behavioral health systems. To the extent that permanent supportive housing is identified as necessary to prevent recurrent or long-term homelessness among some families, communities should be encouraged to convert their existing transitional housing programs—most of which are currently not targeted to families with special needs—to this purpose. In their current untargeted form, transitional housing programs have not provided a demonstrated benefit associated with their lengthy stays and high costs. In many communities, those units represent a significant resource that could be put to this purpose. And for those families in need of more sustained rental assistance without services, it is imperative that our Federal housing programs expand to meet that need.

The 30 percent set aside is not going to be sufficient for accomplishing any of these goals. Moreover, without any strict limits on the use of this set aside for families, we may well undermine the primary consensus principle that this legislation seeks to codify—the reduction of chronic homelessness among single adults through the targeting of permanent supportive housing resources.

The proposed bill also makes some significant progress in codifying into law some mechanisms for accountability that had been lacking in previous legislation for homeless programs. The provisions for supporting Homeless Services Management Information Systems, or HMIS, promises to give local communities, as well as States and the Federal Government, increased information to make informed policy decisions. Sound data collection can yield important information for governments and other planning bodies as they attempt to steer their systems toward reducing homelessness, either through housing placement or prevention.

As the bill acknowledges, in addition to ending chronic homelessness, preventing future homelessness is going to be a critical objective to achieving the goal of reduced homelessness. Research suggests that as many as half of the single adults entering public shelters have recently exited other public systems of care. The HMIS data can be used to hold these mainstream systems accountable for the number of people they are sending to homelessness, and who in turn get sent back to these institutions. As long as we operate without data, this revolving door is invisible to these institutions, who choose to recognize the problem only when it appears inside their corridors. This is true whether it is acute hospitalization, detoxification, or correctional systems. HMIS can and should hold a mirror to these systems so that they can measure and reduce the traffic through these revolving doors. Doing so will require that local and State governments use their data effectively. The McKinney-Vento legislation could encourage States and localities to engage in systematic data analysis to identify how institutional discharges are contributing to homelessness, and, in turn, resulting in further reinstitutionalization and homelessness.

In further support of such collaborations, I encourage the bill's support of the 10-year plans to end homelessness that have become commonplace around the country. Many of these plans are the result of new and potentially powerful collaborations among local and State governments, as well as service providers and less traditional stakeholders in these communities. These partnerships are essential to advancing a local agenda, and for leveraging the multiagency and multisectoral resources that will be necessary to develop and support housing, as well as programs for prevention and diversion from shelter. These partnerships are a reflection of the collaboration that has also been embodied in the U.S. Interagency Council on Homelessness, which has brought together many Federal partners for this purpose and brought new resources from other Federal programs to this population. Indeed, it is to the credit of the U.S. Interagency Council on Homelessness that the current national conversation has changed, and has now focused a variety of agencies at all levels

of government on the objective of reducing and ultimately ending homelessness in our country.

If the bill could learn from our previous experience with the Continuum of Care, it would be to assure that local governments have a majority position in the local planning boards called for in the legislation. Local governments control most of the policy levers that are required to develop and support housing, and to deliver social services and prevention. Only government has the legal authority and the public accountability that is necessary to achieve public aims. Therefore, local governments should be assured through their representation on local planning boards that their efforts can work in a common direction with the intended use of Federal and State resources.

Much progress has been made on behalf of people who are homeless or threatened with homelessness. However, the problem remains a stubborn fixture in our communities. Federal resources can and should help in redirecting homelessness policies away from maintaining or even enhancing a makeshift private welfare system. Instead, our goal should be to strengthen the capacity of our social welfare system to protect people from homelessness in the first instance, and to prevent unnecessarily long shelter stays in the second. Chronic street homelessness should be addressed directly with housing programs that provide a solution to homelessness. This bill, properly modified, can make substantial progress in committing our Nation to these goals, and in pushing us even further in expanding access to housing and services that will truly prevent homelessness and away from the institutionalization of this unacceptable and unnecessary social ill.

Thank you. I look forward to answering any questions you may have.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM ROY A. BERNARDI

In your testimony, you stated that, while our bill (S. 1801) and the proposed HUD bill are similar, the bills differ in some respects. Please specify provisions in the HUD bill and provisions in S. 1801 that support your assertion that the HUD bill provides the following:

Q.1.a. A greater focus on chronic homelessness;

A.1.a. The Administration's bill would continue to define chronic homelessness to include disabled individuals who are often literally living on the streets. The Administration's bill, unlike S. 1801, would not expand the definition of chronic homelessness by including disabled families with children, most of whom are housed in shelters. Given limited resources, HUD wants to help ensure those who literally have no roof over their heads can access housing.

Q.1.b. Greater flexibility for the kinds of services needed to solve homelessness;

A.1.b. The Administration's bill permits funding of supportive services and does not include the 3-year phase out provisions that are outlined in S. 1801. Under the Administration's bill, communities are afforded the opportunity to fund the supportive services that are needed in their specific communities. This concept allows for local decisionmaking and greater flexibility by communities.

Q.1.c. Greater flexibility in using program funds to prevent homelessness (particularly in light of the bonus funding under the Samaritan Initiative); and

A.1.c. S. 1801 and the Administration's bill both address prevention; however, the Administration's bill provides more flexibility because it would allow up to 10 percent of program funds to be spent on prevention activities and S. 1801 allows up to 5 percent.

Q.1.d. Better targets its permanent housing resources for the disabled.

A.1.d. The Administration's bill would continue to target housing resources to disabled individuals and families. S. 1801 would allow these scarce resources to also and for the first time be accessed by nondisabled families.

Q.2. The Administration's bill and S. 1801 would consolidate several competitive grant programs in order to maximize the impact of Federal dollars by eliminating duplication, reducing administrative burdens and the accompanying costs, and maximizing flexibility. As each program is targeted to a specific need, how do we best ensure that none of the target populations' needs is overwhelmed by the others?

A.2. The Administration's bill and S. 1801 allow communities to assess their various local needs and then decide which projects to fund. This will help ensure that each community will be able to address their respective needs.

RESPONSE TO A WRITTEN QUESTION OF SENATOR REED FROM PHILIP F. MANGANO

Q.1. Among the community of homelessness assistance providers, some have raised concerns about the provision that allows HUD to phase out certain services, like healthcare, over a 3-year period, with responsibility for these services going to other agencies. Others argue that the transfer of responsibility for these services to other agencies is necessary to make the best use of resources available to combat homelessness. What steps will be necessary, both at the Federal and the local level, to facilitate this transition?

A.1. The Administration's proposal (H.R. 5041) to consolidate its HUD homeless assistance programs and to codify the Continuum of Care concept would not phase out supportive services. The Administration's proposal would continue to provide communities with maximum local flexibility to confront the local housing and service needs of homeless persons. The referenced phase-out provision is contained in S. 1801.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM DENNIS P. CULHANE

Q.1. Among the community of homelessness assistance providers, some have raised concerns. What steps will be necessary, both at the Federal and the local level, to facilitate this transition? Would S. 1801 strengthen or weaken the ability of community to provide supportive services to the homeless?

A.1. At the Federal level, the Heath Care for the Homeless (HCFH) program should be directed to provide health services in place of those that will be defunded under the HUD program. Ideally, HCFH will be provided with the additional funds to do so. Alternatively, local providers should access local health departments and/or Medicaid and/or Medicaid HMO's to provide clinical services in place of the defunded services.

S. 1801 will require communities to find alternative sources of funding for some supportive services, but it will also continue many of the supportive services that HUD has determined are not likely to be provided by other public agencies (that is case management). This strategy makes sense from the perspective of maximizing the utility of HUD's resources. If communities do not identify alternative sources of funding for the defunded services, this will results in fewer services at those sites.

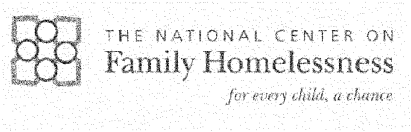
Q.2. As you know, some controversy has surrounded the definition of homelessness. What is your impression of the definition of homelessness included in our bill?

A.2. My opinion is that the definition of homelessness in S. 1801 is sufficient. Efforts to broaden the definition beyond literal homelessness could have unintended negative consequences. First, people who are not literally homeless and who are ill-housed—a group that is far larger than the literal homeless—could consume many of the resources intended for the literal homeless, to their detriment. Second, from a targeting and accountability perspective, our ability to measure homelessness and the impact of targeted programs on reducing homelessness would be greatly compromised, as the broader population of poorly housed persons, including those

doubled up, is very difficult to measure. Finally, I would note that there is some variability in Federal definitions that seems to fit the specific intent of those various Federal programs, and that variability makes sense.

Q.3. In balancing the needs of the chronically homeless population and the needs of those who are temporarily homeless, how could we best address the goals of ending chronic homelessness, while addressing the needs of the temporarily homeless?

A.3. The temporary homeless should continue to have access to emergency assistance, in the form of emergency shelters. However, the temporarily homeless would also benefit from a broader array of emergency assistance than shelter alone. I would encourage the Committee to consider ways in which it can support emergency relocation grants and other rehousing strategies that would expedite persons' exits from homelessness.



March 28, 2006

The Honorable Wayne Allard
Chairman
Subcommittee on Housing
and Transportation
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

The Honorable Jack Reed
Ranking Member
Subcommittee on Housing
and Transportation
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Allard and Senator Reed:

Thank you for the opportunity to provide written comments on S. 1801 – the Community Partnership to Help End Homelessness Act as a part of the Subcommittee's hearing on March 30, 2006. We commend both of you and the entire Subcommittee on Housing and Transportation for your efforts to improve the federal government's response to the national tragedy of homelessness. We greatly appreciate the opportunity to voice both our support for, and concerns with, various aspects of this critically important legislation.

Founded in 1988, the National Center on Family Homelessness is a mission-driven, non-profit committed to ending family homelessness by understanding the needs of homeless families and children, developing and refining programs that respond to those needs, and delivering technical assistance to communities and service providers to enhance their capacity to end homelessness. We have conducted dozens of research, evaluation, and technical assistance projects, creating a body of knowledge that informs programs and policies across the country, including the first studies of homeless families in the early 1980s that helped put this issue on our nation's policy agenda. We currently work in 47 States across the nation.

Drawing on knowledge gained from our 18 years of research and field experience, we respectfully offer the following comments on S. 1801 - The Community Partnership to Help End Homelessness Act. for the Subcommittee's consideration.

Better Meeting the Needs of Homeless Children and Their Families
The National Center on Family Homelessness is opposed to any policy efforts that pit one homeless subgroup against another. We believe that the needs of all people who experience homelessness ("chronic" single adults, families and children, unaccompanied youth, etc.) are pressing and must be met with adequate resources and support. Unfortunately, the current fiscal climate does not allow for this and difficult decisions must be made.

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Over the past several years, HUD and the Federal Interagency Council on Homelessness have focused tremendous energy and resources on addressing homelessness among "chronic" single adults. These efforts are showing success and we commend them. Unfortunately, this single-minded focus has resulted in the diminished allocation of resources for homeless children and families. Although unintentional, these efforts have compromised the ability of local communities to effectively respond to the urgent needs of homeless children and families. It is important to regain a better balance.

Homeless families and children make up approximately 40% of the overall homeless population and over 1.3 million children experience homelessness each year. Research has clearly demonstrated the devastating effects of homelessness on children. Homeless children suffer from poor health, hunger, delayed development, disrupted schooling and high rates of behavioral problems. Efforts must be made to strengthen the federal response to family homelessness before the homeless children of today become the "chronically" homeless adults of tomorrow.

We commend and fully support the bill's efforts to ensure that the needs of homeless children and families are considered and attended to in the state and local collaborative planning processes (Section 402 Collaborative Applicants - (h) Duties). We hope that the Federal Interagency Council on Homelessness will expand their efforts to better address the needs of these families as well.

Various definitional issues need to be addressed to ensure that McKinney-Vento programs are able to effectively meet the unique needs of homeless families and children. First, we believe the HUD definition of homelessness should be expanded to include individuals and families who are doubled-up or living in hotels or motels and do not have another regular adequate housing alternative. Families are often forced to live in overcrowded, unsafe, and unstable living situations where they are doubled or tripled up with family or friends or living in substandard hotel/motel arrangements with entire families living in a single room and having no access to cooking facilities or play spaces. These circumstances can be very detrimental to children and are often the final step in the long road to emergency shelter.

Second, the current definition of chronic homelessness is ill-suited to the realities of family homelessness and ignores the unique needs of children. It is important to remember that there are two generations within homeless families, parent/caretaker and child(ren) and that a significant percentage of these children are under the age of 6. The impact of homelessness is very different for children; experiencing homelessness for even 1-2 months (much less a year or more or four times in a three year period) may have a devastating impact on their healthy growth and development. The current definition does not take into account the unique experiences and needs of children who are homeless. Finally, a significant number of homeless children suffer from disabilities that place increased demands on their families and can limit a parent/caretaker's ability to exit homelessness. We ask that you consider expanding the definition in S. 1801 to include families in which any family member with a disability would meet the definition.

All efforts to prioritize housing and services for homeless chronic adults (through set-asides and bonuses) have resulted in fewer resources for families and have limited communities' ability to meet their needs effectively. Although we support the proposed bonus for permanent housing for non-disabled homeless families, we are concerned that this will not be adequate to ensure a balanced and equitable response to homelessness.

Ensuring Adequate Funding for Supportive Services

The National Center on Family Homelessness has serious concerns about the potential termination of funding -- proposed in S. 1801 -- for many supportive services (e.g. mental health and substance abuse services) that help families and individuals stabilize and remain housed. We appreciate the Subcommittee's interest in generating more funds for housing, but monies for these critically important services can not be eliminated without providing dedicated resources elsewhere. We agree that mainstream programs have a critical role in funding and providing many of the support services homeless families and individuals may need, but also recognize that direction and oversight is needed to make these programs accessible and responsive to the unique needs and circumstances of homeless families and individuals. It is important to note that efforts to house families and individuals, no matter how robust, will be compromised if people are unable to access the array of services they need to live safe, stable, productive lives in the community.

Protecting an Array of Housing and Service Options

The National Center on Family Homelessness believes it is important to ensure that communities can develop an array of housing and service options that meet the needs of their residents. As proposed, the incentives for permanent housing would divert new funds into bonuses for communities that develop permanent supportive housing for chronic homeless populations. With this in place, we are concerned that communities will be unable to meet the needs identified through their Continuum of Care processes and that transitional housing services will not be available to those who need it.

Thank you for the opportunity to provide input on S. 1801 - Community Partnership to End Homelessness Act.

Sincerely,

Ellen Bassuk, MD

Ellen Bassuk, MD
President

Testimony Related to Provisions of S. 1801 Community Partnership to End Homelessness Act of 2005

Testimony submitted by
Martha R. Burt, Ph.D.[1]
Principal Research Associate and Director, Social Services Research Program
Urban Institute

Before the Senate Banking, Housing, and Urban Affairs Committee
Housing and Transportation Subcommittee

March 30, 2006

[1] This testimony draws on the results of several research projects I have directed, including Burt et al. (2002), Nolan et al. (2005), and some work I am currently doing on systems change in seven communities. The views expressed are mine alone and do not necessarily reflect the views of any organization with which I am affiliated.

Chairman Allard, Ranking Member Reed, and Members of the Committee:

Thank you for inviting me to share my views relating to S. 1801, The Community Partnership to End Homelessness Act of 2005. I have been involved in policy-oriented research on homeless populations and homeless service systems since 1983, when the first Emergency Food and Shelter Program legislation was passed. So it is a pleasure for me to be asked to give testimony on a bill that incorporates the lessons from so much that we have learned over more than 20 years of research and evaluation.

Homeless assistance systems have grown and changed a great deal in the past two and a half decades, stimulated by three milestones of public policy making. The first of these, of course, was passage in 1987 of the Stewart B. McKinney Homeless Assistance Act, which for the first time made available to communities federal resources for transitional and permanent supportive housing and codified Emergency Shelter Grants (ESGs) and the Emergency Food and Shelter Program. New programs such as Shelter Plus Care under what became the McKinney-Vento Act have added more resources as well as more flexibility.

The second milestone came in 1996, when the Department of Housing and Urban Development's Office of Special Needs Assistance Programs, which administers HUD's McKinney-Vento Act funds, established its Continuum of Care approach to disbursing the homeless assistance resources under its control. As I will discuss later in this testimony, this policy decision had a strong effect on the growth and especially the integration of homeless services in communities around the United States.

The third milestone came in 2001, when the federal government adopted the goal of ending chronic homelessness in 10 years. Annual set-asides under the McKinney-Vento Act of 30 percent for new permanent supportive housing have promoted this goal. This federal

commitment has stimulated production of permanent supportive housing in every Continuum of Care. In addition, more than 200 communities have followed the federal lead to develop 10-year plans to end chronic homelessness. Many of these communities have also taken the important next steps toward implementation, mobilizing both homeless-related and mainstream agency resources and creating structures that help these resources to converge in projects specifically targeted toward the chronically homeless population.

In my view, each of these policy commitments has made an essential, positive contribution to the situation in which we find ourselves today, with some communities already well on the road to ending chronic homelessness and others poised to begin the processes that will lead to that end. In addition, some communities with 10-year plans have created blueprints for ending *all* homelessness, not just long-term homelessness. Such plans are obviously more ambitious, and will not be achieved without substantial commitments from mainstream funding sources.

Many provisions of S. 1801 will support these activities and move the country closer to the goal of ending at least chronic homelessness. Chief among these are provisions for

- Sustaining existing permanent supportive housing and creating more, through
    - Ensuring renewal funding,
    - Prioritizing permanent supportive housing by means of the 30 percent set-aside and bonuses for production, and
    - Increasing local flexibility by consolidating three HUD homeless programs (Supportive Housing, Shelter Plus Care, and Section 8 Moderate Rehabilitation) and unifying and simplifying program rules.

- Codifying the Continuum of Care process under the name Collaborative Applicants, stressing the importance of
    - Involving all major community stakeholders in planning *and* implementation, including the mainstream agencies and their resources responsible for mental health, substance abuse, health care, housing and community development, cash assistance, and law enforcement and corrections;
    - Focusing attention on the risk of homelessness at the moment someone is discharged from a hospital or correctional facility and encouraging the use of mainstream resources to prevent homelessness;
    - Bringing emergency shelter programs and ESG money into Continuum planning;
    - Preventive actions, especially at the moment of institutional discharge, when people with disabilities and others with no resources are particularly vulnerable to becoming homeless; and
    - Predictable funding levels as established by the pro rata share published annually by HUD, to aid in local planning.
- Codifying a definition of chronic homelessness for HUD programs and expanding that definition to include families in which a parent meets the criteria for length of homelessness and disability.

In addition to these essential elements of S. 1801, and of course its increased funding that will support expanded program development, the bill includes new provisions related to performance monitoring, program effectiveness, and evaluation.

I wish to comment more specifically on four aspects of S. 1801 that fall within areas of my research expertise:

- Inclusion of families within the definition of chronic homelessness and hence eligible for permanent supportive housing,
- Specifications for the 25 percent funding match that the bill would require for all non-ESG housing projects,
- Support for systematic community-wide planning (the Continuum of Care or Collaborative Applicant process), and
- Requirements for performance monitoring and evaluation.

Should Families Be Included in the Definition of "Chronic" Homelessness?

The first federal definition of chronic homelessness specified length of homelessness (at least one year or at least four episodes in three years) and presence of a disability (undefined), and restricted application of these criteria to single adults. The definition did not consider the homeless history or disabling conditions of a homeless parent who still retained custody of at least one child as qualifying the parent, and hence the family, as "chronically homeless." S. 1801 changes the federal definition to include a family in which a parent would meet the "chronic" criteria of length of homelessness and disability.

There has been much debate in policy circles regarding whether families should or should not be included in the chronic homelessness definition. Based on my research on families participating in permanent supportive housing programs in San Francisco (Nolan et al. 2005) and similar research by others (Bassuk et al. 2006), it is clear that some proportion of families are just as unlikely as chronically homeless single adults to achieve stable housing without the substantial supports available through permanent supportive housing. The proportion may be small—perhaps no more than 5 or 10 percent of all the families who become homeless in a year's time—but it is real.

In our sample of 100 families in seven permanent supportive housing programs in San Francisco, the average number of times homeless was four, the average number of months homeless was 48, and the mother's average age at first homelessness was 25, although about one-third of these mothers had first become homeless before their 18th birthday. Families had been placed in housing after an emergency shelter stay but usually were unable to retain that housing for long. Residence in permanent supportive housing stabilized these families to the extent that very few left the programs (5 to 10 percent). Their average tenure in current housing was 2.2 years—longer than most of these mothers had ever lived anywhere since becoming adults. Even more important, the children in these families enjoyed stability for perhaps the first time in their lives, and the vast majority attended school regularly.

Early research on homeless families (Shinn et al. 1998) found that receipt of a housing subsidy, without any supportive services, was sufficient to keep 80 percent of families entering New York City shelters housed over a five-year period—the subsidy brought these formerly homeless families up to the same risk of homelessness (20 percent of those faced with an eviction notice) as welfare families who had never been homeless. This finding has been used to say that homeless families need only a housing subsidy to end their homelessness—that they do not need supportive services or permanent supportive housing.

However, it is important to note that the Shinn et al. sample of homeless families was restricted to *first-time* shelter applicants, who as a group could be expected to include a reasonably high percentage of families who *do* only need a housing subsidy, and even some who might be able to afford their own housing once their current crisis is past. That still leaves the 20 percent who could *not* sustain stable housing *even with* a subsidy. Some proportion of that group

would be appropriate for the label of "chronic" and for the solution of permanent supportive housing.

Issues Related to Requiring a 25 Percent Funding Match

Many federal funding streams supporting homeless-related services and projects have a requirement that local agencies match federal dollars with funds that are under local control. Matches have run anywhere from 0 (for ESG funds) to 100 percent (for Shelter Plus Care rent subsidies). S. 1801 contains a simplified match requirement, replacing different match levels for projects developed under several funding sources with a single match level of 25 percent for all homeless funding streams under HUD's jurisdiction except ESG (which stays at zero).

Matching requirements accomplish the important goal of ensuring that federal investments leverage other resources and that projects are adequately funded for the long term. However, the challenge for projects to identify and obtain commitments for matching funds is great; one would want to avoid any legislative language that would make it greater than necessary. Based on my experience of watching hundreds of different projects and scores of communities work to develop the full funding package for supportive housing programs, I would like to give the committee a sense of the difficulties involved and the need to watch legislative language carefully.

I use data from a recently completed survey of 109 permanent supportive housing projects in seven communities to illustrate how successful local providers have been in finding local matching funds (Burt and Anderson 2005).[2] Overall, federal funds supplied only 40 percent of the resources that sustain these projects, with state, local, and private monies making up the

[2] The seven communities are the states of Connecticut, Kentucky, Maine, and Rhode Island, and the cities/counties of Los Angeles, Portland/Multnomah County, and Seattle/King County.

difference. Federal dollars comprised 39 percent of the capital funding, 44 percent of the operating resources, and 42 percent of the service dollars that projects reported. Average one-time per-unit capital costs (excluding scattered-site projects without capital costs) were about $92,000. Average annual per-unit operating and services costs were about $7,700 and $6,000, respectively. The figure for services is definitely underestimated because the agencies operating permanent supportive housing often do not know the outlays for many services their tenants receive through partner agencies committed to serving project tenants.

Over the past few years, I have been documenting the processes at work in seven communities as they try to meet the federal goal of ending chronic homelessness by developing more permanent supportive housing (Burt and Anderson 2005, 2006). The communities have done this, each in their own way, by bringing together resources from mainstream public agencies as desired and encouraged by S. 1801. For the most part, they have not merged funding streams; rather, each public agency retains control over its resources but places them in service to the creation of new permanent supportive housing.

The following example from Portland/Multnomah County, Oregon, should make clear why it is important to build flexibility into funding arrangements and not hamper local efforts with impossible-to-meet requirements, as present legislative language might do by requiring the 25 percent match to come from funds controlled by the "grant recipient."

Portland/Multnomah County has been using external resources to support a coordinator to develop more permanent supportive housing. This process and the local ten-year planning process quickly merged, and also subsumed other existing task forces and committees with related missions. As the process evolved, more and more agencies joined, and committed their resources to assuring adequate funding for the various aspects of permanent supportive housing.

A complete package of funding for permanent supportive housing requires one-time capital resources, annually recurring operating resources (rent), and annually recurring service resources. In Portland, this takes the combined resources of three public agencies—one city agency, the Bureau of Housing and Community Development, supplies the capital resources; one county agency, the Department of Community Health Services, supplies the mental health and substance abuse supportive services; and an independent authority, the Housing Authority of Portland, provides the rent subsidies that cover operating expenses.

Looking first at the funding for Shelter Plus Care projects, the Housing Authority of Portland is the "grant recipient," in S. 1801 terms. But the Housing Authority of Portland's agency budget does not, and never will, contain the services money that sustains Shelter Plus Care tenants in their homes. Local resources are being used for services; they are definitely committed to the tenants in these Shelter Plus Care projects through contracts issued by the Department of Community Health Services to behavioral health services agencies. The resources are in that department's budget, not the housing authority's budget.

Another example might be a permanent supportive housing project that receives HUD Supportive Housing Program dollars. The agency operating the project is the "grant recipient." It may receive support from the Bureau of Housing and Community Development, from Tax Increment Financing, or from Low Income Housing Tax Credits for capital costs. But these dollars will go to a for-profit developer to build or renovate the project's building; they will *not* be in the grant recipient's budget. The project's tenants will probably receive supportive services from a contract agency of the Department of Community Health Services, in addition to whatever services are delivered by the operating agency, so once again most of the service dollars will not be in the grant recipient's budget.

Portland is having great success generating permanent supportive housing units using exactly the type of collaborative arrangements and mainstream resources envisioned by S. 1801—over 600 new units in the pipeline in the past 30 months, half of which are already open and housing formerly chronically homeless individuals.

Such arrangements challenge federal auditors to match their creativity. When all required resources are in one budget, auditing is easy. When it is impossible for one budget to include all the relevant resources, as is usually the case with transitional and permanent supportive housing,[3] it is auditors who must change their methods to identify and acknowledge the nature of local matching dollars. To do anything else is to stymie the very processes that will ultimately be required to end chronic homelessness. It is very important that legislation support integrated approaches. Requiring that the grant recipient supply the cash match to make auditing easy is not a sufficient reason; auditors should be able to follow the money, not require the money to come to them.

Community-Wide Planning

HUD's Continuum of Care application process, which requires communities to show how their requests for HUD funding fit into a coherent community-wide plan for addressing homelessness, began in 1996. It followed eight years of competition among individual agencies throughout the country for funding under HUD's Supportive Housing Program, which had produced geographically uneven funding patterns and no assurance that federal dollars were going where they were most needed, either among or within communities.

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[3] Even emergency shelter budgets may not reflect the full commitment of resources available to residents. For instance, health care is often provided on site through clinics paid from the budget of the Health Care for the Homeless agency, and even food may be supplied from a central kitchen under a separate agency's budget.

In 2000–2001, I directed a project for HUD to evaluate the effects of the Continuum of Care process in bringing communities together to design homeless assistance systems based on some set of rational criteria. The resulting report (Burt et al. 2002), based on data collected during site visits to 25 highly ranked Continuums of Care throughout the country, documented the important effects of HUD's approach. Changes as a consequence of initiating and maintaining a coordinated community-planning, prioritizing, and ranking process were many, although not all communities embraced each change equally. Changes included creating a planning "table" and bringing more important community stakeholders to it, identifying service gaps, promoting service coordination and better referral networks, developing new joint projects involving agencies that had not previously worked together, giving greater consideration to the whole spectrum of needed services from prevention and outreach to permanent supportive and affordable housing, and team-building and partnering arrangements that arose from being in contact and discussing gaps and resources.

In 2001, the 25 communities in this study could be divided into four groups with respect to their level of planning: (1) only the homeless-specific programs that could benefit from Supported Housing Program funding were involved, and only for the period of time needed to complete the HUD application; (2) only homeless-specific programs but expanded to include emergency shelter, outreach, and prevention agencies, and had year-round planning; (3) significant involvement of mainstream agencies for service delivery, along with the homeless-specific agencies, and year-round planning; and (4) same players and timetables as step 3, but with the changed goal of ending homelessness, rather than managing it. In 2001, most communities were at steps 1 or 2. With the advent of 10-year planning and the focus on ending chronic homelessness, a higher proportion of communities today will be operating at steps 3 and

4. Anything that Congress can do to move more communities in the direction of steps 3 and 4 will contribute to the long-term goal of ending homelessness. S. 1801's support for the Continuum concept is one such action.

Provisions for Performance Monitoring and Evaluation

S. 1801 contains several provisions and requirements related to performance monitoring, program effectiveness, and evaluation. As a policy researcher and evaluator, I applaud these provisions and believe if adequately supported they have the potential to increase investment of scarce homeless-related resources in the most effective programs. However, as a policy researcher and evaluator, I also have a fine-tuned appreciation of how difficult it may be to realize in practice the requirements specified in S. 1801. Nothing I say is meant to deny the desirability of having the data that S. 1801 calls for; however, I do want to make clear to the committee the potential burden S. 1801's requirements may place on homeless assistance providers. In particular, I want to comment on the issues of reporting services received and longer-term outcomes, and measuring program effectiveness.

Reporting services received. Most homeless management information systems (HMIS) programs have data fields into which homeless assistance providers could record services delivered to consumers. Some programs will use these fields to record the services delivered by their own staff. But many will not do so, or at least not consistently, because they are understaffed and recordkeeping is low on their priority list. The greater difficulty arises with services that consumers at homeless assistance programs receive from other agencies. It is notoriously difficult for one agency to track services its clients receive from other agencies, even from agencies with which a partnership exists. Reported service levels will almost always be well below the levels of actual service delivery, and, short of diverting staff time from services to

record-keeping, they are likely to remain so. Thus Congress will get a truncated and possibly distorted picture of service delivery.

Reporting longer-term outcomes. Some outcomes described in S. 1801 include the words "keep" or "retain." To the extent that these words imply Congress's expectation that programs will be reporting outcomes as they exist at some substantial time after program exit (say 6 or 12 months later), the odds are that programs will be unable to meet these expectations. This is especially true for emergency shelters, which have no programmatic obligation to provide follow-up services, and thus are not likely to be in contact with consumers after program exit. Even many transitional housing programs do not maintain long-term contact, or if they do, it is only with the subset of consumers who continue to rely on supportive services. The others could be doing very well and not need supports or be doing very poorly and not be able or willing to ask for supports. The programs won't know because they do not have the resources to do follow-up data collection, as opposed to service delivery.

Reporting on program effectiveness. At the present time, programs report their "effectiveness" against a set of GPRA goals established by HUD: (1) moving people into permanent housing from transitional housing or other settings; (2) ensuring stability in permanent housing (i.e., no returns to homelessness); and (3) increasing employment and earned income among homeless households. Programs report the number of people who left their care for permanent housing and for several other destinations. They also report the number of people who were employed at exit. They have a much harder time reporting *stability* because, as just explained, they do not usually have the staff or resources to collect follow-up data. Whole Continuums might be able to assess returns to homelessness or their absence using HMIS data, but it is not likely that individual programs will be able to do so.

The things that programs report are *outcomes*. They do not show *effectiveness*, or *impact*, because they cannot demonstrate that the same thing would not have happened without the program. This is the constant dilemma of service programs—they are not in a position to demonstrate effectiveness because they cannot encompass a control or comparison group in their measurement schemes. It is extremely important that Congress provide the opportunity for greater learning about effectiveness, however, and that can only be done through formal evaluation studies. In recent years, such formal, structured comparisons of intervention results to those of a counterfactual are not being done in the homeless arena. As interest grows in using resources to greatest effect, it would be reasonable for Congress to fund some large, structured research projects to assess the effects of certain types of interventions that have heretofore gone unexamined. In this category, I would put rapid exit services for homeless families in emergency shelter (see Burt, Pearson, and Montgomery 2005, Hennepin County appendix), transitional housing programs for families and also for recovering substance abusers, and homelessness prevention activities for which S. 1801 is changing the source and manner of funding.

Need for More Affordable Housing

Of course the single most effective step that government could take to reduce the risk of homelessness would be to increase housing assistance to *non*homeless households. Quigley, Raphael, and Smolensky (2001) demonstrated these effects in California counties, showing that out of several policy options, more housing subsidies to extremely low-income households held the highest promise of reducing homelessness. S. 1801's provision of some housing assistance to nondisabled homeless families is in line with these findings, but current federal actions to curtail Section 8 rental assistance rather than broaden it are likely to make homelessness, and especially family homelessness, more rather than less likely.

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WRITTEN STATEMENT OF GLORIA M. GUARD
PRESIDENT, PEOPLE'S EMERGENCY CENTER, PHILADELPHIA
March 30, 2006

Joining Ms. Guard in support of the following testimony and legislative analysis are the following homeless service and housing providers in Philadelphia, Pennsylvania:

AchieveAbility

Dignity Housing

Episcopal Community Services

Horizon House

Lutheran Settlement House

Methodist Family Services of Philadelphia

Northwest Philadelphia Interfaith Hospitality Network

Overington House

PathwaysPA

People's Emergency Center

Philadelphia Health Management Corporation

Project H.O.M.E.

Project Rainbow/Drueding Center

The Salvation Army

The Blueprint to End Homelessness

Traveler's Aid Society

Women Against Abuse

Mr. Chairman, Senator Reed, Senator Santorum, and Members of the Subcommittee, on behalf of my agency in Philadelphia and the faith-based and homeless family service providers in my city who have signed on to this statement, I thank you for accepting this testimony about how reauthorization of the McKinney-Vento Homeless Assistance Act can better reflect a balanced policy toward all of our nation's homeless. I and my co-signers represent several hundred years of service to the homeless; together we serve more than 2,000 homeless families a year in helping them obtain and maintain independence and stability.

We advocate a federal homeless policy that is drawn from the legislative process and that seeks to ***prevent, preserve, perform and prioritize*** – *prevent* homelessness among individuals and families; *preserve* existing programs that are effective; promotes the funding of programs that *perform* well, and *prioritize* assistance to especially vulnerable populations. We are delighted that Senator Reed and his staff recognize the importance of homelessness in our nation and it is our intent through this written testimony to share insights and analysis so that the bill can strike a better balance and become more family friendly. We commend Senator Reed for bringing Congress back into the homeless policy debate. This proposed reauthorization of McKinney-Vento shows that our elected officials are reasserting their constitutional authority to develop public policy that best responds to the needs of our homeless citizens. We welcome this opportunity to examine two decades worth of federal homeless policy and to set convincing and compassionate goals as we move into the future.

However, action without due caution can be a recipe for disaster. And we believe that this bill in its current form would be potentially catastrophic to the nation's homeless families and children. Congress has long regarded homeless families to be an especially vulnerable segment of the nation's homeless population and, as such, singled them out as requiring special attention when McKinney-Vento was enacted into law in 1987. Congress clearly recognized the unique and compelling needs of homeless families and children, and for obvious good reason. It is impossible to ignore the devastating impact that long-term and short-term homelessness have on young children. Two decades ago McKinney-Vento rightly placed a *"special emphasis"* on assisting *"families with children"* by mandating that not less than one quarter of funds be "*allocated to projects designed primarily to serve homeless families with children.*"

And yet, nearly 20 years later, with evidence showing that families are the fastest-growing subset of the homeless population in the United States, with evidence mounting that many homeless children become tomorrow's homeless adults, we are being asked to consider a Congressional reauthorization that consistently reduces assistance for homeless families. This proposed bill contains key funding mandates, bonuses and legislative language that would severely erode funding for the homeless families who come to us daily seeking help. As our accompanying analysis will show, when components of this bill are taken as a whole the legislation would have the net effect of terminating funding for well-established services that have long helped homeless families achieve self sufficiency. This bill would preclude its core goal of prevention. If we are serious about "ending homelessness," surely we must consider today's homeless children and intervene now before they become tomorrow's homeless adults.

Senator Reed's proposed bill has many strengths, including a heavy emphasis on outcomes and quality control, a streamlined funding application process, and an acknowledgement of a role for transitional housing which we wholeheartedly support. It also has some promising provisions that we would support if strengthened such as the provision allowing program funds to be used for permanent housing for families where no member has a disability. It also is informed by a promising theoretical framework.

But experience already has shown that this laudable theory does not play out in practice as it is intended to.

The proposed legislation would require localities to spend a large percentage of money they receive from the U.S. Department of Housing and Urban Development on a very small but needy population – the so-called "chronic homeless." By definition, members of this group are disabled, have extreme drug/alcohol addictions and/or suffer from severe mental illnesses. Generally speaking, these are the people we see on the streets and in the subways of our largest cities. Key elements of the bill have already been implemented by HUD and so far we have seen that this "chronic homeless initiative" can be financed only by taking money away from other homeless populations – namely, families, who have the political disadvantage of being a much less visible but no less needy group.

Supporters of the bill offer no effective remedy for this inherent flaw in the policy, even though the very real ramifications have begun to show in cities such as Philadelphia, where incremental HUD policy shifts have been underway for several years now without Congressional mandate. Collateral damage reportedly is playing out as far away as Colorado, Illinois and Rhode Island as well. In the last year alone, providers such as my own agency, People's Emergency Center, have lost millions of HUD dollars collectively for programs that largely assist homeless families – job-training, life skills, parent education and counseling programs that many homeless parents and children need.

It is intellectually and empirically dishonest to declare that such supportive services and transitional housing support are unnecessary for many families. That wrongly assumes that the majority of homeless families in our country need only "plain vanilla affordable housing" – an extraordinary statement made to this same panel during a hearing four years ago. Although the idea of "vanilla affordable housing" may be tempting to swallow, the reality of two decades of on-the-ground experience has shown that family homelessness is not a one-dimensional problem of housing affordability. Prevention for this group often requires more than simply a rental subsidy, a security deposit or an affordable housing unit. Prevention requires the services needed to transition to self-sufficiency and housing stability. Prevention requires that homeless children receive the educational and emotional supports needed to prevent lifelong developmental delays and traumas that put them at risk of becoming homeless adults.

We realize that it has been challenging for architects of this bill to effectively engage the hundreds if not thousands of homeless family assistance agencies nationwide in weighing provisions that would strike the right balance to ending homelessness. We commend Senator Reed's office for toiling so long on this important bill and we are eager to be a part of the continuing dialogue about how it should look. Surely, it is in everyone's best interests to *avoid* passing a law that seeks to end homelessness among one population by worsening homelessness among another. Balance is essential to any comprehensive policy to end homelessness. As family specialists, we cannot understate the negative impact the Community Partnership to End Homelessness Act would have on communities small and large if not substantially altered before becoming law.

BACKGROUND AND ANALYSIS

Summary:

Homeless policy has shifted rapidly over the past few years – without guiding legislation -- to a narrow focus on meeting the needs of the chronically homeless. This focus reflects the work of an impressive public-private partnership and has resulted in positive outcomes in terms of a significant decline in street homelessness in many parts of the country and increased quality of life for the chronically homeless now living in permanent supportive housing where each can avail himself of drug and alcohol, and/or mental health treatment. However, we will show in this testimony how a series of initiatives that seem positive when considered individually, have had -- and will continue to have -- the combined or "net effect" of diminishing resources for existing and effective services and housing for homeless families.

The Community Partnership to End Homelessness Act of 2005 – S. 1801 -- was introduced in the U.S. Senate on September 29, 2005, by Senator Jack Reed (D-RI). The proposed legislation would reauthorize the McKinney-Vento Act and make major amendments. In many ways, S. 1801 attempts to codify practices and initiatives that have been introduced and implemented in recent years. Early signs of this "net effect" are evident in localities that have witnessed the recent shift in funding priorities in the McKinney homeless assistance program. This early experience, combined with reasonable projections going forward, raise significant concerns that S. 1801, in its current form, will have a devastating impact on the ability of communities to effectively meet the needs of homeless families, children and youth. Although we strongly support the idea of reauthorizing legislation and think S. 1801 provides a good foundation, we urge Congress to ensure that the potential impact on families is intensively studied and debated with a truly representative group of advocates and providers before this bill advances any further. Only then can we ensure the crafting of a policy that meets the aforementioned "Four P's": prevention, preservation, performance and prioritization.

Background:

In response to the homeless crisis that emerged in the 1980s, Congress enacted the Stewart B. McKinney Homeless Assistance Act in 1987 (renamed the McKinney-Vento Act in 2000). The McKinney-Vento Act was comprehensive. It recognized the broad cross-section of America's homeless: "individuals and families, including elderly persons, handicapped persons, families with children, Native Americans and Veterans." It reflected an understanding of the multiple and complex causes of homelessness and the diverse needs of the nation's homeless. It acknowledged that there is no single, simple solution to the problem, that solutions should be diverse so that no one received more or less aid than needed. It emphasized the importance of federal assistance and the responsibility of the government to help localities meet needs. And perhaps most importantly, through its Continuum of Care (CoC) application process implemented in

1995, it fostered coordination and gave communities flexibility to determine their funding priorities based on real local needs and gaps in homeless housing, services and supports.

The McKinney Act has created valuable programs that have saved lives and helped hundreds of thousands of Americans to regain stability. A 1995 evaluation of the HUD McKinney Programs concluded that the programs have "assisted significant numbers of homeless persons to regain independence and permanent housing at a reasonable cost." and there are other positive evaluations of different components of the Act. There is general consensus, however, that the federal resources allocated are insufficient to meet demand and that McKinney must continue evolving beyond crisis response and toward preventing and resolving homelessness.

Homeless policy has shifted rapidly over the past few years from this overall focus on the homeless to a much narrower view of the needs of a highly specialized group, the chronically homeless[1]. It is very important to understand how this shift came about.

In the early to mid-1990s Dr. Dennis Culhane, Professor at the University of Pennsylvania, analyzed the shelter use patterns of single adults in publicly funded shelters in New York and Philadelphia[2]. This research found that 80% of these shelter users experienced a single episode of homelessness and stayed in shelter for a relatively short period of time; another 10% had four or five episodes of homelessness and, cumulatively, stayed in shelter for a longer period of time; yet another 10% had an average of two episodes of homelessness but stayed an even longer cumulative time in shelter. This last group -- classified as "chronically homeless" and often suffering from serious addiction, health, and/or mental health issues -- occupied 50% of the total number of shelter bed days over a three-year period.

This important but narrow research inspired a major policy shift based largely on the argument that because the "chronically homeless" group "used up" half of all the shelter days, a larger portion of homeless assistance dollars should be targeted to solving homelessness for this smaller subset of the homeless population.

At the same time, the Corporation for Supportive Housing (CSH), founded in 1991, had demonstrated tremendous success developing permanent supportive housing for the chronically homeless throughout the country-- an intervention model that places "chronically homeless" people into heavily subsidized housing units with no time limit attached to their residence, while intensive support services are delivered as needed.

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[1]A "chronically homeless" person is defined as "an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years."

[2] Culhane, D.P. & Kuhn, R. (1997). Patterns and determinants of shelter utilization among single homeless adults in New York City and Philadelphia: A longitudinal analysis of homelessness. *Journal of Policy Analysis and Management*, 17 (1) 23-43.

Dr. Culhane's work and CSH's promising results with permanent supportive housing provided the impetus to launch a national push to expand homeless assistance in this way nationwide. This would require a shift in federal policy, and as a first step into that arena CSH was instrumental in organizing a successful grass roots campaign that led to HUD in 1999 requiring that 30% of McKinney homeless assistance dollars be set aside for permanent supportive housing. Not long after, the National Alliance to End Homelessness (NAEH) embraced chronic homelessness as a problem with a workable solution and in July 2000 unveiled its "Ten Year Plan to End Homelessness in America."

In April 2001, Dr. Culhane and his associates bolstered the growing momentum when they published the findings of a study that tracked the costs of nearly 5,000 mentally ill homeless individuals in New York City for two years. It compared their costs while they were homeless to their costs for two years after they were housed. The study highlighted the finding that the average annual cost of a homeless, severely mentally ill person to the public systems of care in New York (public health care systems, shelter and correctional facilities) was $40,449. The annual cost to public systems after these individuals were placed in permanent supportive housing was $41,444. This research led to the often-heard sound bite that it costs essentially the same amount to house people as it does to leave them homeless.

The Bush Administration responded with increased interest and action. In July 2002 the Administration made a commitment to "End Chronic Homelessness." It rejuvenated the Interagency Council on Homelessness and began rolling out various "chronic homeless initiatives" sequentially, including:

- maintaining that HUD require the 30% set-aside (nationally) for permanent housing for the chronically homeless, initiated in 1999;
- creating the Samaritan Initiative, which provides financial incentives for CoCs/localities that rank a permanent supportive housing project for the chronically homeless as their No. 1 priority;
- introducing "housing emphasis" criteria, which give points to CoCs/localities that emphasize investment in housing over services;
- requiring that all CoCs/localities develop Ten Year Plans To End Homelessness;
- requiring (as of the HUD 2006 Super NOFA) that nationally at least 10% of McKinney funding must be awarded to projects that predominantly serve the chronically homeless.

The history of how this policy shift came about is critical for two reasons:

(1) The history does not include extensive research on homeless families to determine which interventions work best to enable families and their children to achieve long-term stability or self-sufficiency. Nor does it include independent evaluations showing that the Continuum of Care with its comprehensive

approach, broad array of housing and service interventions, and local discretion were not working effectively to meet the needs of all homeless populations.

(2) Because these various "chronic homeless initiatives", rolled out separately and to some extent sequentially, there has never been a transparent analysis and subsequent broad public discussion of the collective impact of these initiatives on the remainder of the homeless population.

Analysis:

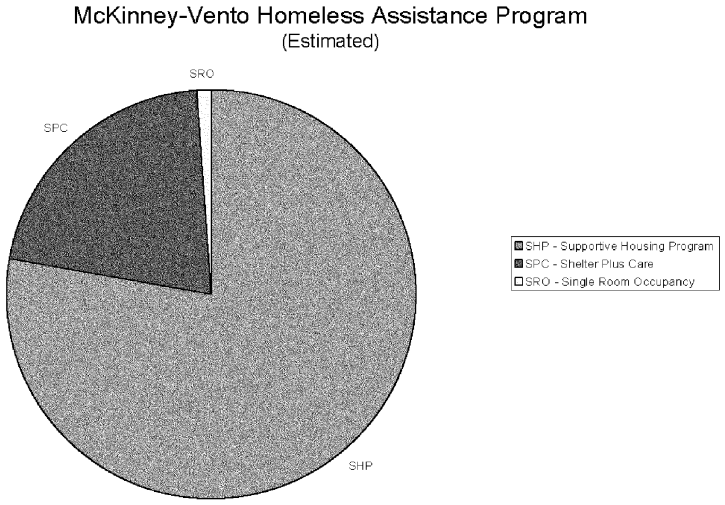
Make no mistake -- the progress over the past few years in bringing attention and resources to chronically homeless individuals has been nothing short of remarkable. As a result, we can be proud that the population of street homelessness in many parts of the country has declined substantially and that addicted and disabled formerly homeless individuals living in permanent supportive housing have a significantly better quality of life and sense of dignity. **However, we have to be concerned about the implications of this major policy shift on other subsets of the homeless population – particularly, homeless families**. When you consider each of the chronic homeless initiatives that have rolled out individually, they seem defensible. Yet, we have early evidence that the "net effect" of these various initiatives is the erosion and even elimination of effective programs for the needy homeless families and children who are not addicted to drugs or seriously mentally ill but who still have substantial needs. We also have reasonable projections that this effect will be exacerbated over time.

Philadelphia's McKinney-Vento experience in 2005 helps to illustrate this "net effect" problem. In Philadelphia in the 2005 McKinney CoC process, the City made a decision to eliminate from its HUD application all Supportive Services Only (SSO) projects representing roughly $4 million in services primarily to homeless families. This cut did not emanate from the local McKinney Strategic Planning process or from CoC meetings. Rather, after HUD issued its Super NOFA with its various provisions prioritizing funding applications that favor projects for the chronically homeless -- the 30% set-aside, renewals of existing permanent housing, the Samaritan Initiative -- Philadelphia made a very difficult decision to remain competitive. The effect has been the substantial reduction of resources for non-chronically homeless families, homeless children and homeless individuals. In this case employment, drug and alcohol and child care programs were cut, to name but a few. ***We see no evidence in Philadelphia that the mainstream service sector has been able to bolster its offerings to make up for the McKinney-funded services that have been categorically slashed, because of existing needs that have been supported by that sector.***

In New York, the CoC within the new paradigm shift, decided to categorically eliminate employment programs for the homeless a few years ago. In Rhode Island it is reported that "devastating" cuts have been made in the last year in funding for housing and supportive services for non-disabled homeless families. These are but a few examples.

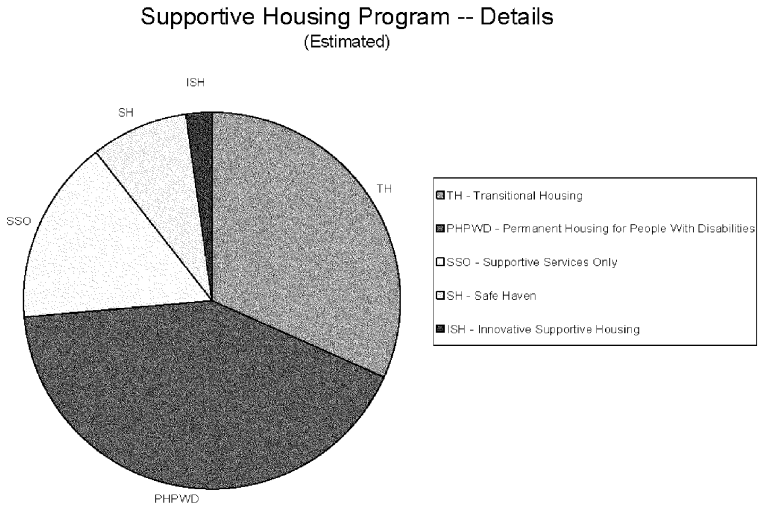
The Net Effect problem is more difficult to examine at the aggregate McKinney Homeless Assistance Program level, but it is important to do so. We have found it

helpful to visualize the McKinney Homeless Assistance Program as a pie chart. For purposes of illustration, consider the following two pie charts, which represent a conceptual framework for showing how in relatively level funding environments, one piece of the pie can grow, but only if other – programs – shrink.



When looking at the chart, consider that:

- The pie of total McKinney Homeless Assistance Program dollars has increased from $1.123 billion in fiscal year 2001 to 1.327 billion in fiscal year 2006 (an increase of 6 percent after accounting for inflation), but it is unpredictable, and in 2005 it was actually cut substantially. It would not be prudent to expect this pie to grow consistently at a time when the President's budget calls for budget caps in which overall funding for domestic discretionary programs (programs other than those related to defense or international affairs) would be reduced by $152 billion over the next five years.



- When considering the Supportive Housing Program's portion of the pie (above), if funding for SHP remains relatively flat, and if the slice for permanent housing for people with disabilities grows (PHPWD), then another piece of the pie must shrink.
- Thus, as permanent housing for the disabled grows as a proportion of the SHP allocation, it has to take from the other four SHP program categories.
- Add as an overlay the renewal burden being addressed within the SHP pie, and what happens is that the influence of the 30% set aside exacerbates the squeeze on funding for non-disabled populations over time.
- In recent rounds, we've already seen the SSO slice shrink considerably locally and suspect it is true nationally as well.

We do not have the access to the detailed information HUD has to explore this net effect problem, but we can draw some very compelling conclusions that it is a problem that must be analyzed and publicly addressed.

In fact, although this net effect was not intentional on the part of the architects and advocates of the chronic homelessness strategy, it certainly was predictable. And it is, by and large, replicated in the proposed McKinney reauthorization legislation.

It was not the original intent of The Administration, Dr. Culhane, CSH or NAEH to help the visible addicted and disabled street homeless population at the expense of the rest of the homeless. They personally and publicly reassured those of us serving other subsets of the homeless with their operative theory that although implementing an ambitious strategy to significantly expand the supply of permanent supportive housing would be very costly, the strategy had strong components built in to offset the potential damage to other "non-disabled" homeless. Specifically, two key operating assumptions for protecting the remainder of the homeless were:

(1) Permanent supportive housing for the chronically homeless is cost-effective and would generate savings that could be used to serve many more of the homeless persons who need only short term assistance; and

(2) As HUD refocuses on its core mission of providing housing, and as the agency slowly sheds the role of funding services, the more robust "mainstream" service system (i.e. TANF, food stamps, Section 8, Social Services Block Grant) would bolster its programs to better address the service needs of the homeless. Through greater coordination, the thinking goes, these agencies would be able to transform their service delivery system – which historically has remained grossly inaccessible to the homeless – and provide enough support to prevent homelessness.

No one can argue that these theoretical assumptions have failed to play out in practice as expected to.

- **We have not yet seen any evidence that savings generated by the push for permanent supportive housing are being redirected to other subsets of the homeless population.** As designed, the 30% set-aside for permanent supportive housing would not overly burden McKinney and detract funds from other homeless programs as long as renewal grants for Shelter Plus Care and permanent housing components of the Supportive Housing Program were consistently funded from a source outside of current-year HUD McKinney-Vento HAP appropriation. Advocates fought hard to make this happen and managed to move funding renewals for Shelter Plus Care projects to other sources. To date, however, all other permanent supportive housing renewals continue to be drawn from McKinney. In response, these advocates are now calling for an overall McKinney-Vento HAP increase to help address the "renewal burden." This is a short-term band aid. We all know that without a reliable source of renewal funding or a commensurate increase in McKinney HAP funds each year, existing programs and services will have to be cut. The Director of NAEH, Nan Roman, testified before this Senate Subcommittee in 2002, stating strongly: ***"You could take the renewals for permanent housing out of the existing program (HAP), but you would have to do it at the expense of serving the other 80% of people who are not chronically homeless or disabled."***

- **Nor have we seen the mainstream service system respond at the requisite level to hold the other populations and programs harmless—not to mention the better goal of effectively meeting their needs.** We have seen some initial forays into

coordination of resources. The Administration called for and supported Policy Academies in regions throughout the country in which policymakers gathered to discuss the issues. In January 2003, the Administration announced its Collaborative Initiative to Help End Chronic Homelessness, a $35 million joint initiative with HUD, HHS and VA that offered housing and services for the chronically homeless through a combined application process. However, nothing tangible has been done to facilitate greater access to mainstream services for the *non-chronic homeless*, or, as we often say, "the other 80 percent" of our nation's homeless population. As things stand, the strategy related to services for the non-chronically homeless is woefully inadequate, placing the onus entirely on local service providers by giving points for "leverage of mainstream resources" and increasing matching requirements. By any stretch of the imagination, an effective shift to mainstream service systems is not an easy goal to accomplish. Senator Reed himself mentioned at the 2002 McKinney reauthorization hearings before this Subcommittee that he believes "additional federal companion legislation is going to be necessary in order to require federal agencies such as the (sic) HHS and the Department of Veterans Affairs to work with HUD in a more coordinated manner toward preventing and ending homelessness." In a memo defending its position on the 30% set-aside for permanent supportive housing, CSH states that "In particular, we believe that the 30% set-aside of HUD-McKinney Vento funding for permanent housing must be accompanied by a substantial investment from HHS and other federal and state agencies to fund the services needed to prevent and end homelessness…CSH advocates consistently for such investments." Yet, the only companion legislation being considered alongside S. 1801 is the Services for Ending Long-Term Homelessness Act (H.R. 1471), introduced in April 2005. But this bill would provide grants *only* to the chronically homeless to finance the supportive services they require once placed into permanent supportive housing. Yet again, homeless families and individuals who are neither drug addicted nor seriously mentally ill are left unserved.

Although the architects of the chronic homeless strategy did not intend to make progress at the expense of other homeless populations, cuts in programs and services for other subsets of the homeless population are the unintended consequence; this problem must be addressed head-on in the proposed legislation to reauthorize McKinney-Vento.

It may seem odd to focus this testimony so much on the recent past rather than the specific provisions of the proposed legislation at hand. However, this has been done very purposefully because S. 1801 to a large extent attempts to codify a pre-existing policy shift to the chronically homeless as well as to codify specific chronic homeless initiatives that have been implemented in recent years. Thus, we felt it imperative to identify the shortfalls in the strategy before they are codified into law.

S. 1801 does not, as currently configured, effectively remedy what are clear substantive policy problems — problems that we know from experience and can reasonably predict will continue with exponential negative impact on homeless non-disabled families. The bill prescribes no mechanism to accomplish *either* the savings to be generated and used for other populations *nor* that mainstream services adjust well enough to serve the

homeless and ensure that those who are neither addicted nor seriously mentally ill do not get adversely affected. Moreover, the legislation does not call for data to be produced by HUD or localities so that a serious evaluation of the "net effect" of the chronic homelessness initiative can be done. At minimum, such tracking of dollars would help illustrate the actual effect of this radical policy shift on homeless families, children and others who are not classified "chronic" or "disabled."

That is why our most significant comment on S. 1801 is that it must call for and examine the data related to the "net effect" of this strategy on homeless families, children and youth and other homeless populations BEFORE it goes any further in the legislative process.

As if there were not already reams of compelling evidence on behalf of the need to preserve funding and programs for homeless families and children, we ask that our lawmakers and others in the policy world consider this cold hard truth: ***Any attempt to end homelessness will fail if it does not effectively intervene with homeless children to ensure that they are not tomorrow's homeless adults.***

PROPOSED RECOMMENDATIONS FOR S. 1801:

Senator Reed and his staff, this Subcommittee and countless providers, advocates and homeless persons themselves have worked tirelessly for years to craft this important legislation. We fully support the notion of reauthorizing legislation. We offer the following recommendations to address shortfalls in the bill as it stands. These recommendations seek to achieve balance so that the legislation is effective not only for the "chronic homeless," but for homeless families and children as a whole.

Specifically, we are respectfully requesting:

(1) An analysis of HUD Homeless Assistance Program funding over the past five years broken down by subset of the homeless populations served and type of intervention (i.e. shelter, transitional housing, permanent supportive housing, etc.) Further, that the chronically homeless groups are broken down by subset of mental illness, substance abuse, and dually diagnosed with correlations to length of stay in supportive housing.

(2) That the above year-to-year analysis be an integral and mandated element of all Collaborative Applications going forward as a complement to the Gap Analysis.

(3) That the unique needs of homeless families be better understood, acknowledged and defined more clearly:

- Insertion of language that says "Congress recognizes that homeless families and children – disabled and non-disabled -- are an especially vulnerable population with unique and compelling

needs and who shall therefore retain a high priority in the disbursement of homeless assistance funds"

- Insertion of language that says "many non-disabled homeless families, while not suffering from severe mental illness or severe addictions, nonetheless face any combination of financial, educational, emotional and physical traumas and/or disadvantages affecting caregivers and/or children, all of which in totality act as substantial barriers to obtaining and retaining housing stability. Such non-disabled homeless families shall therefore remain classified an especially vulnerable group receiving high priority for disbursement of homeless assistance funds."
- Eliminate the 10% cap, or "Limitation" on new permanent housing for non-disabled homeless families under "INCENTIVES TO CREATE NEW PERMANENT HOUSING STOCK." Preserve the incentive on new permanent housing for families but do not restrict funding eligibility for "project sponsors or independent entities that propose to serve non-disabled homeless families."

4) That this Subcommittee request one or more studies examining which program interventions work best for specific subsets of the homeless family population. Outcomes should not only consider long-term housing stability but also such things as self-support, educational attainment among children and contacts with the child welfare system.

5) To ensure the protection of funding for all homeless populations, we recommend the following:

    a. If the 30% set-aside for new permanent supportive housing projects remains in the legislation, language would be added allowing that the set-aside be in effect only in years in which the following two conditions are met:
        i. *All* permanent supportive housing renewals are funded from outside the overall McKinney allocation. This would mitigate a core concern: the net effect.
        ii. Overall McKinney Homeless Assistance Program funds -- in real dollar terms -- do not decline.

We agree with the positions of NAEH and CSH that S. 1801 should consolidate the homeless assistance programs into a single program but codify the Continuum of Care to ensure the resources are not block granted. We also agree that the Homeless Management Information System (HMIS) should not be used as a basis for distribution of funds until and unless it achieves a much higher rate of coverage, both of programs and populations. In many localities, the HMIS system is in embryonic form, and its ability to collect appropriate, accurate and timely data is likely 5-8 years away.

CONCLUSION:

HUD's efforts to create more units of supportive housing for those individuals who are severely addicted or mentally ill are critically important goals. But these goals must not be achieved at the expense of reducing program reach to all homeless populations. After all, if the fundamental "problem statement" that started this whole policy shift is that a relatively small subset of the population is consuming a disproportionate share of the resources, we cannot afford to simply accept that the policy solution is to target even more resources to this small group.

Those of us serving homeless households whose caregivers are neither addicted to drugs nor mentally ill have real cause for concern. Cuts to existing effective programs and services for homeless families, children and youth are an unintended consequence of the strategy to address chronic homelessness. The few elements of the proposed legislation that seek to address the needs of homeless families – allotting no more than a discretionary 10% of funds for new permanent housing for non-disabled families – are grossly insufficient to offset the magnitude of cuts that will be needed to satisfy the 30% set-aside and renewals for chronic singles. The cuts in assistance to families are all the more unsettling given that these families remain the fastest-growing segment of the homeless population and that hundreds of thousands of children are homeless in this country each year. The impact on children is devastating and we know we cannot end homelessness in 10 years if we do not help today's homeless children avoid becoming tomorrow's homeless adults.

We all have acknowledged, in one way or another, these aforementioned adverse implications of this new policy. But those of us who serve other homeless populations are unwilling to accept implementation of an insufficient policy and we certainly do not want to codify it until it can be shown to work for all homeless people.

We look forward to a continued, informed and representative discussion of these critically important issues. Allowing us to enter this written testimony into public record is an important first step in facilitating the discussion and we thank you in advance for your careful consideration of these challenging issues.

Testimony of

Carla Javits

President

Corporation for Supportive Housing

Regarding

Consolidation of Federal Homeless Assistance Provided Under

The McKinney-Vento Homeless Assistance Act of 1987

Before the

United States Senate

Committee on Banking and Financial Services

Subcommittee on Housing and Transportation

March 30, 2006

Opening Statement and Summary of Testimony

My name is Carla Javits and I am President of the Corporation for Supportive Housing (CSH). CSH is a national non-profit intermediary whose mission is to help communities create permanent linked to services that prevent and end homelessness.[1] I am pleased to submit this testimony in connection with the Subcommittee's hearing on reauthorizing the McKinney-Vento Homeless Assistance Grants. CSH is also gratified that Chair Allard and Ranking Member Reed have already introduced an excellent bill -- The Community Partnership to End Homelessness Act of 2006 (CPEHA").

For the first time since the Great Depression, widespread homelessness reappeared in America in the early 1980's and has yet to abate. This tragic persistence of homelessness has allowed us to study the problem, explore causes, and test solutions since enactment of the Stewart B. McKinney Act in 1987.

Demographics of homelessness— Research studies, coupled with two decades of on-the-ground experience by homeless housing and services providers, have yielded a wealth of information concerning the causes of and solutions to homelessness.

Effective housing/services interventions—Again, the combination of formal research and the real-life laboratories of community-based programs have combined to provide key insights into what works.

Models for local homeless planning— Over time, many communities have moved beyond emergency measures to establish long-term, inclusive, and effective homeless planning processes.

A few facts about the demographics of homelessness have informed CSH's work over the past 15 years and may be helpful to the Subcommittee. At the outset, it is important to acknowledge that too many men, women and children experience homelessness each year in this country. At least a half a million Americans literally do not have a place to call home each night, and as many as one

[1] A more detailed description of CSH and its activities is included as an attachment to this testimony.

percent of all Americans (up to 3 million people) find themselves homeless at some point during each year. The work of witnesses Dr. Dennis Culhane and Dr. Martha Burt, and others, tells us:

- ***Homelessness is not an uncommon experience for poor people in America.*** Up to 10% of poor families in cities studied experienced homelessness over periods from one to five years.
- ***The majority of poor households who become homeless end their episode of homelessness fairly quickly.*** Their homelessness typically results from economic displacement, such as loss of a job or public assistance, that triggers a housing crisis and they usually leave homelessness (albeit often to tenuous living arrangements) when the immediate problem is addressed.
- ***A significant sub-population of homeless individuals and families with disabilities experience extended bouts of homelessness on a regular basis, or become chronically homeless***.

Housing affordability is at the root of all homelessness. And public assistance to help poor households afford housing falls far short of the need-- currently, over three-quarters of the households eligible for federal housing assistance receive none, solely due to insufficient program funding. But there is more to the picture of homelessness and its causes. Many homeless people struggle with health problems that create additional barriers to stability--- as noted, they can languish on the streets, in emergency shelters and other institutions repeatedly and for long periods. ***The research of Dr. Burt and Dr. Culhane indicates that about 200,000 American households – primarily encompassing single adults, but including about 12,000-15,000 households of families with children – are homeless for a year or more at a time. These are the "chronically" or "long-term" homeless.***

Supportive housing produces measurable positive impacts on tenants' residential stability, utilization of health services, and employment status, as well as promoting family reunification and neighborhood safety. A large-scale study by Dr. Culhane found that the net cost of ending homelessness for mentally ill individuals in New York City was negligible – reductions in public system costs almost covered the costs of affordable housing linked to effective support services.

This deeper understanding of homelessness can inform the Subcommittee's work. Coupled with the prospect of finite HUD homeless funding in the future, it argues for a reauthorizing bill that: 1) targets grants to leverage other resources; and 2) concentrates at some grants where they can make the biggest difference for homeless households who are least likely to receive assistance elsewhere. CPEHA strikes this balance well and CSH supports the bill. We are especially pleased that it would:

1. ***Codify the most effective elements of the Continuum of Care homeless planning process—inclusiveness of public and private stakeholders, funding reliability, and flexibility of use.***
2. ***Impose rigorous and appropriate performance measures on HUD McKinney-Vento grantees.***
3. ***Incorporate the '30% permanent housing set asid,--' appropriately incentivizing the creation of new supportive housing targeted to the chronically homeless—and also put such housing on solid financial footing. The bill fairly balances this goal with meeting the important needs of other homeless housing and services interventions eligible for McKinney-Vento grants.***
4. ***Acknowledge the limited direct impact on ending homelessness that HUD's McKinney-Vento programs can have, and takes important steps to encourage investment in combating homelessness by 'mainstream' public safety net programs..***

While CSH supports CPEHA's goal of using McKinney-Vento grants to leverage investments of mainstream safety net resources, our experience helping communities across the country do this for supportive housing cautions us to urge the Subcommittee to consider the following concerns.

CPEHA's match requirement should be further clarified: The final statutory language should provide clear guidance on the eligibility of certain resources that grantees might put toward the match.

'Sunsetting' of funding eligibility for broad range of services should be re-examined. CSH respectfully suggest that the timeline for the sunsetting of funding for services not directly tied to housing stability be lengthened, or the provision eliminated altogether.

Introduction

My name is Carla Javits and I am President of the Corporation for Supportive Housing (CSH). CSH is a national non-profit intermediary whose mission is to help communities create permanent linked to services that prevent and end homelessness.[2] I am pleased to submit this written testimony in connection with the Subcommittee's hearing on reauthorizing the McKinney-Vento Homeless Assistance Grants, a critical resource for permanent supportive housing and other homeless housing and services programs.

I applaud the Subcommittee's approach to crafting policy reform in this area -- assessing lessons learned in the nearly twenty years since the McKinney-Vento Act became law and carefully analyzing what those lessons imply for specific legislative proposals. Additionally, CSH is gratified that Chair Allard and Ranking Member Reed, along with a bi-partisan group of their colleagues, have already introduced an excellent bill to reauthorize the McKinney-Vento programs-- The Community Partnership to End Homelessness Act of 2006 ("CPEHA"). The remainder of my testimony:

- provides some background and context to the current discussion of reauthorizing the HUD McKinney-Vento programs, drawing from CSH's 15 years of experience helping community-based non-profits and local and state government stakeholders across the country to develop and operate permanent supportive housing; and
- analyzes key provisions of CPEHA relative to current law and alternative approaches to major policy issues confronting all of us who are committed to ending homelessness in this country.

[2] A more detailed description of CSH and its activities is included as an attachment to this testimony.

Background

Our Growing Knowledge of Homelessness Since Enactment of the Stewart B. McKinney Homeless Assistance Act of 1987

For the first time since the Great Depression, widespread homelessness reappeared in America in the early 1980's and has yet to abate. What the public and policymakers had once assumed would be a temporary phenomenon is now in serious danger of becoming a permanent feature of our cities, suburbs, and rural communities. Indeed, the McKinney Act – renamed the McKinney-Vento Act--itself was initially designed to fund emergency responses to homelessness, including shelters and food programs. (The last significant modification of the McKinney-Vento programs took place in 1992, when the current structure of Shelter Plus Care, Supportive Housing Program, and Section 8 Mod SRO was incorporated into the statute).

Though it is of somewhat cold comfort, the persistence of homelessness has allowed us to study the problem, explore causes, and test solutions in an ongoing effort to formulate micro and macro-level strategies with the best results. As a consequence, in 2006, the Subcommittee has access to a depth of knowledge in at least three key areas that was simply not available to Congress in 1987.

Demographics of homelessness— Large-scale and geographically varied research studies, coupled with two decades of on-the-ground experience by dedicated homeless housing and services providers, have yielded a wealth of information concerning how many people experience homelessness at a given point-in-time and over longer periods of time, the characteristics of individuals and families who experience homelessness, and the frequency/length of households' episodes of homelessness.

Effective housing/services interventions—Again, the combination of formal research—including independent evaluations of several of the McKinney-Vento component programs (e.g., SHP, Shelter Plus Care) and a recent OMB PART assessment of the HUD homeless assistance grants as a whole—and the real-life laboratories of community-based providers trying to meet the needs of individuals and

families in need have combined to provide key insights into what works to end homelessness. Today, we have the technology to end homelessness for a broad range of homeless households:

- families experiencing their first bout of homelessness due to an illness or job loss;
- mentally ill and/or substance addicted individuals who have been living on the street for years;
- mothers and their children escaping domestic violence;
- youth aging out of foster care;
- people being discharged from the military; and
- people being discharged from prisons, jails, hospitals and other institutions.

Thus, in reauthorizing the McKinney-Vento programs, this Subcommittee can be less concerned than the 99th Congress needed to be with newly identifying effective strategies, and instead focus more on crafting legislation that will best nurture proven strategies and take them to the scale to meet the need.

Models for local homeless planning— After realizing that crisis-driven, temporary responses to homelessness would not suffice, communities around the country have made substantial progress in establishing coherent, inclusive, and effective homeless planning processes. In no small part, the McKinney-Vento programs have spurred this evolution by encouraging regional stakeholders to come together to plan comprehensively and in a coordinated fashion within Continuums of Care (and, critically, the agency has reduced funding for those communities that refuse to do so). Additionally, two other entities from whom the Subcommittee is hearing today—the National Alliance to End Homelessness and the federal Interagency Council on Homelessness—have galvanized communities with their emphasis on Ten Year Plans that focus on ending rather than just managing homelessness, particularly the lengthy/frequent bouts of homelessness certain individuals and families experience, known as 'chronic' or 'long-term' homelessness (discussed further below). In short, there is now a framework that simply didn't exist in 1987, upon which the Subcommittee and others at the federal level can build so that federal investments in ending homelessness have the greatest possible impact under consolidated McKinney-Vento programs.

The Demographics of Homelessness

Regarding this issue, the Subcommittee will hear today in greater detail today regarding the demographics of homelessness in America from two of the leading researchers in the field, Dr. Dennis Culhane of the University of Pennsylvania and Dr. Martha Burt from The Urban Institute. While generally deferring to their scholarship, I would emphasize a few salient facts that have informed CSH's work over the past 15 years and I would respectfully recommend should inform the important policy decisions the Subcommittee will be making in the coming months.

At the outset, it is important to acknowledge that far too many men, women and children experience homelessness each year in this country. To offer just two of many stark facts that research has revealed:

- at least a half a million Americans literally do not have a place to call home each night, and
- as many as one percent of all Americans (up to 3 million people) find themselves homeless at some point during each year.

The work of Dr. Culhane and Dr. Burt, and others, now enables us to make three important observations about homelessness in America.

- ***Homelessness is not an uncommon experience for poor people in America.*** The number of individuals or families below the Federal poverty line who will experience homelessness over a period of 1 to 5 years is quite large – between 5-10% of the poor annually in cities studied. Indeed, the incidence of homelessness among the urban poor is so great that homelessness can be characterized as a real and present danger for many households in certain of our country's impoverished urban neighborhoods.
- ***The majority of poor individuals and families who become homeless end their episode of homelessness fairly quickly.*** Their homelessness typically results from economic displacement,

such as loss of a job or public assistance that triggers a housing crisis, and they usually move out of homelessness when the precipitating problem is addressed. However, so long as the residents of our city's poorest, most crowded and segregated neighborhoods lack access to a sufficient stock of affordable housing, jobs, income supports, social services, and quality health care, periodic housing emergencies will plunge them into homelessness, with attendant effects on their own and their children's health and performance on the job and in school.

- ***A significant sub-population of homeless individuals and families with disabilities experience extended bouts of homelessness on a regular basis, or become chronically homeless***. This sub-population exhibits a high incidence of "special needs," disabling conditions including severe mental illness, substance addiction, and major physical health problems (e.g., HIV/AIDS). Without targeted intervention, they are unable to escape homelessness for very long, if at all.

What factors lie behind the foregoing statements and what do they mean for the Subcommittee's consideration of HUD's McKinney-Vento programs today?

When discussing the causes of homelessness, it must be noted that housing affordability is at the root of all homelessness. Few if any individuals or families with the resources to pay for housing in their community end up living on streets or in shelters. However, in contrast to many American households who have recently seen their wealth grow due to rapid increases in the value of the homes they own, most low-income people can no longer afford housing in this country.

- Data from both the Harvard Joint Center on Housing Studies' *State of the Nation's Housing 2005* and HUD itself show that over 5 million households with incomes below 50% of the area median (i.e., less than about $21,000 annually; also approximately the federal poverty line for a family of four) spend over half their income on housing and/or live in severely substandard housing.

- *Out of Reach in 2004,* the National Low Income Housing Coalition's annual survey of every county across the country, confirms that there is no jurisdiction where a person working full time at the prevailing minimum wage can afford to rent a two bedroom apartment. Indeed, the annual 'housing wage'—the hourly wage a full-time worker must earn to afford the average cost of rental housing in America—has reached a record $15.78/hr.

- The Consortium for Citizens with Disabilities' *Priced Out in 2004* reveals that people with disabilities who rely on Supplemental Security Income (SSI) benefits, which average $564 per month nationally (18% of AMI even when state supplements are taken into account) as their sole source of income face rents for a modest apartment that exceed 110% of their income.

Public assistance to help these vulnerable households afford housing falls far short of the need. **Currently, over three-quarters of the households eligible for federal housing assistance receive none, solely due to insufficient program funding.** And waiting lists for local, state, and federally subsidized housing in most communities in America are measured in years, not weeks or months (indeed, many such lists have been closed to new applicants due to lack of prospects that additional households will receive assistance).

But there is more to the picture of homelessness and its causes. In addition to grinding poverty and/or high local housing costs, tens of thousands of homeless Americans also struggle with mental illness, substance addiction, and other health problems that create additional barriers to stability. Without the flexible, accessible supportive services they need to address these conditions, homeless people with special needs cannot escape homelessness, because their chronic conditions – when untreated—hinder good tenancy. At the same time, while homeless, these vulnerable people cannot access appropriate medical, mental health, and other services. Due to their homelessness, they either receive no help or a costly patchwork of services obtained during a tragic cycle through emergency

rooms, psychiatric hospitals and even jails. They drift from place to place until good will evaporates and they are once again living in the streets. They are unable to effectively participate in community life, access health care or jobs, or realize their full potential as human beings.

As a consequence of this 'double whammy' of homelessness and ongoing health challenges, these individuals and families can languish on the streets, in emergency shelters and other institutions repeatedly and for months and even years. ***The research of Dr. Burt and Dr. Culhane indicates that about 200,000 American households – primarily encompassing single adults, but including about 12,000-15,000 households of families with children – are literally homeless for a year or more at a time. Thousands more are homeless and cycling in and out of institutions such as hospitals, jails or treatment programs for years on end. These are the "chronically" or "long-term" homeless.***

The important point from the Subcommittee's perspective is that, unlike 1987, we have a much clearer understanding of how homelessness is the same for all those who experience it (i.e., lack of sufficient income to afford housing) and how it can differ among the large number of individuals and families who experience homelessness at any given point in time or over a longer period (e.g., chronic health conditions, history of domestic violence or sexual abuse, etc.).

And this knowledge—coupled with hard-eyed testing of different interventions--has helped point the way to effective interventions to end homelessness for the full range of people who have the misfortune to experience it, whether for a day, a week, a month or years on end. CSH has devoted much effort to addressing the needs of people who are homeless for the long-term and those with disabilities who are at risk of long term homelessness, so the remainder of my testimony will focus primarily on that issue. However, our organization works with others whom you are hearing from today toward a day when <u>all</u> homelessness is ended, and we are pleased to note that since 1987

McKinney-Vento funds have supported—and should continue to support in the future—effective strategies for serving individuals and families whose homelessness is not and is unlikely to be long-term.

This knowledge must also inform the Subcommittee's ambitions in undertaking McKinney-Vento reauthorizing legislation. Relative to the need represented by all those who are homeless in America today, or will experience homelessness over the next year, a federal program of between $1-2 billion dollars annually (the range of McKinney-Vento appropriations from FY 1996-FY 2006, and the likely range of foreseeable annual appropriations) can alone have only limited impact. Consequently, the statute that governs the distribution of those funds must carefully address how best to:

1) deploy grants so as to leverage other public and private sector resources; and
2) focus at least some grants where they can make the biggest difference for homeless households who are least likely to receive assistance elsewhere.

As discussed further below, we think that CPEHA does an admirable job of striking this balance.

Supportive Housing and Long-Term Homelessness

Dedicated non-profits and public agencies across the country have over the past decade or so indisputably established that supportive housing – affordable housing linked to accessible mental health, substance addiction, employment and other support services – permanently stabilizes these individuals and families, while also contributing to comprehensive community development efforts. The ever-increasing momentum of government, corporate and philanthropic investment in supportive housing has been bolstered by research documenting its effectiveness. To date, these studies indicate:

Positive impacts on utilization of health services. Decreases of more than 50% in tenants' emergency room visits and hospital inpatient days; decreases in tenants' use of emergency detoxification services by more than 80%; and increases in the use of preventive health care services;

Positive impacts on neighborhoods. Improvements in neighborhood safety and beautification that yield increases in or help to stabilize property values;

Positive impacts on employment status. Increases of 50% in earned income and 40% in the employment rates when employment services are provided in supportive housing, and a significant decrease in dependence on entitlements - $1,448 per tenant each year.

Positive impacts on housing stability. More than 80% of those who enter supportive housing stay stable for at least a year.

Positive impacts on families. Impacts on families include increases in family reunification and increased earnings.

The most comprehensive case for supportive housing was made by Dr. Culhane and his colleagues at the University of Pennsylvania's Center for Mental Health Policy and Services Research, which tracked the cost of nearly 5,000 mentally ill people in New York City for two years while they were homeless and for two years after they were housed. The study's central findings include:

- It currently costs $40,500 annually to keep mentally ill people homeless – with 86% of the costs borne by the health care and mental health systems.
- Supportive housing provides major reductions in costs incurred by homeless mentally ill people across seven service systems (hospitals, jails, emergency shelters, etc.) with 72% of the reductions in health care costs - $16,282 per housing unit per year.

The net cost of ending homelessness was negligible – because reductions in multiple system costs almost covered the costs of developing, operating and providing services in supportive housing. In other words, based on the most conservative assumptions, it costs little more to permanently house people than it does to leave them homeless.

Significantly, the cost-effectiveness of permanent supportive housing is not simply a 'big city' phenomenon. For example, Columbus/Franklin County, Ohio overhauled its approach to homelessness after discovering that a discrete set of chronically homeless individuals was essentially living on the streets and in the county's emergency shelters. In recognition of over a decade's worth of on the ground experience by local supportive housing providers and studies from around the country, Columbus/Franklin County focused on ending homelessness for individuals with long-term and repeated instances of homelessness by making available to them high-quality permanent supportive housing under its 800 unit Rebuilding Lives initiative (which now has 675 units operational).

And it's working.

- In Columbus, over 93 percent of tenants retain their housing for one year or more and do not return to emergency shelter.
- The daily cost to operate a unit of supportive housing in Franklin County is $36-38, significantly less than the alternative service systems that would otherwise serve chronically homeless individuals with long-term needs. For example: Minimum-security jail residence for a misdemeanor offence is $58 a day; a state psychiatric hospital stay costs $482 a day; inpatient hospital care costs $1,085 a day.
- Demand for currently operational supportive housing is so high that each Rebuilding Lives program is fully occupied at 90-99 percent of capacity.

In sum, supportive housing is a proven intervention for ending chronic or long-term homelessness. In fact, it appears to be the <u>only</u> intervention that works to stabilize the housing and health status of this vulnerable population, which otherwise consumes a disproportionate share of public and private safety net resources (with little in the way of positive outcomes to show for it).

CSH respectfully submits that the foregoing is a key insight that should influence the Subcommittee's reauthorization of the McKinney-Vento programs.

Analysis of Key Provisions of the Community Partnership to End Homelessness Act of 2006 ("CPEHA")

As noted, CSH supports CPEHA. Below I discuss features of the bill that CSH regards as especially critical to retain as the legislative process moves forward, and other issues that merit continued discussion.

5. CPEHA would codify in statute the most effective elements of the Continuum of Care homeless planning process, through which HUD has over the last ten years encouraged communities to take a comprehensive, inclusive approach.

When Congress first began to consider McKinney-Vento reauthorization in 1996, the newly implemented Continuum of Care was a bold but untested experiment. Today, after HUD has, in consultation with public and private stakeholders in the HUD homeless assistance grants, honed the process by revising its annual NOFA to reflect lessons learned in the prior fiscal year, certain aspects of the Continuum of Care approach can be declared an unqualified success.

One clearly successful element of the Continuum of Care paradigm has been HUD's insistence that local Continuums of Care plan comprehensively, and equally important, empower a broad range of stakeholders throughout that planning process. Simply put, HUD has graded communities on how well they bring the right players to the table—from persons experiencing homelessness to community-based non-profits that provide housing and services to elected/appointed government officials at the local, county, and state levels—and give all of them a real voice in the process. While communities have responded to HUD's incentives with varying degrees of enthusiasm, based on CSH's decade of experience providing technical assistance to Continuums of Care around the country, CSH respectfully

submits that those communities which have created the most inclusive, coordinated processes are the highest performers in combating homelessness.

For this reason, CSH is very pleased that CPEHA incorporates in the Collaborative Application process so much of the Continuum of Care's emphasis on inclusion and empowerment of a broad range of stakeholders. From a practical political perspective, we are especially pleased that such a powerful, bi-partisan group of Senators – including Chair Allard and Ranking Member Reed—have united behind an approach that is not a pure block grant to governments at the local, county, and state level, but retains some of the positive features typical of such block grants (i.e., reliability, flexibility). Candidly, arguments over whether or not to block grant the McKinney-Vento programs have long stalled needed Congressional action on reauthorizing legislation. And CSH acknowledges the attraction of distributing HUD's homeless assistance grants solely to public sector entities, given their stewardship of many other federal resources, both within HUD (e.g., CDBG, HOME) and outside the agency (e.g., TANF, substance abuse and mental health block grants). But a decade of experience with approach taken by the Continuum of Care can, should, and fortunately does inform the Subcommittee's policymaking in CPEHA.

Moreover, as noted, CPEHA does respond to important concerns about local priority-setting raised by both public and private sector stakeholders while preserving the performance measures and incentives of a competitive program, namely:

- *Reliability*–Block grants provide reliable funding levels, subject of course to annual appropriations, which enables rational, long-term local planning. By codifying HUD's current practice of telling Continuums of Care, to the best of the agency's ability, the likely amount of its share of homeless assistance grants—assuming the prior year's appropriation level and the Continuum's satisfactory performance in the competition—that it will receive in the upcoming fiscal year, CPEHA provides an important element of reliability to Collaborative Applicants under the new, consolidated programs.

- *Flexibility*—CPEHA affords Collaborative Applicants flexibility to use homeless assistance grants tc meet local needs—so long as the Collaborative Applicant meets the performance measures set fortl in the bill. In fact, the bill substantially increases the range of uses to which these grants may be pu relative to current law (e.g., to create permanent housing for non-disabled families, homeless prevention).

CSH regards the increased flexibility that CPEHA offers local communities as a groundbreaking step forward in the longstanding public policy debate about reauthorizing the McKinney-Vento programs. We are hopeful, then, that it will expedite concrete action on this important legislative reform in both houses of Congress.

6. CPEHA imposes rigorous and appropriate performance measures on HUD McKinney-Vento grantees.

Another successful element of the Continuum of Care approach has been HUD's increasing emphasis on performance outcomes. Indeed, the Subcommittee should note that the Office of Management and Budget (OMB), in giving the McKinney-Vento programs the highest possible grade ("effective") in its recent PART assessment—specifically emphasized that the Continuum of Care was exceptional in its insistence on performance and accountability, relative for example to HUD's major block grant programs (none of which received an 'effective' rating).

CPEHA takes the Continuum of Care approach to accountability and goes it one better. Specifically, the annual performance reports required by CPEHA focus on precisely the right criteria for evaluating the effectiveness of the approach taken by a particular Collaborative Applicant, including measuring the number of persons who entered permanent housing, obtained/retained jobs, and received a range of services. Without dragging the Subcommittee into the minutae of federal forms, suffice it to say that CSH regards CPEHA's approach as an improvement over the current HUD Annual Performance Review (APR) within the Continuum of

Care. More significantly, CPEHA would codify in statute—rather simply within an annual NOFA—the orientation of HUD's homeless assistance grants toward outcomes, performance, and accountability rather than simply toward outputs. The taxpayer's dollar is precious, and the federal government is entitled to know that when that dollar is invested to combat homelessness it is having a measurable impact. CPEHA would help to accomplish this.

7. ***CPEHA appropriately incentivizes the creation of new supportive housing targeted to homeless households with disabled members, especially chronically homeless individuals and families, and puts such housing on solid financial footing. The bill fairly balances this goal with meeting the important needs of other homeless housing and services interventions eligible for McKinney-Vento grants, including permanent housing for non-disabled families.***

While the quality of available data make accurate and precise estimates of unmet need difficult, CSH and others have estimated that as of 2002 approximately 150,000 incremental units of permanent supportive housing needed to be created over the next decade to house those who were long-term or "chronically" homeless at that time.[3] Congress, the Millennial Housing Commission, and the President's New Freedom Mental Health Commission have all adopted this goal. While a significant undertaking, this goal is also not drastically out of proportion to recent McKinney-Vento funding levels.

Accordingly, CSH endorses CPEHA's codification of the 30% set aside for permanent housing activities targeted to homeless households with one or more disabled persons consistent with requirements that have been imposed by Congressional appropriators on an annual basis for the past eight fiscal years. For those homeless individuals and families who confront chronic health conditions and suffer, or are at-risk of, long-term and/or repeated bouts of homelessness, permanent supportive housing is the only intervention proven to end the costly

[3] Given normal unit turnover in high-quality permanent supportive housing projects and the typical timeline for bringing new supportive housing projects on-line, CSH estimates that 150,000 units created over a decade could serve close to 300,000 households over that period of time.

cycling of the long-term homeless or 'chronically homeless'[4] from streets to shelters to emergency room and even to jails. The McKinney-Vento permanent housing programs are a critical resource for making enough supportive housing available to the long-term homeless and those at-risk to have a real impact on the need among these vulnerable households who are often ineligible or screened out of mainstream housing and services programs.

When there was no set aside, there was a sharp decline in the amount of McKinney funding used for permanent housing – despite great need. In 1993, over 70% of McKinney-Vento funds were invested in permanent housing. By 1998, the year before the set aside was first imposed by the FY 1999 appropriations bill, this figure had dropped to 13%. This trend did not reflect concerns regarding the effectiveness of supportive housing, especially for those like the long-term homeless who persistently found themselves screened out of other targeted homeless interventions and/or mainstream housing/service systems. Indeed, sound research had already begun to demonstrate supportive housing's cost effectiveness for the long-term homeless and others with acute housing and service needs. Nor did under funding of permanent supportive housing relative to other components of the Continuum of Care reflect a lack of local need—both national and local data, including needs analyses conducted by local Continuums of Care, clearly showed the magnitude of the unmet need.

Given the data on effectiveness, and the clear need, it is appropriate for the federal government to tie funding to specific outcomes, and to intervene where a locally controlled system risks failing to produce them. The set aside has restored balance to the Continuum of Care—funding of permanent

[4] As part of its commitment to end chronic homelessness by 2012, the Administration has defined a "chronically homeless" person as "an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years." CSH and others have endorsed a broader definition—one that includes families who otherwise meet these criteria—which is included in both the Senate and House versions of the Services to End Long-Term Homelessness Act (S. 709 and H.R. 1471). CSH is pleased that CPEHA adopts a similar definition of chronic homelessness.

housing counted toward the set aside has hovered just above the 30% level for the past 7 years. As currently drafted, CPEHA would sustain this balance.[5]

Moreover, the eight years of the permanent housing housing set aside has not been disastrous for alternative McKinney-Vento funded interventions. Empirically, while the set aside has meant a significant portion of increases in McKinney-Vento appropriations since FY 2000 have been invested in new permanent supportive housing, the funding available for supportive services has not correspondingly plummeted. Indeed, in FY 2004, services funding stood at $508 million, slightly higher than the $477 million invested in FY 2000. By increasing the McKinney-Vento appropriation from $900 million in FY 2000 to $1.34 billion in FY 2006, Congress greatly softened the impact of the permanent housing set aside on the extent of local targeting of McKinney-Vento funds for services. The $1.6 billion FY 2007 funding level in CPEHA would continue to make substantial funding available for both permanent supportive housing and other uses.

Opponents of the set aside argue that it unfairly forces non-permanent housing providers to bear the burden of weaning themselves from McKinney-Vento funding in an inhospitable fiscal environment. They point out that overall federal resources for permanent housing as well as temporary housing and services for homeless people must be increased to meet any credible estimate of the need, and that the annual McKinney-Vento appropriation remains woefully inadequate despite some recent increases.

As discussed further under Point 4 below, CSH agrees. Significant increases in federal funding across a broad range of programs and/or better targeting of those funding streams to addressing and preventing homelessness are needed to meet our shared goal of ending homelessness. At the same time, it is significant that chronically homeless people are more likely than other McKinney-Vento eligible populations to be categorically excluded or, in practice, screened out of other safety net

[5] It is critical to note that CPEHA takes the important additional step of reliably renewing all subsidies to permanent housing under the consolidated McKinney-Vento programs. This will ensure the long-term financial viability of the projects, a requirement of long-term capital and services investors.

programs. Based on that fact, it is appropriate for federal policy governing HUD homeless assistance grants to give them some priority.

I would like to clarify what the dispute over the 30% set aside is about, and what it is not. It is not a dispute over the value of permanent supportive housing—many of the opponents of the set aside are significant providers of permanent supportive housing themselves and have long served chronically homeless people in their programs. Nor is it a dispute about the value of other components of the Continuum of Care/Collaborative Application—CSH appreciates and works with many providers of high quality emergency shelter, transitional housing, and supportive services only programs who serve non-disabled homeless families, youth aging out of foster care, reentering prisoners, and others. It is a dispute over whether permanent housing targeted in part or in whole to people who are homeless for the long-term should have priority over other possible uses of existing and incremental federal investments in the McKinney-Vento program.

We believe that the evidence makes the case for prioritizing the intervention of supportive housing for people who are homeless for the long-term or 'chronically' homeless. In considering CPEHA, the Subcommittee should make the hard but necessary choice to maintain the 30% permanent housing set aside.

Additionally, CSH applauds the 10% set aside within CPEHA for permanent housing for non-disabled families, as well as the special incentives (i.e., long-term rental assistance contracts) to create permanent housing for chronically homeless people and homeless families. Permanent housing is the key to ending homelessness. Nobody has put it better than Dr. Burt, in her seminal white paper "What Will It Take to End Homelessness?," when she cautions that "Providing housing helps currently homeless people leave homelessness. It also prevents people from losing their homes. *In the absence of housing, virtually nothing else works.* (emphasis added)." Though the number of units likely to be created for non-disabled homeless families under this set aside will not be large relative to the need described above -- it is critical that CPEHA make explicit the assertion that more affordable housing is a

necessary component of any effective intervention for this growing population and that the McKinney-Vento programs support such permanent housing strategies for non-disabled homeless families (who are ineligible for assistance under the existing McKinney-Vento permanent housing programs).

8. ***CPEHA acknowledges the limited direct impact on ending homelessness that HUD's McKinney-Vento programs can have, and takes important steps to encourage investment in combating homelessness by 'mainstream' public income support, health, housing, and social services funding streams.***

The McKinney-Vento programs were never intended to be a ceiling, but rather a floor, on the federal assistance targeted to combating homelessness. Indeed, the statute was originally enacted as a multi-agency "Demonstration Program," reflecting the hope that the McKinney-Vento grants would seed the 'R&D' necessary to identify effective strategies for providing affordable housing and delivering a wide range of social services to homeless households. In 1987, Congress further expected that that participating federal agencies would then incorporate these effective strategies within their much larger, 'mainstream' income support, housing, and social services programs. This sound approach was never fully realized, however. Instead, the McKinney-Vento supported homeless housing and services system devolved into an effective, but far too small-scale, largely separate safety net system for persons who experienced homelessness, funded in large part by a single agency (HUD).

It is critical, then, that the Subcommittee, in reauthorizing the McKinney-Vento programs--make crystal clear that HUD McKinney-Vento homeless assistance grants, however perfectly consolidated and administered, do not alone constitute a sufficient federal investment in addressing homelessness to enable even the most committed communities to solve the problem. Rather, McKinney-Vento reauthorizing legislation must be part of a larger, multi-Committee, multi-agency effort to bring mainstream safety net resources to bear on the issue of homelessness. This was precisely the conclusion reached by the Government Accounting Office (now the Government

Accountability Office) in a series of studies it conducted on homelessness in the late 1990's. Consider this sampling of the GAO's findings:

- The GAO identified 50 programs that can serve homeless people – 16 targeted and 34 non-targeted. In FY 1997, the year studied, targeted homeless programs received $1.2 billion (most of it under the HUD McKinney programs) while mainstream non-targeted programs received $250 billion.[6]

- In examining mainstream, non-targeted programs – such as Medicaid, TANF, mental health and substance abuse block grants, and various Department of Labor workforce development programs – the GAO concluded:

  > [i]nformation is not available on how much of the funding for non-targeted programs is used to assist homeless people. However, a significant portion of the funding for non-targeted programs is not used to serve the homeless. . . [a]gencies generally do not and are not required to, track or report what portion is used for [assisting the homeless].[7]

- Moreover, the GAO determined that the administering agencies for both targeted and non-targeted programs are not using performance-based approaches with respect to serving homeless clients, as required by the Government Performance and Results Act of 1993 (GPRA) requires, noting:

  > although most agencies have established process or output measures for the services they provide to the homeless, they have not consistently incorporated results-oriented goals and outcome measures related to homelessness in their performance plans.[8]

- Similar shortcomings were apparent in coordination among federal agencies responsible for serving the homeless:

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[6] U.S. General Accounting Office. (1999). Homelessness: Coordination and Evaluation of Programs Are Essential. GAO/RCED 99-49. February 1999.
[7] Ibid at pp. 2, 11.
[8] Ibid at 14.

[federal agencies] have identified crosscutting responsibilities related to homelessness under GPRA but have not yet described how they will coordinate or consolidate their efforts at the strategic level.[9]

- Finally, as a consequence of lack of coordination among federal agencies around homelessness, states and localities struggled in their efforts to integrate targeted and non-targeted funding to serve homeless people.[10] This lack of coordination left grantees of the HUD McKinney SHP program heavily reliant on that single, limited source of funding and largely unable to access funding streams from other agencies, even where the services to homeless clients funded by SHP (e.g., case management, job training, etc.) clearly fall within the purview of non-HUD programs.[11]

With the exception that the HUD McKinney-Vento programs themselves-- through honing of the Continuum of Care NOFA each year-- have incorporated more extensive outcome measures (discussed above in point 2 above) than the GAO found in its survey of targeted homeless programs, nearly all of the foregoing observations hold nearly as true now as they did in 1999.

This must change. Fortunately, CPEHA takes several steps in the right direction.

First, the bill consistently and repeatedly notes the imperative of bringing mainstream resources to bear on ending homelessness. CSH applauds the Subcommittee for calling this issue out repeatedly in the bill text, because even where the Subcommittee does not directly control such resources, it is crucial that Congress, the Administration, and the public understand that CPEHA itself is only one piece of the puzzle.

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[9] Ibid at 3.
[10] U.S. General Accounting Office. (1999). Homelessness: State and Local Efforts to Integrate and Evaluate Homeless Assistance Programs. GAO/RCED 99-178. June 1999.
[11] U.S. General Accounting Office. (1999). Homelessness: Grant Applicants' Characteristics and Views on the Supportive Housing Programs. GAO/RCED 99-239. August 1999.

Second, the bill goes beyond rhetoric to take concrete steps to ensure that Collaborative Applicants under CPEHA access mainstream housing and services funding streams. This is accomplished through both the match imposed on all grants and by means of requirements within the Collaborative Applicant planning and implementation processes that Collaborative Applicants:

1) make significant efforts to bring the relevant public sector officials who control these mainstream programs locally into the homeless planning process; and
2) report on these efforts to HUD.

Additionally, three years after the date of enactment of CPEHA—subject to a finding by the GAO that other federal funding streams were available to fund them—supportive services not directly tied to maintaining housing would become ineligible for McKinney-Vento funding.

CSH supports the ambitious efforts of CPEHA to use consolidated McKinney-Vento grants to leverage investments of mainstream safety net resources, and to do so in a context of heightened performance outcome expectations. Based on our experience helping communities across the country to do precisely this with regard to creating permanent supportive housing, we must suggest that the Subcommittee take into account the following concerns as it prepares to move forward.

CPEHA's match requirement should be further clarified: With regard to the uniform, 25% cash match that CPEHA would impose under the consolidated McKinney-Vento programs, CSH urges the Subcommittee to ensure that the final statutory language provide clear guidance to HUD regarding the eligibility of certain resources that grantees might propose to put toward the match. More precisely, under a similar 'cash' match requirement imposed on SHP grants by recent HUD appropriations bills, HUD staff who manage or audit HUD grants have interpreted the provision very narrowly. Their interpretation has been that only funds that literally flow through the project sponsor's budget count toward the match. While CSH acknowledges that in-kind and other non-cash strategies for meeting match requirements have the potential for abuse, we respectfully submit that so narrow an

interpretation of what 'cash' match means—an interpretation that HUD could maintain under the current wording of CPEHA— would unwisely prohibit many arrangements under which a reasonable person would regard both the letter and spirit of the match requirement to be met.

We understand that other witnesses will be providing detailed, real-life examples, but we would just point out that in the supportive housing context, where a project sponsor with expertise in housing development or managing rent subsidies contracts with a supportive services agency to deliver services in a project (an arrangement that CSH and other supportive housing technical assistance providers encourage as a sound practice), the value of the services provided—no matter how appropriate and effectively delivered to the project's tenants—would not count toward the cash match unless the partnering organizations managed to run the funds through the budget of the "project sponsor" – as defined by HUD.

An example that involves the Shelter Plus Care program starkly illustrates the counterproductive nature of this approach. In many communities, public agencies responsible for housing programs administer Shelter Plus Care subsidies. Some of these communities have managed to secure a service match that is notable in meeting the stated goal of leveraging mainstream resources. A state or local mental health agency contributes the service funding. However, they choose to provide the funding directly to their grantees which in turn deliver the services to Shelter Plus Care program tenants. HUD, however, could disallow this resource as counting toward the 'match', because the funds are not received by the housing agency that administers the Shelter Plus Care subsidy. This interpretation is counterproductive to the goal of leveraging mainstream resources, and fails to recognize legitimate sources of matching funds.

Simply put, the current approach is not only a challenging exercise from an accounting perspective, it is also counterproductive from a policy standpoint. CSH urges the Subcommittee to ensure that the final language on the match requirement clearly include partnerships like the foregoing, especially where documented through an MOU or other explicit agreement.

'Sunsetting' of funding eligibility for broad range of services should be re-examined. With respect to the bill's sunsetting of funding for the range of support services not directly tied to maintaining housing stability, CSH respectfully suggests that the Subcommittee consider lengthening the timeline for this transition, or eliminating the provision altogether. Again, CSH enthusiastically supports the goal of transitioning the lion's share of funding for these services to the appropriate mainstream programs and the federal agencies that administer them (and their city/county/state counterparts). However, given that it has been nearly a decade since the GAO outlined the scope of this problem, and only limited progress has been made, three years is an overly ambitious deadline to complete this transition.

Alternatively, CSH would be pleased to work with the Subcommittee to tighten the wording of the 'safety-valve' provision mandating a GAO study of alternative funding streams before the sunset is triggered. As currently worded, CSH is concerned that the GAO might approve the sunsetting where the alternative funding sources are not truly available to Collaborative Applicants, or dedicated to services that are actually accessible to homeless people.

On a deeper level, CSH's work with Continuums of Care across the country gives us the sense that the services sunset provision of CPEHA by its very nature 'punishes the victim' for the failures of the mainstream housing and services systems. It has been our consistent experience that the failure of the local/regional/state administrators of such mainstream programs to participate in local Continuum of Care planning—or to contribute significant resources to the broader homeless continuum of care system in the community—is not the result of a lack of desire for and/or effort to encourage such participation by the homeless housing and services providers or their public sector champions. Rather, it is typically the result of competing priorities set by and signals sent to those officials by the people and institutions they regard themselves as accountable to locally, or federal level. It is not at all clear to us that holding a proverbial gun to the head of the homeless housing and services providers by cutting

off funding for a broad range of services after a date certain will do anything to motivate those that oversee and administer 'mainstream' housing and service programs to act differently. A better course would be to encourage outreach to them by homeless housing and services providers—which CPEHA does in a number of respects other than the sunset provision—while simultaneously exploring other 'trigger points' to motivate their participation in efforts to end homelessness. Most of these kinds of incentives will involve Congressional/Executive action outside of the scope of McKinney-Vento reauthorizing.

Conclusion

I conclude my testimony by highlighting two such potential 'triggers' for important mainstream systems—i.e., pending federal legislative initiatives that would complement CPEHA by authorizing additional federal housing and services resources that consolidated McKinney-Vento grants could effectively leverage.

- An Affordable Housing Fund—a capital grants program targeted primarily to housing for extremely low income households—proposed by Senator Reed as part of the GSE reform package currently under consideration by Congress. We briefly summarized the overwhelming need for housing targeted to this population above. The bi-partisan Millennial Housing Commission called for the creation of exactly this kind of capital grants program. We will not make substantial progress in ending widespread homelessness until this affordable housing gap is addressed. This Subcommittee has the power to bring the Affordable Housing Fund proposal forward to the Senate floor. CSH respectfully urges the Subcommittee to do so, and not to hold this proposal hostage to other, unrelated portions of the GSE bill or partisan political agendas in this election year. Even a perfectly crafted CPEHA will have only limited impact on homelessness in communities across the country without access to complementary funds for affordable housing.

- Services to End Long-Term Homelessness Act (SELHA)—spearheaded by Ranking Member Reed, Senator DeWine, Representative Deborah Pryce, and Representative Anna Eshoo, this proposal (S. 709 and H.R. 1471) would create a grants program within the Substance Abuse and Mental Health Services Administration (SAMHSA) of the Department of Health and Human Services (HHS) targeted to funding services in permanent supportive housing serving primarily chronically homeless individuals and families. If enacted, not only would this program provide complementary funding for HUD housing grants under a consolidated McKinney-Vento program or other funding streams (e.g., Section 8, CDBG, HOME) but also – through a stiff matching requirement—incentivize officials who control funding for HHS' mainstream services funding programs (e.g., substance abuse, mental health, Social Services, and Community Services block grants, Medicaid, TANF, etc.) to invest a portion of these much larger pots of money in the effort to end chronic homelessness.

As important as the new resources appropriated under an enacted Affordable Housing Fund and SELHA would be, those discrete amounts annually pale in impact on homelessness compared to the additional, mainstream safety net resources that it has the potential to leverage. And, as noted, that is the only path to ending homelessness in our cities, suburbs, and rural areas.

I close by urging the Subcommittee that while the challenge of ending homelessness is daunting—indeed even enactment of CPEHA, an Affordable Housing Fund, and SELHA alone seems a near Herculean labor in the short time that remains in the 109th Congress—there is reason for real optimism. Though research and the annual U.S. Conference of Mayors Survey of Hunger and Homelessness suggest that the recent economic downturn contributed to a resurgence of homelessness, especially among families, CSH firmly believes that this nation can reach a 'tipping point' in its effort to end homelessness.

Experience with other seemingly intractable social ills tells us that when we have the appropriate technology combined with political will (and some good fortune), not only can our

communities turn the tide, they can do it quickly. Consider just the example of crime in our major cities which has decreased significantly due to a winning combination of increased federal, state and local cooperation, performance accountability, provision of increased funding, and application of 'best practice' approaches.

If we seize the moment, we can achieve similar results with respect to homelessness. Across the country, the National Alliance to End Homelessness, the Interagency Council on Homelessness and other groups have galvanized a resurgence of effort and planning to end homelessness. Many of our nation's chief executives - Governors and Mayors, and other public officials, business leaders, philanthropists, community and faith-based organizations and other citizens have focused time, energy and resources on creating supportive and affordable housing and services aimed at ending homelessness. Many have been inspired by the bipartisan leadership of the Administration and Congress in calling for 150,000 units of permanent supportive housing for chronically homeless people, the commitment of new resources to the McKinney-Vento program, and the focus on achieving results that end, rather than only manage the appalling fact of homelessness.

While this testimony has focused on policy issues, the purpose of the policies is, of course, to positively impact the lives of people. I'll end with the comments of Donna Dains of Long Beach, California, summarizing the real purpose and impact of the McKinney-Vento Homeless Assistance Act:

> Today, I live in an apartment, and I have a job as an apartment manager. My two youngest children come to see me on the weekends. I hope to regain full custody of them in the future, but for now, being a part-time mom is better than being a no-time mom.
>
> My eight-year-old daughter tells me, "You've got your health back, so now you can bring me and my brother home to live with you." When I see that look on her face, and when my son whispers in my ear, "Mommy, I love you," that gives me the strength to keep going.
>
> I'm very proud of myself, but at the same time, I'm still working hard to achieve my goals. I do know that without supportive housing, I wouldn't be here today."

About the Corporation for Supportive Housing

Mission: CSH helps communities create permanent housing with services to prevent and end homelessness.

Vision: CSH strives for a day when homelessness is no longer a routine occurrence and supportive housing is an accepted, understood, and easy-to-develop response. In coordination with broader national efforts to end homelessness, CSH will help communities create 150,000 units of supportive housing during the next decade.

Core Value: In all of our work, we strive to address the needs of, and hold ourselves accountable to, the tenants of supportive housing.

What We Do: CSH brings together people, skills, and resources. We advance our mission by providing high-quality advice and development expertise, by making loans and grants to supportive housing sponsors, by strengthening the supportive housing industry, and by reforming public policy to make it easier to create and operate supportive housing. CSH is a national organization that delivers its core services primarily through eight geographic hubs: California, Illinois, Michigan, Ohio, Minnesota, New Jersey, New York, and Southern New England (Connecticut, Rhode Island). CSH also operates targeted initiatives in Kentucky, Maine, Oregon, and Washington, and provides limited assistance to many other communities.

Results:

- CSH has raised over $118 million from more than 200 national and local philanthropic foundations for use in expanding supportive housing nationwide, and has leveraged over $1 billion in federal, state, and local public and private sector financing for capital, operating, and service dollars.
- CSH has committed over $100 million in loans and grants to support the creation of 14,826 units of supportive housing, with an additional 10,463 units in the pipeline now. The units in operation have ended homelessness for at least 19,000 adults and children.
- CSH's national resource center maintains state-of-the-art information on a wide array of supportive housing issues, and responds to hundreds of requests from throughout the United States.
- Each year, CSH trains thousands of people to develop, manage, and operate supportive housing.
- CSH reshapes public policies and public systems to improve the nation's response to long-term homelessness.
- CSH has helped supportive housing advocates speak out—and be heard—on behalf of increased government investments in supportive housing.

www.csh.org
02/06

March 27, 2006

Senator Allard, Senator Reed and Members of the Committee:

My name is Amy Knudsen and I am Interim Director of the Iowa Coalition for Housing & the Homeless (ICHH). I am submitting a written statement regarding S 1801; the Community Partnership to End Homelessness Act of 2005.

The ICHH is a statewide non-profit agency that serves the state of Iowa. We provide advocacy, education and technical assistance on issues related to affordable housing and homelessness. I have been employed by the ICHH since 2000 and prior to that worked for 14 years directly with persons who were experiencing homelessness in Des Moines, Iowa and in Boston, Massachusetts. The ICHH works with over 130 providers in the state of Iowa and has been involved in the Continuum of Care since its inception in 1995. I serve on the Iowa Council on Homelessness (ICH) and am chair of the Continuum of Care Committee. The ICH serves as the Balance of State applicant serving 96 counties.

The ICHH has reviewed SF 1801 and would like to comment on provisions within the legislation and their potential impact on Iowa and rural states. The ICHH feels that it is important to consider the perspective of small and rural states in the development of the legislation to ensure that there are not unintended consequences or impacts on services. Often, the voices most loudly heard are those of national organizations or large cities and as we have seen as you may know, homelessness effects all parts of the country including small communities and rural areas.

First, we have been concerned at the direction of the NOFA since the continuum of care was designed in 1995. The goal, as we understand and support is to provide a broad-based community wide effort that allows the communities to assess their needs and develop housing & services appropriate to the needs of persons in the community. However, each year the NOFA and application has become more and more prescriptive in what the goals and priorities are and communities are finding it difficult at times to match those priorities with the needs of the population. Additionally, we have watched over the past couple of years; initiatives introduced in legislation and when that legislation does not move or pass, the language appears in the NOFA. We strongly object to this process of circumventing the process by which the legislature reviews and decides on a bill.

An example of this is the chronic homeless initiative. While we applaud the President's interest and recognize the needs of this population and encourage the efforts being made to address these needs, it is important to recognize that all of the emphasis, goals and priorities placed in the NOFA and application severely impact the decision making at the local level, particularly in rural states and small communities where there is fewer than 10 persons who fit the definition and yet significant larger population of homeless children. Several years ago, the Samaritan Initiative Legislation that was designed to create permanent supportive housing for persons who are chronically homeless was

introduced and while this legislation did not move in the Senate, last year we find in the application that the permanent housing bonus dollars awarded to communities who have a project prioritized in the number one position has been changed and is now called the Samaritan Initiative and includes bonus dollars for a project prioritized in the number one position serving exclusively chronically homeless persons.

While we recognize that Iowa has persons who are chronically homeless and have worked to address their needs (Two projects have been funded in the past two years serving chronically homeless), the most recent study on homelessness in Iowa published earlier this year showed that of the over 21,000 homeless in Iowa, 61% were families with children. The estimate in the study was that 7% of the population who are homeless in Iowa fit the definition of chronically homeless. (Iowa Statewide Homeless Study, 2005). The majority of these persons are located in our larger communities such as Des Moines, Davenport and Cedar Rapids, however, as indicated earlier many communities have fewer than 10 persons and so it is difficult to focus all the attention, energy and dollars when the need is not as critical. Even the rationale of chronic homeless utilizing the majority of the services does not apply in rural and smaller communities. We feel that while it is important to set goals and priorities, we should not do so at the expense of other persons. The goal should be to end homelessness for all persons and to not prioritize one population over another – the experience of becoming homeless is traumatic for everyone and all persons; young, old, adult and child are vulnerable to the impact of homelessness.

The second factor we would like to bring to the committee's attention is the definition of homeless that is currently used by HUD. We are requesting that HUD support and fully implement an expanded definition of homelessness based on the definition used by the U.S. Dept. of Education programs under the McKinney-Vento Act (42 U.S.C. 1143a (2)), as well as the Health Care for the Homeless Programs (42 U.S.C. 254b 9h)(5)(A)). The definition would include people who are sharing the housing of others due to loss of housing, economic hardship, or similar reasons, and those who are staying in motels because of the lack of adequate alternative accommodations.

These definitions truly reflect the population of persons who are homeless, particularly in rural states such as Iowa. To be able to serve these populations, it is essential that we have a uniform definition and that programs funded under HUD be able to provide services to the population. As indicated earlier the 2005 Iowa Statewide Homeless Study[i] that was commissioned by the Iowa Council on Homelessness showed over 21,000 persons in Iowa are homeless with 61% of the homeless in Iowa being families with children. This count is based on the McKinney-Vento definition of homelessness. The study does breakdown the number of homeless using the HUD definition and the expanded definition.

The study also reports that in Iowa, shelter beds are available in only 24 of the 99 counties, primarily in urban areas. This means that the majority of persons who seek assistance or who find themselves homeless outside of urban areas have no alternatives but doubling-up or motels. The study surveyed agencies other than homeless service

providers and found that 20% reported placing persons in motels due to lack of other assistance. The study indicates, "Agencies in rural counties referred homeless people to motels more frequently than to shelters, reflecting the fact that few shelters exist in rural areas." (p.28) During the two-week reporting period for the survey, 765 people were turned away due to lack of space with 48% of these being children.

Earlier this year, the Iowa Coalition for Housing & the Homeless conducted an informal survey of providers across the state for their input into an expanded definition. A total of 41 providers across the state responded and 90% favored expanding the definition of homeless. Many of the comments from providers were that they are currently not able to serve persons who need the services but are living in a motel or doubled-up and that the definition is out of sync with rural homelessness.

As indicated by the data presented, it is essential for ending homelessness in Iowa, that HUD adopt the expanded definition of homelessness based upon the Department of Education and the Health Care for the Homeless programs. If we are to accomplish our goals and the goal of ending homelessness it is critical to prevent the denial of services to families and children, as well as to people experiencing homelessness in rural areas.

We are asking that HUD clarify and revise HUD policy, that for purposes of the HUD McKinney-Vento programs that "homeless persons" include persons who are sharing the housing of others due to loss of housing, economic hardship, or similar reasons, and those who are staying in motels because of the lack of adequate alternative accommodations.

Finally, I would like to comment on some specific items in the bill. I would like to thank Senator Reed's office for their work on this and being a strong supporter of moving forward to end homelessness. It is essential that all components of the community work together to end this problem in the United States and the Federal Government can provide leadership in this area.

1.) Duties **of Collaborative Applicants - Section 402 (h)(B)(i)(I)(aa-ee)**

Proposed Language: This section of the bill describes the duties of the collaborative applicant, which include reviewing relevant policies and practices of public and private entities, within the geographic area served by the applicant, to determine if they further or impeded the goal of preventing and ending homelessness.

Reality: Discharge planning, continual review of policies and making recommendations as well as coordinating activities are critical components to ending homelessness. In Iowa, the Balance of State (BOS) continuum planning body is still waiting for state departments to sign-off on a discharge planning protocol submitted to them three years ago. In the mean time, the BOS stands to lose points in an already competitive HUD application process due to no fault of their own. The next step to addressing this obstacle needs to be similar requirements mandated in the language of the funding requirements of those departments or block grants (e.g. Dept. of Justice, SAMHSA, etc.). It is

unreasonable to mandate the coordination; review and notification of those departments unless they in turn are also mandated to coordinate, review and submit reports to the community partnership board.

Further, Subsection (cc) is problematic for Balance of State (BOS) Applications, such as Iowa's, that serve large and vast areas. It would be impossible to review the inclusionary zoning and enforcement of local statues for all local communities in Iowa's BOS application due to the sheer number of local communities (900) located in the 96 counties covered by the application.

We would suggest that the inclusionary zoning and enforcement of local statue requirements detailed in Subsection (cc) should also be mandated under CDBG and HOME funding for the same reasons listed in Subsection (cc). Efforts should be made to amend the appropriations bill on the Senate floor to include the mandates found in Subsections (aa, bb, dd, ff) as equal obligation in the mainstream programs referenced in those subsections. The language on the amendment can be taken from sections aa, bb, dd and ff.

(2) Funding for Homeless Prevention Activities - Section 422(a), Section 414(b) & Section 427(2)

Proposed Language: Under the proposed language of S. 1801, homeless prevention can be funded under both the mechanism that funds supportive housing programs as well as the mechanism that funds emergency shelters grants.

Reality: Rural states receive a much smaller pro rata share of McKinney-Vento Homeless Assistance funds than urban states. In Iowa, two communities have maxed-out their Pro Rata Share, while a third community and the Balance of State are dangerously close to maxing-out their Pro Rata Shares. There is no room in the Pro Rata Share to absorb an additional program.

Additionally, In 2004, 22% homeless assistance funds in Iowa were spent on prevention activities. This rose to 26% in 2005.

We would proposed eliminating the duplication of programs and ask that you strike the 5% set aside authorized in Section 427(2). from the bill. The duplication of funding streams for prevention is unnecessary and confusing. If warranted increase the CAP from 30 to 35% under ESG.

(3) 30% Set Aside for New Permanent Housing Projects - Section 427(c)(1)(A)

Proposed Language: From the amount made available to carry out this subtitle for a fiscal year, a portion equal to not less than 30 percent of the sums made available to carry out subtitle B and this subtitle for that fiscal year shall be used for activities to develop new permanent housing, in order to help create affordable permanent housing for

homeless individuals with disabilities and homeless families that include such an individual who is an adult.

We are opposed to a set aside of 30% for new permanent housing construction. In 2000 several new programs in the Iowa BOS application, whose score met threshold, were skipped over and not funded, in order to meet the 30% requirement. This was a loss of funding of $1.1 million to Iowa. We're concerned that if the 30% mark contained in this bill is not reached, programs will again be skipped to attain it, or the entire application will not be funded. The practice of setting a threshold score and then ignoring that threshold to meet this requirement is an unfair practice. Permanent housing should be emphasized, promoted but not at the expense of other types of housing programs that a community has deemed a priority.

We would propose two alternatives: First, strike the 30% permanent housing set-aside altogether or provide language or waiver provision whereas HUD is prohibited from skipping over higher ranked projects within a CoC in order to meet any permanent housing requirement.

(3) **ELIGIBLE ACTIVITIES - Section 423 (6A-C) and 3(c)**

Proposed Language: This section defines eligible activities for which funding can be used to include certain supportive services and describes a process by which the HUD Secretary determines if certain supportive services shall be eligible for funding in subsequent years.

Reality: There is a significant difference between the service delivery system in a large metro area and a rural community where there may not be a Mental Health or Substance Abuse provider within a 2-3 county area. Additionally, some services such as transportation are not accessible through mainstream sources, but are critical in rural areas to movement to permanent housing. Often, a person will work 30-50 miles away from where they are housed.

We are opposed to the elimination of services until a thorough analysis of the impact on programs can be undertaken. The elimination of services can impact the ability of housing programs to maintain persons in housing. Additionally, the time frames for deciding on issuing an RFP for services is also a concern. The 30 day window for final determination (Cii) and then a 60 day public comment period (Ciii) could potentially lead to gaps in services.

Proposed Language: Section 3 (c)(1)(2) (p. 71 line 11) refers "establishing and operating" supportive services childcare, employment assistance and job training.

Reality: Many homeless programs that utilize these supportive service dollars do not create their own supportive service because it is not cost effective. Instead, they use supportive services dollars to pay co-payment fees or other costs that the person experiencing homelessness cannot afford to pay. For instance, a homeless program has 2 or 3 children who need child care. The childcare subsidy program has a waiting list, so

the program pays for the childcare slot until the mother has an income or the subsidy becomes available. This holds true for (3) providing outpatient health services. It is more cost effective for programs to assist with the co-pays for doctor visits and medication currently in the community than providing it themselves..

We would propose amending Section 3(c) strike "create and operate" and put "create, operate or subcontract for".

(4) ***Funds for a Homeless Management Information System - Section J (2)***

Proposed Language: A collaborative applicant may apply for funds under this title to establish, continue, carry out, or ensure consistent participation by project sponsors in a homeless management information system, if the applicant is a legal entity.

Reality: HMIS is a reporting mechanism that is required by HUD. HMIS should be a separate funding stream, similar to administration costs, and should not be funded in competition with designated housing and supportive services projects. .

We would propose funding HMIS separate utilizing up to 5% of available funds- excluding all designated housing and supportive services project funding- can be used to complete HMIS activities.

(5) ***Amount of Funds Authorized and Set Asides - Section 427(c)(2)***

Proposed Language: The proposed languages increases administration from 5% to 6% for applicant; 5% is allowed for project sponsors .

Reality: While these changes reflect a further division of the overall pie, the total amount of funds authorized in the bill does not go up. This can potential take away funds for direct services if they are to utilize more for administration. This provision does not address renewals and how this would occur for renewals.

We support the increase in administration we would support doing so only if there was an increase in the overall bill authorization to a $2 billion level or include language to "authorize increase in administration for grantees and administration for project sponsors **only** if additional funding is provided."

On behalf of the Iowa Coalition for Housing and the Homeless, providers and persons experiencing homelessness, we want to thank you for your time and consideration of our recommendations.

Thank you,

Amy Knudsen
Interim Director

Testimony on the McKinney-Vento Act Reauthorization and
Consolidation of HUD's Homeless Programs
before the Senate Committee on Banking, Housing, and Urban Affairs
Subcommittee on Housing and Transportation
by
the National Council of State Housing Agencies

March 30, 2006

Chairman Allard, Senator Reed, and members of the Subcommittee, thank you for this opportunity to submit testimony on behalf of the National Council of State Housing Agencies (NCSHA). And, thank you for your commitment to affordable housing and addressing the needs of persons who are homeless.

NCSHA represents the Housing Finance Agencies (HFAs) of the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. State HFAs allocate the Low Income Housing Tax Credit (Housing Credit) and issue tax-exempt private activity bonds (Bonds) to finance apartments for low-income renters and low-cost mortgages for lower-income first-time home buyers in nearly every state. They administer HOME Investment Partnerships (HOME) funding in 41 states to provide both homeownership and rental housing opportunities for low-income families. Many state HFAs administer other federal housing programs, including both project-based and tenant-based Section 8 rental assistance and homeless assistance.

NCSHA commends Congress for the steady funding increases it has provided McKinney-Vento homeless assistance programs over the last five years. Despite these increases, however, the homelessness crisis in this country is great and growing. It is estimated that 3.5 million people experience homelessness each year in the United States.

NCSHA believes the principal long-term answer to this problem is more affordable housing. However, at current levels, federal funding for affordable housing is woefully insufficient.

In addition to needing more resources, we must make the best use of the funds we have now. It is critical that states be given the flexibility to use what funds they have to address the specific homelessness concerns of their communities.

NCSHA Supports Consolidation and Adequate Funding

Mr. Chairman, NCSHA applauds you and your colleagues who have joined you in introducing the Community Partnership to End Homelessness Act of 2005, S. 1801. NCSHA has long supported consolidation of the McKinney-Vento Homeless Assistance Act's Shelter Plus Care (SPC), Supportive Housing Program (SHP), and Section 8 Single Room Occupancy (SRO) programs, as S. 1801 proposes.

The McKinney-Vento programs all have different eligible activities, match requirements, and targeted recipients, which make using these programs and combining them difficult and confusing. We believe consolidation would simplify program administration and increase efficiency.

However, NCSHA would go one step further. We recommend Congress provide for state administration of the new program and allocate funding by formula, for

reasons we discuss below. Then Congress could further simplify and consolidate the McKinney-Vento programs by also incorporating the Emergency Shelter Grants (ESG) program into the new program. The National Governors Association also supports consolidating all four major McKinney-Vento programs into one state-administered, formula-funded program.

NCSHA supports the bill's $1.6 billion authorization, which is $263 million more than the FY 2006 appropriation and $64 million more than the Administration's FY 2007 request. Consolidated funding must be adequate to serve at least as many people as are presently served. We urge you to authorize homeless funding at no less than current levels, which, as you know, only begin to meet the need.

Other NCSHA Priorities

In addition to our funding and consolidation concerns, we ask that you consider the following additional recommendations.

State Administration

States are active participants in addressing homelessness. All states, including 14 HFAs, administer the ESG program, under which they provide homeless assistance funding to local governments and nonprofits statewide. About one-third of state HFAs currently also administer other McKinney-Vento homeless assistance programs. Some HFAs administer all their state's HUD homeless assistance funding.

We believe the states are best positioned and highly qualified to administer federal homeless assistance. Unlike HUD, states are close to the problem, understand their own housing needs and markets, and can target resources to the greatest needs.

Just as the problem of homelessness cuts across municipal and regional boundaries, states have the ability to respond across community lines, with comprehensive statewide strategies. States can coordinate, collaborate, and build partnerships with other state agencies, local governments, and service providers to identify and prioritize needs and avoid duplicative and fragmented responses. States can also coordinate the use of McKinney-Vento assistance with other funds they administer, such as the HOME program, Bonds, and Housing Credits, to most effectively utilize scarce housing resources.

Formula Allocation

NCSHA strongly supports distributing the HUD McKinney-Vento program funds through a formula allocation. The current competitive system by which funding for the SPC, SHP, and SRO is distributed has several critical problems. The competitive process is extremely time-consuming. Grantees spend an inordinate amount of time and resources applying for funds. It takes HUD even longer to make its funding decisions. The competition also consumes immense financial and staff resources, both for HUD and for grantees. Furthermore, it fails to provide the consistency and predictability needed for a sound, comprehensive homelessness strategy. NCSHA firmly believes that formula allocation of funding for a consolidated homeless assistance program would greatly increase efficiency and improve program performance.

Flexibility

States should be provided the maximum possible flexibility in allocating their funds. Decisions to direct funds to particular populations, through particular delivery systems, or for particular uses should be left to the states and their local and service provider partners. They are best able to judge need, cost-effectiveness, track record,

and capacity. For this reason, NCSHA opposes any set-asides for permanent housing. It is critical that HUD McKinney-Vento programs remain flexible to provide immediate support and opportunities to people experiencing homelessness, and to assist them in transitioning to mainstream housing and services systems. While permanent housing remains an important allowable activity within HUD McKinney-Vento programs, it should not be given priority over all the other allowable activities.

Match Requirements

We urge you not to impose a match requirement that requires a greater total contribution from states than they presently make toward the ESG program. Unlike the HOME program, where state and local jurisdictions solicit match contributions from grantees, homeless providers simply do not have the resources to make a match. And, though some states dedicate state appropriations to homeless help, many others simply do not have the resources to commit. We do not believe that a state and its homeless population should be penalized just because that state has had to use its scarce housing resources to meet other critical housing needs.

NCSHA supports the bill's broad definition of eligible sources of matching funds, which recognizes the many non-cash contributions states, localities, and providers routinely make, such as payment of salaries, volunteer labor, and the value of a lease. We urge you to expand the definition of eligible match further to include state-allocated federal resources, such as Housing Bonds and Credits.

NCSHA believes that making these proposed changes would greatly strengthen S. 1801. We look forward to working with you as the Subcommittee continues its consideration of this important issue. Thank you very much for the opportunity to submit testimony.