

Prepared Statement of Mark Johnston

Deputy Assistant Secretary for Special Needs Assistance Programs

U.S. Department of Housing and Urban Development

Hearing before the Subcommittee on Housing and Community Opportunity

United States House of Representatives



“Reauthorization of the McKinney-Vento
Homeless Assistance Act”

October 16, 2007

Introduction

Good morning Chairwoman Waters, Ranking Member Capito, and members of the Subcommittee.

I am pleased to be here to discuss the Administration's proposed consolidation of HUD's three competitive Homeless Assistance Grant programs into a single program aimed at alleviating homelessness in this country. I also want to thank the members of the Financial Services Committee for introducing the Homeless Emergency Assistance and Rapid Transition to Housing Act, which includes a number of provisions supported by the Administration. We look forward to working with the Committee on this important effort with the ultimate goal of getting a bill to the President's desk.

Consolidation would: (1) provide more flexibility to localities; (2) give grant-making responsibility to local decision-making bodies; (3) allow more funds for the prevention of homelessness; and (4) dramatically reduce the time required to distribute funds to grantees. The proposal would also further the Administration's goal to move homeless families and individuals to permanent housing and end chronic homelessness.

HUD has been providing funding for homeless programs since authorization of the McKinney Act in 1987. Through its Homeless Assistance Grants programs, HUD has awarded billions of dollars to communities across the country. Well over 5,000 projects and 400 Continuums of Care (CoCs) representing over 3,000 cities and counties each year receive funds to alleviate homelessness in their communities. The Administration has continued to support the Homeless Assistance Grant program and the goal of ending chronic homelessness and moving families and individuals to permanent housing with increased annual funding requests. The budget for Homeless Assistance Grants in FY07 was \$1.44 billion.

In 1994, HUD developed the Continuum of Care planning and grant making process, which calls for communities to develop local plans for reducing homelessness. It is a community-led effort that involves a diverse group of organizations, including state and local government, public housing agencies, non-profit 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 Continuum structure has proven to be effective as a coordinating body for fighting homelessness; among the reasons for the effectiveness are the broad-based partnerships forged at the local level.

There are three programs that are funded through the Continuum of Care approach: the Supportive Housing Program; Shelter Plus Care; and Section 8 Moderate Rehabilitation Single Room Occupancy Dwellings for Homeless Individuals, or SRO. The Administration bill, which has been transmitted to Congress, would affirm the role of local planning entities, bring HUD's three competitive programs into one program, and provide even more local decision making authority and flexibility by awarding a single comprehensive grant to a local area. It 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 occur, 3-6 additional months are needed to finalize the nearly 5,300 awarded contracts.

The Administration's bill would greatly simplify this process by allowing HUD to review only one overall application from each community responding to a focused set of six discrete selection criteria. The communities would then 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.

Our bill would also simplify the match requirements. Currently, the largest of the three 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. It would establish a single cash or in-kind match requirement of 25 percent for all activities under the consolidated program.

HUD's Continuum of Care programs work within broad national goals to help communities end homelessness. We have established, through the Continuum approach, a resource-driven planning and allocation system with an emphasis on local decision-making 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, decision makers can more effectively work to solve 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 needs, assess existing resources, and prioritize projects needing funding. State and local government officials, non-profit 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. The over 3,900 jurisdictions which participate in the Continuum of Care process represent over 95 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. Our bill would codify this approach, which was created by HUD through administrative means.

A significant enhancement in this bill would add prevention as an eligible funding activity under the law. Prevention is a key part of solving homelessness and is an important element in this bill. HUD's proposed legislation would allow projects to spend up to 30 percent of 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 them from actually becoming homeless. Not only would this reduce additional, unnecessary costs on homeless systems, but it would improve continuity of housing for individuals and families, improving their ability to function as productive members of society.

Targeting Most In-Need Populations

In addition to preventing homelessness for those at risk, HUD's homeless programs currently address, and will continue to address under the proposed bill, the needs of persons who are already homeless, including 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. The congressional requirement that 30 percent of HUD homeless funds be used to provide permanent housing has contributed to these efforts.

Research shows that while representing just over 20 percent of the homeless population, chronically homeless persons consume up to 50 percent of all emergency shelter resources. Instead of having these individuals cycling through the various public systems such as hospitals and prisons and using these emergency resources, this Administration has focused on providing permanent supportive housing as a way to improve cost effectiveness for the community and quality of life for the individual. As a result, \$286 million, or 24 percent of HUD competitive homeless assistance funds, were awarded to projects targeting the chronically homeless in 2006.

While this Administration has set a goal of ending chronic homelessness for this difficult to serve population, it has not forgotten about the needs of homeless families with children. In fact, 76 percent of funds awarded this past year went to projects that targeted persons who were not chronically homeless, including homeless families. Approximately 50 percent of those served by HUD programs are persons in families.

Through the consolidation process, HUD remains committed to targeting its homeless assistance resources to persons who are the most in need of housing and services. HUD's preliminary review of data related to an expanded definition of homelessness indicates that the total number of people that would become eligible for HUD's programs would increase by at least several million. Expanding the definition of homelessness beyond the current definition, which HUD estimates at approximately 754,000 persons on any given day, will cause HUD's homeless programs to lose their focus on assisting those who literally have nowhere to sleep. Further, HUD suggests that the implementation of an expanded prevention program for at-risk families and individuals – especially for those in rural areas – already allows communities the flexibility they need to serve this at-risk population.

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, including local government, so that the needs are identified and prioritized. The community can then choose appropriate options from a menu of existing HUD homeless resources.

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 Program (HOPWA). The Continuum also encourages active linkages with existing jurisdictional 10-year plans to end chronic homelessness, a level of coordination that is supported by HUD and the United States Interagency Council on Homelessness.

HUD's consolidation bill would enhance the existing resource-driven system of the Continuum of Care by providing a modest amount for administrative costs, including strategic planning and monitoring. Our bill 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. 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 meets or exceeds these GPRA indicators.

HUD's GPRA efforts have been touted by OMB as exemplary for other federal programs to emulate. HUD's Continuum of Care programs were rated the highest possible rating "Effective" when assessed by the Administration's Program Assessment Rating Tool (PART). That rating underscores the efficacy of the Continuum of Care approach. Performance will continue to be a key element of the consolidated program.

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.