

**Testimony
of
Nan Roman
President
National Alliance to End Homelessness
before the**

**Subcommittee on Housing and Community Opportunity
Committee on Financial Services
U.S. House of Representatives**

***Hearing on the Reauthorization of Housing Programs Under the McKinney-
Vento Homeless Assistance Act***

October 16, 2007

Chairwoman Waters, Ranking Member Capito, and members of the Subcommittee, on behalf of our Board of Directors and partners, I am honored that you have invited the National Alliance to End Homelessness (the Alliance) to testify before you today on reauthorization of the McKinney-Vento Homeless Assistance Act housing programs and on how these programs can be better used to end homelessness in the nation. The National Alliance to End Homelessness believes that ending homelessness is well within our reach. Indeed, some communities are making real progress toward this goal. In this regard, I am delighted today to speak to you about what research and experience have shown are the most important ideas that need to be incorporated in legislation to reauthorize these HUD programs.

We know that homelessness has long been an issue of great concern to the Members of the United States House of Representatives, and that this Subcommittee has historically addressed it in a serious, innovative, and bipartisan way. Indeed, both Stewart B. McKinney and Bruce Vento acted on the issue via this Subcommittee. The Alliance looks forward to working with the Subcommittee to pass a bill that builds upon that distinguished record of accomplishment.

The National Alliance to End Homelessness is a nonpartisan, nonprofit organization that was founded in 1983 by a group of leaders deeply disturbed by the appearance of thousands of Americans living on the streets of our nation. In its early years, it focused on meeting the emergency needs of this emerging population. Soon, however, as it became apparent that emergency measures would not solve the problem, we turned our attention to more permanent solutions. Today, the bipartisan Alliance Board of Directors and our over 5,000 nonprofit, faith-based, private, and public sector partners across the country devote ourselves to the affordable housing, access to services, and livable incomes that will end homelessness.

We are grateful to you for holding this hearing today and for your continuing interest in reauthorization of the HUD McKinney-Vento programs. Those across the nation who have devoted their lives to assisting homeless people have done yeoman's work. The current Homeless Assistance Grant program at HUD is well administered by the Department and has a positive impact on individual lives as well as on communities. Millions of people have been helped and billions of state, local, philanthropic, corporate, and individual dollars have been leveraged. The accomplishments are enormous.

Having said this, we are not satisfied. Despite all of this investment and hard work, homelessness has not been eliminated, and in many communities the numbers continue to go up. Certainly the major cause of this is the decreasing supply of housing that is affordable to extremely low income people. If we had an adequate supply of affordable housing, as we did as recently as the 1970s, we would not have widespread homelessness, as we did not have it then. The supply of affordable housing is a problem that requires your urgent attention, and I know that the Committee is addressing it. We are extremely grateful to the Committee and to the House of Representatives for passing the National Affordable Housing Trust Fund Act, which will help address the affordable housing crisis in our nation. But even within the context of the lack of affordable housing, we *can* do a better job with the resources we currently have. I believe that the right kind of HUD McKinney-Vento reauthorization legislation will help us do that.

Where Our Nation Stands on Homelessness

Far too many people are homeless in our nation. The Alliance's recent report, *Homelessness Counts*, reveals the following based on an assessment of the 2005 point-in-time counts collected by HUD from around the nation.

- ♦ In January 2005, an estimated 744,313 people experienced homelessness (this expands to 2.3-3.5 million people who experience homelessness in the course of a year).

- ♦ 56 percent of homeless people counted were living in shelters and transitional housing and, shockingly, 44 percent were unsheltered.
- ♦ 59 percent of homeless people counted were single adults and 41 percent were people living in families.
- ♦ In total, 98,452 homeless families were counted.
- ♦ 23 percent of homeless people were reported as chronically homeless, which according to HUD's definition means that they are single individuals, are homeless for long periods of time or repeatedly, and have a disability.

The numbers are disturbing, but even more disturbing is this: 1 percent of all Americans and fully 10 percent of poor Americans become homeless each year. People who experience homelessness have a mix of characteristics, ages, and disability statuses. The one thing that they have in common is that they cannot afford housing. Homeless people may need access to services, but homelessness is a problem that is driven by the lack of affordable housing.

This is the bad news, but there is some good news as well. In 2000, the National Alliance to End Homelessness introduced the idea of planning to *end* homelessness. The basic idea – going to scale on prevention and getting people back into housing faster – has caught on. Over three hundred communities across the nation are creating plans to end homelessness: some (about one-third) for the hardest to serve chronically homeless individuals and others (about two-thirds) for the whole range of people who experience homelessness. Unprecedented local and state engagement and resources are being applied to the problem in support of the committed and talented nonprofit and faith-based delivery system. It is producing results.

- ♦ Portland, Oregon has reduced chronic street homelessness by 70 percent since 2005.
- ♦ Westchester County, New York reduced homelessness among families by 57 percent.
- ♦ Hennepin County, Minnesota reduced family homelessness 42 percent between 2002 and 2004.
- ♦ Here in the District of Columbia, homelessness was reduced by 6.5 percent and chronic homelessness by 6 percent in the past year.

This is an amazing, and largely unheralded, national effort to *so/ve* a social problem, and one that should be supported. The right kind of reauthorization bill can help with the implementation of these plans.

Homelessness programs are doing a good job, but to be even more effective we must target resources more efficiently, focus on strategies that are proven to solve the problem, insist on better outcomes, and leverage state, local, and private resources. We do not need, nor want, an expanding and institutionalized homeless system that more and more people enter with no clear way out. We

need and want a system that helps us end homelessness. To create such a system using limited resources is the challenge we, and you, face.

The Right Mix

In reauthorizing the HUD McKinney-Vento programs, you face a difficult task. Emergency needs must be met, but permanent solutions must also be promoted. Housing ends homelessness, but it does not meet service needs: what is the right combination of housing and services? Rural communities, cities, states, homeless families, mentally ill adults, youth, and children all have different requirements: how can they be addressed by a single program? Local and state flexibility is important, but federal leadership is needed to protect the most vulnerable and difficult to serve: what is the proper mix of federal priorities and local flexibility? These are the questions you face and the answers that help us make progress are the answers that achieve the proper balance.

A key determinant in arriving at the proper balance is the fact that homeless assistance money from HUD, alone, is not sufficient to solve the problems of everyone who is homeless – not to mention everyone who is threatened with homelessness. There are, as I will discuss, many millions of people who are at risk of literal homelessness and who need housing and services assistance. They include those extremely low income people who are doubled up, reentering communities from prison or jail, exiting foster care, or leaving hospitals. They certainly have housing needs, but the McKinney-Vento programs are in no way sufficient to meet these needs. However, HUD McKinney-Vento programs can play a role in ensuring that these people do not lose their precarious hold on housing. The existing Continuum of Care process presents an opportunity to leverage a much wider variety of resources and bring to the table mainstream housing and service programs that can make a real difference in meeting these broader needs.

The issue in reauthorization is not what must be done, because everything must be done. The issue is achieving the right mix – how much of everything to do. And, further it is how to improve outcomes in such a way as to build confidence in the system and attract new support and resources, public and private. This approach, and not simply expanding the *program* with little thought to solving the *problem*, is what has made the McKinney-Vento programs so effective, and what holds the hope of allowing us to end homelessness.

Key Elements

The Alliance regards the following as key elements of any bill to reauthorize HUD's McKinney-Vento programs consistent with the goal of ending homelessness.

The current system is a good one to build upon. The current Continuum of Care has become a significant and productive process in communities across the nation. It brings together major players from the public and private sectors to set

priorities and achieve coordination, striving to create a seamless system from the client perspective. It is well administered by HUD and leverages tremendous public and private resources in most communities. Reauthorization, therefore, is needed more to build upon what works than to fix a system that is not broken. Accordingly, reauthorization of the HUD McKinney-Vento programs should first codify and strengthen the positive aspects of the existing system, including the involvement of a wide range of stakeholders and an expectation that the needs of all homeless people in the community will be met.

Recommendations:

- A reauthorization should make the awarding and obligating of funds quicker and more predictable.
- It should consolidate the existing programs of McKinney-Vento into a unified set of eligible activities that are consistent with those currently in use.
- It should retain the competitive nature of the program to ensure positive outcomes and grants should be awarded based on both need *and* performance.
- It should provide the flexibility to allow either a public entity or a less formal collaborative applicant (made up of a variety of nonprofit and public stakeholders) to apply for funds. This flexibility would recognize that the interest and role of governments and nonprofits are different in different jurisdictions.
- It should simplify the match requirement, replacing the current, variable system. It should also ensure that supportive housing providers who link their tenants to mainstream services are credited with a services match, since such linkages are a desired outcome that is currently disincentivized.

New learnings about how to make progress on homelessness should be incorporated. Since the inception of the McKinney Act in the late 1980s, we have learned a lot about what works. Where these key strategies are being implemented, the number of homeless people is going down. Such activities should not only be allowed, but should be incentivized. The two most significant strategies are rapid re-housing and permanent supportive housing.

For a great many families, *rapid re-housing*, or *Housing First*, is effective. Housing First means that the first focus is on getting the family into permanent housing quickly (which entails crisis intervention services to clear immediate impediments to re-housing) with a linkage to services. A reauthorization bill should allow and incentivize communities to employ Housing First strategies for families. Housing provides a stable base for children, education, services, and employment. Shelter does not.

Permanent supportive housing (housing with services) ends homelessness for people with disabilities, including families with children, and single adults. Without

supportive housing, this sub-population of disabled homeless people tends to stay homeless for long periods of time, at great public expense. Supportive housing is proven effective. Communities that are making progress in reducing homelessness among people with disabilities and chronically homeless people are doing so through the expansion of their well-targeted supportive housing programs.

Currently, 30 percent of McKinney-Vento funds are set-aside, on a national basis, for permanent supportive housing. Federal leadership is necessary to protect the interests of this hard- and expensive-to-serve population. Because of the complex and costly nature of permanent supportive housing, we know from experience that communities will not undertake these programs without incentives to do so. In the early 1990s, when the Clinton Administration initiated the Continuum of Care, supportive housing expenditures dropped precipitously as communities shifted resources to less expensive temporary shelter and services. These met emergency needs, but without any exit strategy people began to spend more time in the shelter system. Not only was this a bad approach for them, but their long stays absorbed bed nights that were needed for others. The demand for shelter grew. It is only since the federal government has required a proportional amount of funding to be used to provide a solution – supportive housing – that the number of homeless people has started to decline in some communities, and with it the demand for shelter. Indeed, communities across the nation are beginning to realize that the best way to address growing shelter demand is to reduce the length of time people spend in shelter by shifting resources to housing.

Meeting the immediate shelter and other life-sustaining needs of homeless people is necessary. But without some focus on long term solutions, we will never make progress on homelessness.

Recommendations:

- Provide incentives to communities to invest funds in rapid re-housing.
- 30 percent of the funding should be designated for the creation of permanent supportive housing for people with disabilities.
- Once the initial program period is over, the renewal of supportive housing should come from the fund that supports renewal of Section 8. This eliminates the current system of renewing different permanent housing programs from different sources, provides security to tenants of permanent housing, enhances the ability of projects to attract private capital, and creates a system that is capable of fully meeting the needs of homeless people for permanent supportive housing.
- The bill should anticipate that HUD will establish other best practices in the future, and allow for their funding and for HUD to encourage their implementation.

Data and planning are critical to progress. Communities making progress frequently have good data systems that allow them to assess the size of the homeless population and its characteristics, how people use the homeless system,

and the effectiveness of various interventions. They use this data to adjust their homeless system and often to adjust other public systems as well.

Recommendation:

- The bill should require the establishment of homeless data management systems (HMIS) and encourage the creative use of data for planning and project implementation.

Communities should have resources to prevent homelessness before it occurs. No matter how efficient the homeless system becomes at getting people back into housing, we will never end homelessness if we do not stop people from becoming homeless in the first place. Prevention avoids both human suffering and costly remedial intervention.

Having said that, the pool of people who are at risk of homelessness, and therefore may be eligible for prevention, is huge. In fact, a report recently released by HUD found that 5.99 million households (13.42 million individuals) had worst case housing needs in 2005. This figure, a 16 percent increase over 2003, represents people who are paying too much for housing or living in substandard housing and are, therefore, at risk of homelessness. McKinney-Vento does not have the resources to fully address this problem.

So, while prevention makes sense, the McKinney-Vento programs cannot address the precarious housing situations of millions of Americans. We recommend that while the bulk of assistance under this bill be well-targeted to those with the most severe needs – people who are literally homeless – it should also provide resources to meet the natural and sensible desire of homeless assistance providers to identify and help those people most likely to become homeless, *before* they fall over the brink.

Recommendation:

- Include in the bill a new program that is tightly targeted to allow communities to address prevention for those who face imminent homelessness.

Rural communities have different challenges and different opportunities. The current Continuum of Care system is not the most workable approach for rural communities.

- ♦ It is not possible to establish the full continuum of shelter, transitional housing, permanent housing, and service programs in every rural community.
- ♦ The planning functions of the continuum are difficult to achieve across the geography of rural continuums, putting them at a disadvantage in competition against more compact urban areas.

- ♦ Program models are not always the same as for urban areas. Outreach may look different to a doubled up population, for example; or supportive housing models for two or three individuals might be hard to finance because of economies of scale. Substandard housing, manufactured housing, and at-risk home owners are more common in rural areas, but the particular problems associated with each are not so easily addressed by the current programs.
- ♦ Transportation is a much more important consideration, as is income support, yet these are not easily addressed in the current program.
- ♦ Capacity is an issue and rural areas have often been uncompetitive in the Continuum's competitive process.
- ♦ Administration of programs is a problem. 3 percent of a large city's several million dollar grant may provide enough resources to undertake sophisticated data collection and administration. 3 percent of a grant of \$30,000 to a rural area does not do so.
- ♦ The players may be different in rural areas. While human services entities are common at the county level, housing agencies are less so and the nonprofit and philanthropic infrastructures are very thin. This creates gaps.

On the other hand, rural communities have considerable assets that present opportunities, if they can be taken advantage of.

- ♦ The number of homeless people and the rates of homelessness are lower.
- ♦ People know individual clients and their problems, have relationships with them, and can intervene in a more individualized fashion. It is not necessary to set up large systems.
- ♦ There is less tolerance for long term temporary approaches and people tend to focus on solutions.
- ♦ In rural areas, county mainstream systems (mental health, etc.) may be more integrally involved than is the case in urban areas which may have pushed the problem off entirely to the homeless system.
- ♦ There is not so much investment in infrastructure, so that movement toward a housing model is easier to accomplish.

Recommendations:

- Rural communities should be given the ability to address the needs of people who do not meet the current HUD definitions of homeless and chronically homeless where there is no shelter available.
- Rural communities should be allowed to compete against other rural communities in order to remove the disadvantages they experience when competing against urban communities.
- Rural communities should be given the ability to undertake activities that are not currently eligible in the regular grant program, including prevention and capacity-building.

The needs of homeless children and their families require more concerted attention. While the needs of homeless children and families have been addressed by the current program, and in fact they have historically received more than their proportional share of homeless assistance, they have received inadequate attention over the past few years. Most families are homeless because they have fallen out of housing and do not have the resources to get back in. When asked, these families request assistance getting back into housing and such assistance is sufficient to successfully end their homelessness. This is not to say that the families do not have serious service needs. They do. Homeless assistance programs should provide them with crisis services and then connect them to mainstream service programs in their communities. Finally, there are some families that need much more assistance. These are chronically homeless families and supportive housing may be a successful intervention for them. The bill should focus on these activities.

Recommendations:

- Create a new pool of funds to support prevention activities for families who are at high risk of homelessness – doubled up, moving often, and with extremely low incomes.
- Require HUD to provide bonuses or other incentives to communities that provide rapid re-housing services to homeless families. Rapid re-housing is a primary tool for communities that have substantially reduced family homelessness.
- Expand the definition of chronic homelessness to include families as well as individuals.
- Make re-housing services (including flexible housing assistance) eligible activities.
- Structure the program so that communities that do a good job of re-housing families that are literally homeless can use their homelessness funds for prevention activities.

It is important to maintain a tight focus on outcomes by targeting assistance wisely. As has been stated, the McKinney-Vento programs cannot address all the needs of people who are threatened with homelessness. The difficult task at hand is to figure out what they *can* do and then to ascertain how they can be used to leverage other resources to fill the gaps.

At present, on a given night some 750,000 people are literally homeless. Nearly half of these people are unsheltered. The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2007 (HEARTH Act) proposes to change the definition of homelessness to include people who are doubled up for economic reasons. The Alliance conducted an analysis of the Census Bureau's 2005 American Community Survey data to assess the impact of such a change. We found that some 3.8 million people are doubled up for economic reasons.* This is

* As there is no accepted definition of “doubled up” we created three definitions that involved various configurations of family and non-family members. The range, using the three definitions, was between 2.4

five times the number of people who are currently defined as homeless by the statute and eligible for homeless assistance from HUD. Serving this many people would require, in 2005 dollars and on a pro rated basis, \$7.725 billion, versus the \$1.241 billion that was available. And it should be remembered that a pro rata increase would still leave 44 percent of those eligible unsheltered.

At a minimum, the Alliance could not support expanding the pool of eligible recipients of assistance without a commensurate increase in funding and a significantly expanded scope of program interventions. Expanding eligibility prior to expanding resources is a recipe for disaster.

More fundamentally, we do not believe that expanding the definition as the HEARTH Act does – and it goes far beyond even doubled up for economic reasons, including those living in substandard housing, hotels, and motels and others – is either necessary or wise for the HUD McKinney programs. There are several reasons for this.

- ♦ Not all people who are doubled up for economic reasons are homeless. While many certainly have housing and service needs, most are stably housed, although such housing may not be optimum. They do need assistance, but it should be provided by Section 8 or other housing programs, or Community Services Block Grants, TANF, child welfare, and other service programs. The homeless programs cannot meet the needs of everyone who has housing problems.
- ♦ Those who are *not* stably housed *are* homeless, and should be clearly included in the HUD definition.
- ♦ It is not necessary that the Department of Education and the Department of Housing and Urban Development have precisely the same definitions of homelessness. Their programs have different purposes and can serve different populations.
- ♦ The homeless system has few resources that would benefit the broad range of doubled up households. While we do recommend the formation of a new McKinney initiative that would help such families, we believe this assistance should be focused tightly on preventing imminent homelessness, not on generally meeting the needs of doubled up families.
- ♦ We are concerned that, much as happened with Section 8 and other housing programs over the past few years when income eligibility requirements were raised, expanding the definition of homelessness will result in a race to serve higher income or more stably housed people, leaving the neediest people – children of mothers with substance abuse disorders, adults with mental illness, homeless youth – more or less permanently stuck on the streets and in shelters. Federal leadership is needed to protect the most vulnerable.

and 10.5 million people. We selected the middle estimate, which includes people living with extended family, friends and other nonrelatives, but not those living in group quarters. As “economic reasons” also lacks a precise definition, we used only those living below the poverty line.

- ♦ Finally, it should be remembered that families and individuals are NOT required to be living in the streets in order to receive shelter assistance. Many families enter shelter from doubled up situations and in some places this is routinely the case. **The reason that families are not helped is not because they are ineligible for assistance by virtue of being doubled up; it is because there are no resources to help them. Calling more people homeless will not solve this problem – it will exacerbate it.**

The HUD McKinney programs should not adopt the expanded definition of homelessness contained in the HEARTH bill. However, we do believe that the definition of homelessness should be expanded. The question is where to place the bright line between those who are doubled up and homeless, and those who are doubled up for economic reasons and not homeless. We believe that there are families and individuals who are unstably housed with friends and relatives, variously called “couch surfers” or people without an address, who are homeless and should be clearly defined as such.

Recommendation:

- The Alliance supports the provision in the Community Partnership to End Homelessness Act, as reported by the Senate Committee on Banking and Urban Affairs, that expands the definition of homelessness in an accurate and reasoned way to include people who are unstably housed in doubled up situations.

Moving forward

In summary, the National Alliance to End Homelessness recommends that you build upon what we have learned in the Continuum of Care and advance the movement to end homelessness. To do this, the reauthorization bill must accomplish the difficult task of focusing on outcomes while recognizing that the funding it provides cannot, alone, end homelessness. It should contain significant new, and much needed, initiatives on prevention and rural homelessness. It should retain a commitment to meet the needs of chronically homeless individuals by targeting assistance to them, and through the non-competitive renewal of their permanent housing. It should expand this initiative to include chronically homeless families. On the issue of families, it should include a significant new focus on addressing the needs of families and a broader set of interventions to assist them. It should not pretend to be able to do everything, but it should advance the ball, using a set of incentives to leverage other needed resources.

In our view the Senate’s Community Partnership to End Homelessness contains these elements and is a good model for moving forward. While the HEARTH Act also contains many important provisions that we support, it unwisely shifts the emphasis of HUD homeless assistance away from meeting the needs of the

children, youth, families, and individuals who are literally homeless and attempts to address the needs of the millions of people who are vulnerable to homelessness.

We are tremendously grateful to for the leadership the Subcommittee and the Committee have exhibited over the years on this issue. We are grateful for your caring concern and your activism on the issue.

The National Alliance to End Homelessness is an organization that, as its name states, has one simple goal – ending homelessness. We examine every proposed policy initiative in the light of its ability to make progress toward that goal. We believe that it is possible to create a bill that is soundly grounded in the knowledge of what works to end homelessness. We look forward to working with you to accomplish that goal.