

**Testimony
of
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**before the
Committee on Banking, Housing and Urban Affairs
U.S. Senate**

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

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Chairman Dodd, Ranking Member Shelby, Senator Reed and members of the Committee, 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 better be 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 in support of the Community Partnership to End Homelessness Act (CPEHA), recently introduced by Senator Reed and Senator Allard and already backed by a distinguished group of Senators from both sides of the aisle. Homelessness has long been an issue that this

Committee has addressed in a serious, an innovative, and a bipartisan way. The Alliance is gratified that this bill builds upon that distinguished record of accomplishment and moves the ball forward.

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 introducing this creative bill and for holding this hearing today. 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 lives and 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. 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 S.1518 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 homeless for long periods or repeatedly and have a disability.

The numbers are disturbing, but even more disturbing is this: 1% of all Americans and fully 10% 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 this 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 rehousing – 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; 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% since 2005.
- Westchester County, New York reduced homelessness among families by 57%.
- Hennepin County, Minnesota reduced family homelessness 42% between 2002 and 2004.
- Here in the District of Columbia, it was just reported that homelessness was reduced by 6.5% and chronic homelessness by 6% in the past year.

This is an amazing, and largely unheralded, national effort to *solve* a social problem, and one that should be supported. This bill will help with the implementation of these plans.

The Right Mix

In reauthorizing the HUD McKinney-Vento programs, you face a difficult task. There is an existing infrastructure of programs and processes that you will want to build upon, enhancing the good elements and reducing the less effective ones. There are sometimes conflicting views of how the program should operate, and what its goals should be. Some feel that it should focus on housing the hardest to serve; others that it makes more sense to focus on prevention or helping those with fewer barriers to rehousing. Some feel that localities or states know best what to do with the resources;

others that federal resources should have federally-designed purposes. Some feel that services should be funded; others that housing should be the focus. In fact, the program will have to accomplish all of these goals.

Another important factor is that homeless assistance money from HUD, alone, is not sufficient to solve the problems of everyone who is homeless or threatened with homelessness. The McKinney-Vento programs cannot do everything. But the existing Continuum of Care process and the resources of McKinney-Vento are the place where agencies that address housing, services, and income meet to strategize around homelessness, where resources are put on the table and leveraged, and where commitments are made. The program presents an opportunity to leverage a much wider variety of resources and bring to the table actors who can make a real difference.

The issue in reauthorization, then, 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. We believe that you have done a good job of balancing these varied needs in the bill. One of the reasons is that, over the past few years, you have devoted a tremendous amount of time to listening to what people from around the country and from different organizations had to say about homelessness and the McKinney-Vento programs. Your openness to the concerns and needs of providers, homeless people, state and local agencies, and other funders has led to a bill that codifies the solid core of the existing Continuum of Care system; improves its focus on outcomes; and addresses key outstanding concerns, particularly around prevention and rural areas.

Based upon this assessment, the National Alliance to End Homelessness wholeheartedly supports S.1518, the Community Partnership to End Homelessness Act. In particular, we are supportive of the following elements of the bill.

Key Provisions of S 1518

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. This is not a system that needs to be fixed, but one that needs to be built upon. CPEHA largely codifies 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. It builds upon the existing system in several ways.

- It offers communities and states the option of either a less formal collaborative applicant made up of a variety of nonprofit and public stakeholders; the creation of a nonprofit entity to apply for funds; or the designation of a public agency to serve the function. This flexibility recognizes that the interest and role of governments and nonprofits are different in different jurisdictions.
- It allows communities to take more responsibility for the operation of their Continuum of Care through the establishment of a Unified Funding Agency.
- It takes steps to make the awarding and obligating of funds quicker and more predictable.
- It consolidates the existing programs of McKinney-Vento into a unified set of eligible activities that are consistent with those currently in use.
- As in the past, the competitive selection would largely be dependent upon two things: pro rata need and points awarded through the application.

- It simplifies the match requirement, replacing the current, variable system. It also clarifies some technical issues with the services match for permanent housing, which would ease the way for supportive housing providers to link their tenants to mainstream services systems, a desired outcome that is currently disincentivized.

We have learned a lot about how to make progress on homelessness. Since the inception of the McKinney Act in the late 1980s, we have learned a lot about what works.

For example:

- For a great many families, *Housing First* is effective. Housing First means that the first focus is on getting the family into permanent housing quickly (which will involve crisis intervention services to clear immediate impediments to rehousing), with a linkage to services. This bill incentivizes communities to employ Housing First strategies. Further, it allows funding for permanent housing for any homeless family (which the current program does not).
- *Supportive housing* (housing with services) ends homelessness for people with disabilities: without supportive housing, this sub-population of homeless people tends to stay homeless the longest, at great public expense not only to homeless programs, but also to health, hospital, corrections and other systems. Supportive housing is proven effective. Communities that are making progress in reducing homelessness, especially among people with disabilities and chronically homeless people, are doing so through the expansion of their supportive housing programs. CPEHA encourages the use of supportive housing to address the needs of this population.
 - It designates 30% of the funding for the creation of supportive housing.
 - It simplifies and regularizes the renewal of such housing. Once the initial program period is over, it funds the renewal of this housing 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, and creates a system that is capable of fully meeting the needs of chronically homeless people for permanent supportive housing.

- We have, in our discussions with partners such as the National Equity Fund and the Shelter Plus Care Coalition identified some technical changes that may be needed to make the program work better with tax credits and other financing vehicles. We ask that the Committee consider these changes as the bill moves forward.

Supportive housing and Housing First are incentivized in the bill, which anticipates HUD establishing other best practices in the future.

We should encourage communities to focus on outcomes, while recognizing that many may be constrained by factors outside the control of McKinney-Vento. The factors that cause homelessness, and often the systems that could solve it, extend beyond the homeless programs. They include the supply of affordable housing, the mental health system, the corrections system, the child welfare system, and many others. CPEHA does a good job of tapping into these systems, but it cannot fully control them. Despite this constraint, homeless assistance providers continue to believe that they can be more efficient and effective and do a better job, based upon continued learning about what works. Accordingly, we very much support the bill's outcome incentives.

In particular, the designation of High Performing Communities addresses three sometimes conflicting needs.

- Some applicants are committed to outcomes but cannot compel a more widespread community approach that addresses causes and solutions. *The homeless people in these communities should not be penalized.*
- Some communities wish to have much more flexibility to address the problem, but have not demonstrated their ability to utilize such flexibility to achieve improved outcomes. *If they can show outcomes, they should receive that flexibility.*
- Some communities have seriously undertaken to improve their performance and have succeeded. *They should be rewarded.*

The High Performing Communities provision does a good job both of focusing on outcomes and of increasing flexibility.

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. We support the provisions in the bill that require the establishment of homeless data management systems (HMIS) and that encourage the creative use of data for planning and project implementation.

Communities see the value of preventing 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. It makes sense.

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% increase over 2003) represents over 13 million people who have very low incomes and 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.

Once again, then, we are in the position of determining a sensible strategy that allows communities and programs to address the needs of a group of people on the brink of homelessness, but does not unrealistically propose to solve the precarious housing situations of millions of Americans. I believe that the bill does this admirably through the establishment of a new Title for Community Homelessness Prevention and Housing Stability. Through this mechanism, the bulk of assistance remains well-targeted to those with the most severe needs: people who are literally homeless. On the other hand, it meets 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.

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.
- Definitional issues are a problem. Because of a lack of shelter in many communities, people are doubled up and may have difficulty meeting HUD's definitions of homelessness or chronic homelessness.

- 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. Three percent of a large city's several million dollar grant may provide enough resources to undertake sophisticated data collection and administration. Three 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 rate 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.

A significant feature of the Community Partnership to End Homelessness Act is its approach to rural communities. It addresses many of the concerns expressed above.

- It gives rural communities the ability to address the needs of people who do not meet the current HUD definitions of homeless and chronically homeless.
- It allows rural communities to compete against other rural communities, removing the disadvantages they experience when competing against urban communities.
- It gives rural communities the ability to undertake activities that are not currently eligible in the regular grant program, including prevention and capacity-building.

I believe that this provision will significantly improve the ability of rural areas to address the problems of homelessness.

The needs of homeless families require more concerted attention. While they have been addressed by the current program, the needs of homeless families have often not received the attention they should have over the past few years. CPEHA makes significant changes in the current system that will greatly benefit homeless families with children.

Homeless families, when asked, are extremely clear about what they want and what would help them: they want help securing housing. This bill places the focus there. While the HUD homelessness programs are far too small to single-handedly solve the nation's housing affordability crisis, they can at least ensure that homeless families and families on the verge of homelessness get effective help with housing.

The Community Partnership to End Homelessness Act changes the operation of the HUD homelessness programs in the following ways that specifically benefit families with children and help them attain what they most want – an end to their homelessness.

- It creates a new program to fund a wide range of homeless prevention activities. The main demand for this program has been to serve families who are at high risk of homelessness – doubled up, moving often, and with extremely low incomes.
- It requires HUD to provide bonuses or other incentives to communities that provide rapid rehousing services to homeless families. Rapid rehousing is a primary tool for communities that have substantially reduced family homelessness.
- It includes families in the definition of “chronically homeless,” allowing communities to use money targeted to chronically homeless people for families as well as individuals as long as other criteria are met.
- It allows communities to pay for permanent housing for any homeless person, eliminating the requirement that McKinney-Vento-funded permanent housing be available only to homeless people with a disability. Families with children are likely to be the primary beneficiaries of this change.
- It sets aside 10 percent of funding for activities that permanently house homeless families.
- It makes rehousing services (including flexible housing assistance) eligible activities. This is likely to primarily benefit homeless families.
- It rewards communities that fully implement rapid rehousing services for families by allowing them to use bonus money for prevention activities.
- It provides flexibility incentives so that communities that do a good job of rapidly rehousing homeless people will be allowed to use their homelessness funds for

prevention activities. It is likely that families that are on the verge of homelessness will be the primary beneficiaries.

It is important to maintain a tight focus on outcomes by targeting assistance

wisely. As was stated above, the McKinney-Vento programs cannot do everything to address all of the causes and solutions to 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: we are not currently meeting their basic needs. Some people have advocated changing the definition of homelessness to include people who are doubled up for economic reasons. Others have said that until we can meet the most basic needs of those who are literally without any shelter at all, it makes little sense to expand the pool of those eligible.

In the interest of understanding this issue, the Alliance conducted a preliminary analysis of the Census Bureau's 2005 American Community Survey data. We found that somewhere between 2.4 million and 10.5 million individuals are doubled up and living below the poverty line (the wide range is due to the lack of a precise definition for "doubled up"). If this group were counted as homeless, we would have somewhere between four and 15 times as many people eligible for homeless assistance as we currently have. We 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.

In fact, communities that are making progress are taking steps to target their assistance more tightly to those with the most acute needs. People with more severe needs, most especially those with chronic disabilities, receive the richer assistance of

housing subsidy and services. Those with no less critical, but perhaps less intensive, needs can receive emergency assistance to help them get quickly back on their feet. CPEHA, in our view, properly allows such targeted assistance by making the appropriate activities eligible and focusing communities on outcomes.

Moving forward

In summary, the National Alliance to End Homelessness supports the Community Partnership to End Homelessness Act. We believe that it successfully accomplishes the difficult task of focusing on outcomes while recognizing that the funding it provides cannot, alone, end homelessness. It contains significant new, and much needed, initiatives on prevention and rural homelessness. It retains 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 rightly expands this initiative to include chronically homeless families. On the issue of families, it contains a significant new focus on the needs of families and will result in a broader set of interventions to assist them. It does not pretend to be able to do everything, but it does advance the ball, using a set of incentives to leverage other needed resources.

We are tremendously grateful to the members of the Committee, and particularly to Senator Reed and Senator Allard for their active outreach to hundreds of nonprofit and public agencies and homeless individuals in the effort to craft the bill. More importantly, we are grateful for your willingness to respond to their considerations. I believe that this approach has resulted in a bill that fairly addresses a very broad range of concerns and issues.

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. It is our belief

that this bill is soundly grounded in the knowledge of what works to end homelessness.

It is therefore our privilege to support it, and we look forward to working with you to move the bill forward.