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United States Senate



“McKinney-Vento Act Reauthorization and Consolidation of HUD’s  
Homeless Programs”

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## **Introduction**

Good morning Chairman Dodd, Ranking Member Shelby, Senator Reed, and members of the Committee. I am pleased to be here to discuss the proposed consolidation of HUD's three competitive Homeless Assistance Grant programs into a single program aimed at alleviating homelessness in this country. 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 end chronic homelessness and move homeless families and individuals to permanent housing.

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. Approximately 6,000 projects and 460 Continuums of Care (CoCs) each year receive funds to alleviate homelessness in their communities. The Administration has continued to support the Homeless Assistance Grants 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. 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 decision-making authority and flexibility. I want to once again 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.

The Administration bill, which has been transmitted to Congress, 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 5,300 awarded contracts. Both bills would greatly simplify this process by allowing HUD to review only one 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, 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. Both bills would establish a single match requirement of 25 percent for all activities under the consolidated program.

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 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 the 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. Over 3,900 jurisdictions participate in the Continuum of Care process, representing 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. Both bills would codify this approach, 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 up to 15% 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.

In HUD's current competitive grant programs, applicants must explain and document their efforts to prevent homelessness. Both bills place greater emphasis on its importance by encouraging the Continuums of Care to fund homelessness prevention.

### **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, research shows that while representing just 10 to 20 percent of the homeless population, chronically homeless persons consume up to 50 percent of 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 housing as a way to improve cost effectiveness for the community and quality of life for the individual. \$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 not shied away from serving this difficult population, it has also 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.

### **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.

This 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. The 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's GPRA efforts have been touted by OMB as exemplary for other federal programs to emulate. HUD's Continuum of Care programs were recently 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.

### **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:

- Provides for the use of 6 discrete selection criteria in order to better serve applicants and allow for more efficient application review;
- Keeps in place HUD's current definition of chronic homelessness;
- Increases efficiency in the award of competitive funds by consolidating existing programs into a single program and application without creating new programs;
- Continues to target disabled individuals and families for permanent housing activities; and
- Maintains the source of funding for permanent housing renewals as the Homeless Assistance Grants appropriation account, whereas S. 1518 provides for renewals from the Section 8 project-based rental assistance account. HUD believes the consolidated

homelessness grants program should remain a separate and distinct program serving a unique population.

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.