S. HRG. 107–950

REAUTHORIZATION OF THE McKINNEY–VENTO HOMELESS ASSISTANCE ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON HOUSING AND TRANSPORTATION

OF THE

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

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ON

THE HOMELESSNESS PROBLEM IN AMERICA, THE STRENGTHS AND WEAKNESSES OF THE McKINNEY–VENTO HOMELESS ASSISTANCE ACT HOUSING PROGRAMS, AND PROPOSALS THAT SHOULD BE CONSIDERED AS PART OF REAUTHORIZING LEGISLATION TO INCREASE THE EFFECTIVENESS OF FEDERAL FUNDS IN PREVENTING AND ENDING HOMELESSNESS

MARCH 6, 2002

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WEDNESDAY, MARCH 6, 2002

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

The Subcommittee met at 2:30 p.m. in room SD–538 of the Dirksen Senate Office Building, Senator Jack Reed (Chairman of the Subcommittee) presiding.

OPENING STATEMENT OF SENATOR JACK REED

Senator REED. Let me call the hearing to order. My colleague, Senator Allard, will be delayed for a few moments but he asked us to go ahead. I want to welcome all of our witnesses. I would like to make my opening statement in some detail because of the importance of this hearing and when Senator Allard returns, if he so chooses, he can make his opening statement.

I am pleased to welcome the witnesses this afternoon. This is a very important hearing on the reauthorization of the McKinney–Vento Housing Programs. In the past year, the Urban Institute estimates that at least 2.3 million, and perhaps as many as 3.5 million people, have experienced homelessness. On any given day in the United States, at least 800,000 people are homeless, including about 200,000 children.

Homelessness has an especially devastating impact on these children. If they are even able to go to school, homeless children face significant challenges, such as learning disabilities and emotional and behavioral problems.

Many of those without a home are asking for help. This year's U.S. Conference of Mayors report on *Hunger and Homelessness in America's Cities* states that requests for emergency shelter by families increased by 22 percent. Unfortunately, over half of all these requests for housing assistance went unmet.

In my State, the Rhode Island Shelter System provided more nights of shelter this past year than at any point in its history.

Locally and nationally, several trends seem clear. First, despite the economic boom of the 1990's, homelessness has increased. Second, increasing numbers of families with children are being forced into our emergency shelter system. Just yesterday, in *The Washington Post,* there was an article about the 25 percent rise in homelessness in Fairfax County, Virginia, in the past 4 years. Third, a

relatively small number of long-term chronically homeless persons continue to utilize a disproportionate number of the bed nights in our Nation's shelters.

If you talk to service providers, they can give you a laundry list of factors that contribute to homelessness—high housing costs, low-paying jobs, domestic violence, substance abuse, mental illness, changes and cuts in public assistance programs, utility costs, and lack of health care.

At the national level, the Federal Government has created nearly two dozen programs targeted toward people experiencing homelessness. Unfortunately, these programs are administered by eight different agencies.

When it was created in 1987, the McKinney–Vento Homeless Assistance Act was intended to be an emergency response to the crisis of homelessness. It appears that many McKinney–Vento programs now serve not just those who are homeless, but those who are not being serving by the traditional affordable housing programs.

Instead, mainstream programs are now relying on homeless assistance programs, shifting the cost and responsibility for providing housing and services to the McKinney–Vento programs. As a result, both homelessness and a separate support system, have been institutionalized.

As many of you are aware, I have been working on a bill to reauthorize the McKinney–Vento housing titles. First and foremost, I believe that limited Federal dollars need to be better focused on preventing and ending homelessness, not simply maintaining it.

My proposal would realign the incentives behind HUD homelessness assistance programs. More funding would flow to communities that can demonstrate a commitment to accomplishing the goals of preventing and ending homelessness.

My bill also would: Simplify and consolidate the HUD homelessness assistance programs into one program; provide new flexibility in using the McKinney–Vento funds; for the first time, promote the building of new housing for families; target funds for the development of permanent housing for the disabled, provide incentives for the creation of new permanent housing stock; promote comprehensive local planning through HUD's Continuum of Care process; require greater accountability; and increase coordination between Federal agencies.

Reauthorizing the housing titles of the McKinney–Vento Homeless Assistance Act is the beginning. However, because the needs of homeless individuals and families fall within the jurisdiction of many Federal Departments and Congressional committees, I believe additional legislation is also going to be necessary in order to require Federal agencies such as the HHS and the Department of Veterans Affairs to work with HUD in a more coordinated manner toward preventing and ending homelessness.

Today, we will hear from two panels of witnesses. The first panel will consist of: Roy A. Bernardi, Assistant Secretary, Office of Community Planning and Development, U.S. Department of Housing and Urban Development; and Stanley J. Czerwinski, Director of Physical Infrastructure Issues, U.S. General Accounting Office.

On the second panel we will hear from three homelessness advocates about their efforts to prevent and to interrupt, we hope, the

homelessness in the United States. Ms. Nan P. Roman, President, National Alliance to End Homelessness; Mr. Mitchell Netburn, Executive Director, Los Angeles Homeless Services Authority; and Ms. Mary Ann Gleason, Director, York County Initiative to End Homelessness in Alfred, Maine.

We will be asking all of our witnesses to discuss the homelessness problem in the United States, the strength and weaknesses of the McKinney–Vento Homeless Assistance Act housing programs, and proposals that should be considered as part of reauthorizing legislation to increase the effectiveness of Federal funds in preventing and ending homelessness.

As I am joined by my colleagues, I will introduce them and offer them an opportunity to speak.

Now let me formally introduce our first panel.

Mr. Roy Bernardi is Assistant Secretary of Community Planning and Development of the Department of Housing and Urban Development. In this role, Mr. Bernardi is responsible for overseeing the implementation of HUD's Homeless Assistance Programs. Prior to joining the Administration, Mr. Bernardi was the 51st Mayor of the city of Syracuse, New York.

He is joined by Stanley Czerwinski. Mr. Czerwinski is GAO's Director for Physical Infrastructure Issues and as such is responsible for overseeing evaluations concerning housing and related issues. And Mr. Czerwinski is joined at the witness table by Mr. Jason Bromberg.

Mr. Secretary, your statement will be made part of the record. If you would like to summarize, you are encouraged to do so.

Mr. Secretary.

STATEMENT OF ROY A. BERNARDI, ASSISTANT SECRETARY OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. BERNARDI. Thank you, Chairman Reed.

Thank you for the opportunity to be here this afternoon with you. On behalf of Secretary Martinez, I want to extend our commitment to work with you to improve this Nation's response to the problem of homelessness that you outlined.

HUD has a long history of addressing homelessness. Since the McKinney–Vento Act's beginning in 1987, HUD has administered an array of Federal homeless assistance programs. The programs provide emergency, transitional, and permanent housing for homeless persons. HUD's programs also provide for, by law, a variety of supportive services, such as job training and mental health treatment. Hundreds of thousands of men, women, and children who have no place to call home have been assisted by these programs.

Secretary Martinez intends to continue and even enhance our efforts related to homelessness. The Bush Administration has set a goal of ending chronic—or long-term—homelessness within 10 years. This is a bold goal. This is a goal that will require many Federal, State, and local partners. But this is a goal that together we can and will achieve.

The Federal Interagency Council on the Homeless was recently reactivated and will be critical in ending chronic homelessness. The member agencies of the Council elected Secretary Martinez as

Chairman and Secretary Tommy Thompson of the Department of Health and Human Services as Vice Chairman. At the meeting, Philip Mangano was appointed as the Executive Director of the Council. Mr. Mangano is the former Director of the Massachusetts Housing and Shelter Alliance and has extensive experience in the field of homeless programs and policy. The Council will be, among other activities, assessing current Federal homeless efforts, reducing duplication among programs, and identifying ways to effectively prevent homelessness. We at HUD look forward to working closely with the other member agencies of that Council.

Let me provide some background on HUD's present homeless assistance efforts. The Department administers four McKinney–Vento homeless assistance programs. Three of these are competitive: The Supportive Housing Program, Shelter Plus Care, and the Section 8 Single Room Occupancy, or the SRO Program. The fourth program allocates funds by formula, the Emergency Shelter Grants Program. Together, they provide over 70 percent of all Federal McKinney funds administered by six Federal agencies. In 2002, Congress appropriated and HUD will be awarding over $1.1 billion in homeless assistance for these four programs.

To streamline the administration of these programs, in 1995 HUD implemented the Continuum of Care approach. Prior to that time, individual projects were submitted to Washington for review, and HUD picked which ones it thought were the most important for each community. The Continuum calls on communities—not individual projects—to identify their needs related to homelessness—both housing and services. State and local government, nonprofit agencies including faith groups, as well as foundations, businesses, and homeless and formerly homeless persons come together in this effort. The community collectively identifies the inventory of resources they currently have to address their various homeless needs. Any unaddressed needs, or gaps, in the system are what communities can request HUD to fund. Applicants can request funds for any or all of the three competitive HUD programs. Communities prioritize the projects they want funded and if eligible, and the funds are available, HUD awards local projects based on the community's prioritized list. The continuum approach has helped coordinate housing and services for a population that is needy and often difficult to effectively serve.

Let me briefly summarize the outcomes of this past competition to give you a sense of the magnitude and impact of these HUD programs. Over 450 continuums applied for funding in 2001. With many individual continuums representing several cities and in some cases entire States, a significant portion of America has a continuum. In fact, a full 90 percent of all Americans now live within existing continuums. These continuums submitted to HUD 3,275 projects for funding of which HUD was able to fund 78 percent. With the $950 million that was awarded in 2001, HUD will be supporting the operations of 70,000 beds. When combining the housing and the services the funds support, approximately 229,000 persons will be supported on any given day.

The current approach is helping many people, but given the need on the streets—as you outlined, Mr. Chairman—of our cities throughout this Nation, we must do much more. National studies

indicate that in any point in time there are over 600,000 persons who have no home. Many are homeless for only a short time and with short-term housing and services they can transition toward self-sufficiency. That number is approximately 80 percent. However, a much smaller number are homeless for extended periods of time and they suffer from disabilities. As Dr. Dennis Culhane from the University of Pennsylvania has pointed out in recent research, this relatively small portion of disabled single homeless persons consumes a large share of our public services. To the extent we can provide permanent housing and support for this population—this is a key point—the savings in resources can be used to serve many more of the homeless persons who need only short-term assistance.

Currently HUD is actively pursuing four major policy initiatives to meet the goal of ending the problem of chronic homelessness established by Secretary Martinez. The first initiative is a joint task force made up of HUD, HHS, and the Department of Veterans Affairs. The second initiative is Policy Academies for States and local leaders. The third initiative is improving the annual competition to help drive this effort. And the fourth is HUD proposes to consolidate its homeless assistance programs.

Our Joint Task Force: HUD and HHS have been meeting since February 2001 and VA has recently come on board. The group's purpose is to seek ways to increase the use of mainstream Federal supportive service funds so that we at HUD are not devoting a majority of our funds to services. Right now we provide approximately 50 percent of our services for housing and about 50 percent for services. Instead, HUD can once again focus on its core mission—the provision of housing. The wide range of HHS service programs has been represented at the Federal task force. Sharing information about each other's programs has been an important and fruitful first step. As part of this process, HUD solicited input on how it could improve its national grants application. Recommendations regarding supportive services were provided by HHS and incorporated by HUD into this year's application process.

Policy Academies: Another concrete outcome of our collaboration with HHS is the planning and implementation of a series of Policy Academies. Each Governor was invited to submit an application for consideration to send a team of their top mainstream health and human service officials with policy and budgetary authority to a Policy Academy conference. The top 16 States were selected to attend either of two scheduled Academies. We have plans for additional sessions. The sessions give the State Teams the opportunity to meet and plan statewide strategies on improving coordination and communication between the various agencies within the State. The goal is to assist State and local policymakers in developing an action plan to improve access to the mainstream health and human services that are coordinated with housing for homeless persons.

Changes to the Continuum Application: We have carefully considered the comments of the States, cities, and nonprofit providers as well as our Federal partners in preparing this year's application. The application will focus less on process and more on outcomes, clearly highlighting the importance of housing and mainstream services. As the Notice of Funding Availability for these funds has

not yet been issued, I am prevented at this time from providing the various details on the improvements that we have made.

In addition to targeting homeless assistance to those most in need, we concurrently want to prevent homelessness. Homeless prevention is sensible and cost-effective. By lowering the rate of entry of people into the homeless population, service providers can more effectively aid those who are currently homeless. In addition to saving the cost of shelter and related social services, and you mentioned, Mr. Chairman, prevention efforts can also reduce the human and social costs of homelessness. Homeless prevention programs also help people to maintain steady employment and self-sufficiency, thereby generating real benefits for themselves, our communities, our schools, and our places of work.

The linchpin of HUD's McKinney–Vento homeless prevention effort is the Emergency Shelter Grants Program. As you all know, this is a formula program. Up to 30 percent of an ESG grantee's funds can be used for homeless prevention. Other HUD programs can and do provide community development and housing assistance to State and local governments to assist low-income and other persons in avoiding homelessness. These will include the Community Development Block Grant Program, the HOME Program, the Housing Opportunities for Persons with AIDS, our HOPWA Program, Section 8 Housing Choice Vouchers, and the Supportive Housing for Persons with Disabilities.

There are many successful examples of our prevention efforts. I want to share with you one such effort. The Community Sharing Funds of the St. Paul Foundation in Minnesota is considered a "last resort" emergency fund. Working through a network of 70 social service agencies in a three-county area, this recipient of ESG homeless prevention monies serves clients who are in danger of being evicted from their homes and are not eligible for help elsewhere. A thorough screening process and documentation of the eviction proceedings help staff to assess the potential for solving the housing problem through short-term cash assistance. In some cases, clients are required to attend financial management classes prior to receiving monetary assistance. Where a "reasonable" chance of success in solving the problem exists, financial awards—averaging $400—are made to the referring agency, which in turn that referring agency presents a check to the landlord to pay the rent, thus preventing that family from becoming homeless.

Let us talk a bit about our HMIS, our efforts related to Homeless Management Information System. You can see the disparity in the numbers. I mentioned that on any given day there were 600,000 people that are homeless on our streets, and I believe, Senator, you said as high as 800,000 people. The Department has adopted a comprehensive approach to addressing Congressional direction to collecting homeless information in all jurisdictions and nationally. To facilitate that effort, Congress developed, with the input from the HUD staff, a new eligibility activity in HUD's Supportive Housing Program. This initiative is resulting in many homeless projects receiving grant assistance to implement and operate the HMIS systems. To further support this effort, in September 2001, we initiated a $4.1 million 2 year technical assistance contract to assist the Continuum of Care communities. We are currently in the process

of reviewing proposals for setting standards for local and national homeless data collection and implementing an annual homeless assessment report to Congress. It is through this HMIS effort that we will be able to better measure the performance of our progress in ending chronic homelessness and effectively assist homeless persons generally in moving toward self-sufficiency.

The Department will be submitting a proposal to consolidate its three competitive homeless programs. Communities, not Federal mandates, can end homelessness. Using the groundwork laid through the Continuum process, we want to empower the States and cities to more effectively solve their problem within their jurisdictions. We have been and will continue to be meeting with public interest groups about our proposal. We are soliciting their feedback and recommendations as we develop this legislation.

The Department wants to take the best elements of the current competitive system and improve upon them. We recognize that the community-wide planning aspect of the continuum process is a very positive feature. The coordination that is going on in communities between city agencies, non-profit organizations, and other groups such as foundations and businesses is something that we want to retain in our proposal. We recognize the vital role that nonprofit organizations provide in communities. They actively participate in assessing needs and prioritizing which projects should be funded. They also are usually the frontline providers of assistance to homeless persons, and we will be examining how nonprofits can continue to play this important role.

There are some features of the current process that need to be changed. For instance, three of the current programs that constitute the Continuum of Care each have different eligible applicants, different eligible activities, different match requirements, and different grant terms. It is often difficult for local organizations to negotiate through the complexity of the current array of programs. We need to be more flexible to communicate with them and have additional success.

In addition to providing more flexibility to communities, a streamlined approach to awarding funds will significantly reduce the amount of time it takes to assist homeless persons. Through a national competition system where up to 4,000 projects must be rated and reviewed before awards are made, HUD requires nearly 18 months from the time the funds are appropriated to when a homeless person is actually assisted. Under a more streamlined approach, the typical community, which has fewer than 15 projects, might review and award its projects in a matter of weeks, not months. This approach might use a formula for award that combines the measures of needs, strong performance standards, and incentives so as not to be confused with an entitlement. Performance standards such as those related to accessing mainstream resources for clients and placing long-term homeless persons in permanent supportive housing are being considered.

In closing, HUD is committed to making a difference in the lives of those who are unfortunate not have a home. We look forward to working with you to make that a reality.

A proposal is a proposal is a proposal. A function of our agency is to talk to everyone involved—the providers, the people who have

been through the process, local and State governments, your staff, yourselves—and try to develop a system where we can better utilize the funds that we have available to us, and at the same time try to reverse that number on homelessness.

Thank you.

Senator REED. Thank you very much, Mr. Secretary. It was important to give you the time to lay out in detail the position of the Administration, and thank you for your thoughtful statement.

We have been joined by the Ranking Member, Senator Allard. Senator, do you want to make a statement now?

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. I do have a statement, Mr. Chairman.

I would like to thank you for holding this hearing of the Subcommittee on Housing and Transportation. This Subcommittee has discussed reauthorization on previous occasions. I look forward to the opportunity to continue that dialogue.

In 1987, Congress passed the Stewart B. McKinney Homeless Assistance Act, now known as the McKinney–Vento Homeless Assistance Act. This 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 has developed that a major Federal commitment was required to end homelessness.

Currently, the Federal Government devotes significant resources to the homeless. According to the General Accounting Office, 50 Federal programs administered by 8 Federal agencies provide various services to our Nation's homeless population.

The President's fiscal year 2003 Budget proposes dedicating $2.2 billion in homeless assistance, with half of that amount, $1.1 billion, to be distributed through HUD's homeless programs.

Despite the enormous Federal resources that are directed toward homelessness, the problem persists. We need to bring more accountability to homeless assistance, increasing funding for successful programs and initiatives, and replacing the ineffective.

I want to make one thing clear. I do not pretend to have the answer to how we deal with homelessness. But one thing is clear: We have to get better. I believe that this hearing is an important opportunity to continue the discussion of how we can best address homelessness.

I am very pleased to see that the Administration makes ending chronic homelessness in the next 10 years a top priority. Particularly, I support the Administration's proposal to consolidate HUD's three competitive programs into one streamlined program. This will reduce administrative duplication at HUD and will make it easier for grantees to apply for money. Although HUD has not specified a distribution mechanism for a consolidated program, I would like to express my support for a formula-based block grant approach.

It seems to me that a block grant gives local communities the flexibility to deal with unique situations in their jurisdiction. The answers to homelessness are different in Loveland, Colorado, my hometown, for example, than for New York City.

I also believe that a block grant gives communities a predictable funding stream so that they can plan ahead in order to integrate homeless assistance with other Government funds and begin to build a strong Continuum of Care network in their communities.

I would like to conclude by welcoming our witnesses to the Subcommittee. You have all done a great deal of work with homeless programs and will no doubt have a great deal of insight to share. I appreciate you being here, and thank you for your testimony.

Thank you, Mr. Chairman.

Senator REED. Thank you, Senator Allard.

Mr. Czerwinski, your statement has been made a part of the record. You are encouraged to take about 5 minutes.

STATEMENT OF STANLEY J. CZERWINSKI
DIRECTOR, PHYSICAL INFRASTRUCTURE ISSUES
U.S. GENERAL ACCOUNTING OFFICE
ACCOMPANIED BY
JASON BROMBERG, SENIOR POLICY ANALYST

Mr. CZERWINSKI. I will stay within the clock, Mr. Chairman.

Senator REED. Thank you, very much. You are a veteran witness.

Mr. CZERWINSKI. And as a veteran witness before the Subcommittee, it is always a pleasure to appear before you, Mr. Chairman, and Senator Allard.

Before I begin, I would like to thank you for allowing Jason Bromberg to join us at the table. Jason has led the majority of our key reviews of homelessness and as a result he has a wealth of on-the-ground experiences which I hope we can draw on to illustrate some of the themes I want to bring up.

As we know, homelessness is both a complex and significant problem. It has been estimated that 10 percent of the people currently in poverty have been homeless at one time or another. As it has already been mentioned in this hearing, that on any given night 600,000 to 800,000 people may be homeless. The homeless population is not homogenous. About 80 percent are temporarily homeless. Their immediate need is shelter. And, over the long haul, probably the biggest thing we can do for them is to find them affordable housing. About 20 percent, however, are chronic homeless. They do not lack just shelter, but they suffer from other problems such as substance abuse and mental disabilities.

These people usually have long-term needs for housing and many other services, and we have talked a little bit about the challenges they pose today. Families, more often, are going to be found as temporarily homeless; whereas the chronic homeless are more likely to be single adult males.

The Federal approach to assisting the homeless reflects the complexities of the problem. As you, Mr. Chairman and Senator Allard, mentioned, there are about 50 programs administered by eight Federal agencies addressing the needs of the homeless. Thirty-four of these are mainstream programs for poor people in general, of which the homeless obviously qualify. Sixteen programs, though,

are targeted specifically to the homeless at a cost of approximately $2 billion a year. HUD has a majority of the funding for these for four programs. These programs offer an array of service including shelter, substance abuse, food assistance, and job training. Services are sometimes offered in isolation; other times, in different combinations. Eligibility also varies. Some are targeted to families. Others to veterans. Some are for children. Some are for chronic homeless. Others are for transitional. The delivery system also involves many agencies and levels of government—Federal, State, and local governments, and nonprofit organizations. The result is a challenge to both agencies and providers in administering and coordinating the programs, and integrating the services. Especially in the case of mainstream programs, what we often see is a fragmented instead of an integrated safety net.

If we think of the homeless people and their multiple needs, we are asking them to navigate a system that they just are not equipped to handle.

Accordingly, I would like to talk about two areas where I think we can make a difference. The delivery of benefits can be improved by looking at several things.

First, we should make better use of the mainstream programs, as you mentioned in your opening statement, Mr. Chairman. The homeless are eligible, as I said, for 34 mainstream programs. These programs include such as Food Stamps, SSI, and Medicaid. The funding for these programs is over $200 billion a year. In other words, more than 100 times the amount that is targeted to the homeless. And yet, most mainstream programs do not track the number of homeless they serve, nor do they have goals for serving the homeless. And in fact, they even have disincentives for serving homeless because, as we have talked about, the needs of the homeless are complex. That means it takes more time and effort to serve a homeless person than a poor person in general. Accordingly, we believe that the service to homeless could be improved by providing mainstream programs with incentives to serve the homeless, and then holding them accountable for doing that.

I would also like to talk a moment about the targeted programs where we know there are a number of coordination and administration challenges. These include dealing with different types of organizations. For example, training centers could go in and get a grant under the Supportive Housing Program; whereas the Emergency Shelter Grants would only go to State and local governments.

Second, another area of difference in the targeted programs are the recipients. For example, Shelter Plus Care focuses on disabled people. Single-Room Occupancy, as it sounds, is for single adults. Other differences include the services provided, and the time period that funds are provided, the requirement for matching funds.

I want to commend HUD because it led the way in trying to work through these challenges. And this is primarily through the Continuum of Care. I will only spend a moment on it, because Mr. Bernardi already talked about this, but our view of the Continuum of Care is that it does a very good job of asking communities to coordinate, plan, and prioritize its services to the homeless. It also provides a single annual competition and a uniform rating criteria.

In our view, HUD with a Continuum of Care has taken things about as far as they can go without legislation. Therefore, I would like to close with a brief discussion of some areas where we think legislation could help beyond the Continuum of Care.

First, we believe legislation should aim at streamlining the grant making process. I believe we have talked a little bit about that today already. In doing so, we think that a big part would be to make communities more likely to integrate the mainstream programs into the overall fabric of homeless assistance. Again, this is much along the lines that you mentioned, Mr. Chairman.

Second, and this is of course what GAO would talk about, we want greater reliance on performance measures for both agencies and providers. This would include agencies and providers with a requirement to develop outcome measures, and then hold them to those measures.

From what I have heard today, I would say the Subcommittee is on the right track. I would like to commend you for leading the way on this important issue.

With that, I would like to enter my statement in the record, and if you have any questions I would be glad to respond.

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

Mr. Secretary, let me first turn to you and commend you, the President, and the Secretary for picking a very aggressive goal, to end homelessness in 10 years. Yet, comments from agencies like the National Alliance to End Homelessness suggest the budget that you are working with will not achieve that objective.

Specifically, there is a built-in need to maintain people in housing which could consume significant resources, leaving just not enough to go the extra mile, if you will, and do the things you have to do and to ensure that in 10 years starting today that homelessness would be something in the past. Can you comment on the goals, given the funding levels you are requesting in your budget?

Mr. BERNARDI. The importance would be to try to make sure that all the people that need services, that they have the mainstream programs available to them. We just heard that in many instances that $200 billion number was mentioned, we should be able to be giving people choices out there, and give them the opportunity to have housing, and to have the supportive services that are necessary so that emergency housing is first, then transitional, then permanent.

What we need to do is place people in permanent housing, going through the system. We at HUD cannot do that alone. We only have, as Senator Allard has indicated, $1.1 billion for this year's budget. The fact of the matter remains that we spend 50 percent, as I mentioned, of our dollars on services. And to provide those kinds of services—that number has been rising over the years—we need to do more to make sure that we prevent homelessness and provide permanent housing for those that need it.

Senator REED. No, I do not think anyone can disagree with your comments. But the reality seems to be that it takes a lot of money to keep these services going. You cannot stop the services because people depend upon them. Yet, you have to find—and I would argue, you would have to construct additional housing so that you can put these people in housing. And that all costs money.

We come back to the budget that you are presenting, which is a challenge just to keep in place, given that budget, rather than getting ahead, and particularly if in 10 years we want to look back and say we have ended homelessness.

Mr. BERNARDI. That is very true. But we have to live within the confines of our budget.

Senator REED. Well, I am sending you over to the Department of Defense.

[Laughter.]

Mr. BERNARDI. The Millenium Commission is looking at the issue of affordable housing, and we will wait to see their report.

Senator REED. Mr. Czerwinski, again, thank you for your testimony. One of the things you emphasized was the need to have accountability, and that the present programs are competitive. And, I think, we all sense that we need to consolidate these programs.

But there is a difference between having a consolidated grant program and a block grant. One of the aspects I think is it eliminates sometimes the accountability, the ability to look annually at the quality of effort in the particular community. A formula block grant is just what it purports to be. You can expect confidently every year you will get so much money. And the accountability I think does not follow necessarily. Can you comment upon that, Mr. Czerwinski?

Mr. CZERWINSKI. There are pros and cons to the block grant versus competitive approach.

On the competitive side, one thing that we think is important is to give the funds to those that are doing the most with them. That would be outcomes. By "outcomes," I mean the providers would show what has happened over the long-term with people who have entered the system.

Now on the block grant side, there are ease of administration and predictability of funding, and, of course, that is one of the things that we hear from providers, that they want that. So the job is to try to have the best of both worlds.

Senator REED. I would agree. I think one of the areas that again there seems to be consensus in is the Continuum of Care approach that has been very successful because, not only has it in a way helped coordination but it has also helped getting a dialogue going at the local level.

And again, perhaps one concern about a block grant approach is this dialogue might evaporate when, in fact, you have a formula and you will get the money whether or not you are talking to each other or not. So again, I see your point, which is about balance, and I think it is an important point.

I am wondering, going back to you, Mr. Secretary, we talked about this budget number. Do you have estimates what it would take if there were no budget constraints? This is a much more appropriate way to ask the question, to in fact end homelessness in 10 years?

Mr. BERNARDI. I do not have those, Senator. But if we have them at the Agency, I will make sure that I get those to you.

Senator REED. Is anyone working along those lines? And I understand that we all have to live within limits but it helps to know

what we are sacrificing, or how much we are falling short of a reasonable plan to end homelessness in 10 years.

I think it is incumbent upon the Department if they are announcing a goal, they should also be able to be straightforward about how much it will cost, and then challenge us, the American people, to measure up.

Mr. BERNARDI. Well, Senator, as we talk about changing the competitive nature of the homelessness program right now, we feel very strongly that if we were to allow the communities to have the consortiums at a local level participate in the process, that we could realize a significant savings.

The fact of the matter is that the competitive program has, as I mentioned, over 3,000 applications that have to be looked at, and graded. You appropriate the dollars, and 18 months later the dollars finally flow to the community. To me that is an incredibly long time and it is really not the best way to utilize the resources that we have.

So utilizing the resources we have to put a system in place with the Continuums, where those agencies and those active groups at the local level would still have the decisionmaking power. They would make the determination as to where the money was being spent and we could get that money to them a lot quicker.

Senator REED. No one can argue about better efficiency, better coordination——

Mr. BERNARDI. Well, that is one way of doing it.

Senator REED. —and a fast review.

I think if you do an analysis you will discover that we are talking about a lot of money in terms of ending homelessness, truly ending it in 10 years. Any thoughts, Mr. Czerwinski, or your colleague, about the number?

Mr. CZERWINSKI. My first reaction, Mr. Chairman, when I saw that, I said, "My goodness, they are sticking their necks out." Then I said, "Well, it is not 3 years or 7 years, so I was not quite sure whose neck they were sticking out."

[Laughter.]

But in all seriousness, the answer is two-fold. In the short run, you need to provide the services and the housing, and the only way that is going to happen is by leveraging the mainstream. That is where the devil is in the details.

I would look to see just how we are going to deliver those mainstream services. In the long run what we are dealing with are some economic factors that may be beyond all of our control, or certainly are beyond HUD's. One is, for example, looking at the policies for deinstitutionalizing people. The other is the one that you mentioned, which is within HUD but it is a gargantuan task, and that is looking at the unmet housing needs, which we know are very large.

Senator REED. Thank you very much.

Senator Allard.

Senator ALLARD. Mr. Secretary, the figure was thrown out that 20 percent of the homeless use 80 percent of the dollars available for—is it homeless programs, or just for the HUD program itself? It was not clear to me.

Mr. BERNARDI. The HUD programs.

Senator ALLARD. Just in the HUD program. You also stated that most of these homeless ones that are most difficult to deal with is the single male. So is this 20 percent that we are talking about single males? Are they a highly mobile population?

Mr. BERNARDI. They are highly mobile.

Senator ALLARD. They are moving around.

Mr. BERNARDI. They are predominantly male with substance abuse, mental illness issues.

Senator ALLARD. But they could be transitional from job to job. Do we have any idea what percent is transitional from job to job?

Mr. BERNARDI. A very low employment rate.

Senator ALLARD. Yes. I would assume much lower than what it was say 20 or 30 years ago when you had more of a rural population and they would be moving from ranch to ranch, farm to farm, for jobs and that kind of thing.

Mr. BERNARDI. It is very difficult to count this kind of a population. That is why the HMIS program is going to go a long way to making the determination of the exact number because I do not think any of us really know exactly what that number is out there.

Senator ALLARD. Yes.

Mr. BERNARDI. And how can you service it if you do not have all the parameters. Once that management information system, once the Continuums with the money that is being provided to them, have the opportunity to assess the situation, then we will know better how to serve it.

Senator ALLARD. I bring that up because saying that you are going to eliminate all of homelessness is kind of like saying you are going to have nobody unemployed, because there is a transitional group there that is going to be moving from job to job that would fall into unemployed for a period of time. I was just inquiring of whether you would have a certain percentage there that would apply probably to single males.

Mr. BERNARDI. I think we at HUD understand full well that to realize that goal we are going to need the mainstream services from the other agencies take place.

As I mentioned earlier, and I will repeat it for the third time, we are in the housing business, and yet we provide 50 percent of those dollars for services.

Senator ALLARD. Yes. Well, let us follow up on that at little bit.

Would you talk a bit about the type of administrative burden we are placing on States and communities right now when we have four main McKinney Housing Programs? My understanding is that each one of these have a different set of requirements in filling out applications and whatnot.

Maybe, I will ask Mr. Czerwinski, because I think he talked about that in his discussion, to talk a little bit about this burden on States and communities meeting the requirements of these four programs.

Mr. CZERWINSKI. Sure. The upside of targeted programs is that they meet specific goals. The downside is that the people who are providing those specific sources of assistance have to meet specific requirements to get the funds to do that.

We have done quite a number of reviews going out and talking to people at the State, local, and nonprofit level, and they have laid out several issues that concern them.

One was the application process. They told us they would be very much helped if HUD would help them with some of the information that they could use to fill out the applications. The other is the predictability of funding.

Senator ALLARD. But the application requirements are the ones that I am particularly interested in. My understanding is you have four different McKinney Programs with different application requirements, and I would like to kind of get on the record a little bit of how these are a problem for local and State governments that apply for them.

Mr. BERNARDI. The Emergency Shelter Grants, the eligibility there is the State and local governments, and your other organizations do not have access to that funding. That is on a formula basis. The other three programs are competitive. That competition is open to—well, it depends on which one of the three you are speaking of—not all of them are open. Some are open to State and local government, and some are not. But the competition ends up in Washington where we take those 3,000-plus applications and go through those.

We are going to streamline that. If we can streamline that, we not only can save an awful lot of time, but also we can save money and we can drive it back to the communities.

Senator ALLARD. Let me talk a little about the Continuum of Care. I think it has a pretty complex application process, and many jurisdictions or nonprofits apparently are forced to hire professional grant writers in order to be competitive for the homelessness assistance dollars. Do you consider this a wise use of resources?

Mr. BERNARDI. The local Continuums, obviously, have the expertise. I think as we have all indicated, they provide the services. Being a former Mayor, I can tell you that we would never be able to run a community without the good services of the not-for-profits, faith-based groups, and other organizations. In most instances, they can handle the grant-writing I believe without hiring outside people to do so. But in some instances, it depends on the level of technical expertise. It depends on the ability that they have. But within their own jurisdictions, I am sure your smaller jurisdictions probably need that kind of assistance to go through the process. That is another good reason why we should simplify it.

Senator ALLARD. Thank you.

I see my time has expired, Mr. Chairman.

Senator REED. Thank you, Senator Allard.

Mr. Secretary, one final question, if I may. You have identified a key dilemma that we all face. That is, HUD is a housing agency that is providing lots of social services.

That raises the obvious question of how do we encourage other agencies in their budgets, who might not because of organizational responsibility, be sensitive to homelessness and increase the services to this population, like HHS, Department of Labor, and all the different Departments, Commerce programs, et cetera?

Mr. BERNARDI. Well, the Interagency Council, as I mentioned in my opening statement, Mr. Mangano, I believe on March 15 will

be sworn in, and that is being revived after being dormant for I believe 5 or 7 years. And that is going to take the 16 agencies that are involved here and bring them together and hopefully will be able to work something out where we can do some cross-cutting here and where HHS provides a service organization. We are a housing organization.

If there are ways in which we can do things that can improve the delivery of services, and who is to pay for those services, then perhaps we could do more with permanent housing for our homeless population.

Senator REED. Thank you.

Senator, any other questions?

Senator ALLARD. Just one thing I wanted to follow up on. You mentioned that there are a lot of homeless programs that are provided by other agencies or that you provide programs in HUD that are not related to housing for the homeless. So what can be done to get other agencies to shoulder more of the responsibility of assisting homeless people to free these dollars up for housing needs?

Mr. BERNARDI. Yes. Exactly.

Senator ALLARD. Is there more that we can do? What can be done to do that?

Mr. BERNARDI. I think the Interagency Council on The Homeless, but obviously your good works and conversations with the other agencies can contribute to that process, indicating that you feel strongly, as we do, that the more money that we have for housing and I think there are records that indicate that; that if you can provide permanent housing to individuals, they are less likely to be out in the street; then, the job training, and the employment that follows leads to self-sufficiency for them and their families. That is really what we are working on here.

It is episodic in many instances. I mean the majority of the people that are out there that are homeless, maybe they lost a job, or it is domestic violence, or someone just is out of the mainstream for awhile, but 80 percent of those people eventually go through emergency transitional, and then they are into permanent housing.

For example, I have some numbers here. In 2001, over 35,000 persons became employed while in HUD's homeless projects. So it does work. And we need to do more with it, and we are committed to doing more.

The fact remains that the long-term homeless individuals that are out there, they are the most difficult to serve. And collectively we need to find a way to put them through the system into permanent housing and hopefully some day into self-sufficiency.

Mr. CZERWINSKI. Senator Allard, if I may offer a little bit more hard-nosed answer, coordination is nice but it is really hard to measure. And in our line of business, we want something that we can measure.

I go back to a hearing that we did for you probably about a year or two ago on GPRA. What I would suggest is, if the Administration sets an overall goal of ending homelessness, we know HUD cannot do that by itself, it becomes incumbent upon the Administration to then say how the other agencies are going to help.

And going along with GPRA principles, what we would suggest is performance management, which would ask the agencies to track the number of homeless they are serving; ask them to find out what happens to them; and hold them accountable through oversight hearings.

It becomes part of that concerted fabric that we would get at that issue. There is no way that HUD can do it by itself. It has to be through a concerted effort. And the only way that we would say is with measures that people can be held accountable for to oversee it such as yourselves.

Senator ALLARD. Thank you.

Senator REED. Thank you, Senator Allard.

Thank you, Mr. Czerwinski, for your testimony.

Secretary Bernardi, thank you. It is hard to predict lots of things, but I predict you are rooting for Syracuse in the Big East.

[Laughter.]

Mr. CZERWINSKI. They better beat Villanova or they will not be going to the NCAA finals.

Senator REED. Well, I think I know where your sentiments are in that regard.

Just one other final point. I concur, Mr. Secretary, with the importance of the Interagency Council. The legislation I am proposing would authorize a million dollars for the Council to actually move it into the Executive Office so it could truly have oversight over these individual agencies.

Thank you, gentlemen, very much.

Mr. BERNARDI. Thank you.

Mr. CZERWINSKI. Thank you.

Senator REED. I would like to call the next panel forward, please.

Before recognizing all the members of the witness panel, I would like to recognize our colleague, Senator Susan Collins from Maine. Senator Collins and I collaborated on a host of different issues. She has been a leader in the Senate in lead paint exposure among children. She has done remarkable work in many areas, and it is a pleasure to have you here.

Susan, you are going to introduce Mary Ann Gleason.

STATEMENT OF SUSAN M. COLLINS
A U.S. SENATOR FROM THE STATE OF MAINE

Senator COLLINS. Thank you very much, Mr. Chairman.

I want to thank you and Senator Allard for your leadership in the area of housing policy, and to let you know, Mr. Chairman, how much I have enjoyed working with you on so many issues that are important to the citizens of our States and the Nation.

It is such a great pleasure to be here today to introduce one of the Nation's foremost experts on the problem of homelessness. We are very fortunate to have an expert witness here today who not only has direct experience with Federal policy affecting homelessness, but also has done a tremendous job at the local level with programs in Maine.

That individual is Mary Ann Gleason, who sits to my right. I was trying to remember today when I first met Mary Ann. She came to my office several times in Washington, and is largely responsible

for my getting personally involved on issues affecting the homeless individuals and their families.

I worked very closely with her and the York County Homeless Shelter in southern Maine, and I was very honored to receive an award from them one year for my work. She has been a wonderful advocate.

Ms. Gleason worked here in Washington for a number of years as the Executive Director of the National Coalition for the Homeless, where she worked with Members of Congress, the Administration, and Federal agencies to advocate for a more effective public policy to expand and better employ Federal resources to help those who find themselves homeless, and also to address the root causes of homelessness. That is one of the parts of Mary Ann's approach that, I think, will be particularly helpful to this Committee.

To the delight of those of us in Maine, Ms. Gleason decided to return to the frontlines in 2001 and became the Director of the York County Initiative to End Homelessness. In that capacity, she has worked diligently to promote both policy and attitudinal changes throughout our State. Her commitment and dedication to combating homelessness in Maine has had an immense impact in improving services, and I am pleased that one of my staff members serves on the Coalition and on the Study Group.

Aside from her duties with York County, Ms. Gleason has also made time to act as the Chair of the Monitoring and Evaluation Subcommittee on the Maine Homeless Assistance Planning and Advisory Committee, and she has been a Member of the Maine Affordable Housing Bond Issue Steering Committee. As you will see from her testimony today, Ms. Gleason continues to take an active role in Federal policy, and I think her testimony will be particularly helpful to the Committee because she has been on the frontlines. She has been not only an advocate, but also someone who has been directly involved in providing services. So, she knows this issue inside and out. I am thankful to have her as an advisor, and I want to take this opportunity to express my appreciation for her work. I look forward to working with the Committee.

Thank you, very much.

Senator REED. Thank you, Senator Collins. Thank you for coming here today and introducing Ms. Gleason.

Let me introduce our other two witnesses and then recognize Senator Dodd for some opening comments. Ms. Gleason is joined by Ms. Nan Roman. Ms. Roman is President of the National Alliance to End Homelessness, a leading voice on the issue of homelessness. The Alliance is a public education advocacy and capacity building organization with over 2,000 nonprofit and public sector member agencies and corporate partners around the Nation.

Thank you for joining us, Ms. Roman.

Next to Ms. Roman is Mr. Mitchell Netburn. Mr. Netburn is the Executive Director of the Los Angeles Homeless Services Authority, LAHSA, a joint powers authority of the city and the county of Los Angeles. Before coming to LAHSA, Mr. Netburn served as First Deputy Commissioner for the New York City Department of Homeless Services. From 1993 to 1996, Mr. Netburn was the Assistant Commissioner for Ryan White Care Services at the New York Department of Health. Thank you, Mr. Netburn.

Senator Dodd, would you like to make an opening statement?

STATEMENT OF SENATOR CHRISTOPHER J. DODD

Senator DODD. Yes, Mr. Chairman. Thanks so much. I apologize for arriving a few minutes late. We had several meetings with the Technology Committee on some issues. There are always so many things going on at once.

But first of all, welcome to the witnesses. Thank you, Mr. Chairman, for holding this hearing. It is a very important issue, and one that unfortunately is not going away. I mean we all wish it would.

I wish we could be standing here and that I could call Lucy McKinney, Stu McKinney's wife, who is a wonderful friend of mine. Their son, John, who is a State Senator in Connecticut today—I saw just the other day in the State Capital in Hartford—and how proud they are of what their father accomplished as a Member of the House Delegation. Stu and I served together for a number of years when he represented the 4th Congressional District, the District held by Chris Shays today in Connecticut.

What a wonderful hearing this would be if we say that the McKinney–Vento Program was no longer needed.

But I am very grateful to you and the witnesses for sharing their thoughts with us on this. I would note—as I am sure you have already, Mr. Chairman, but maybe it deserves being repeated—that there are still anywhere from 800,000 to 1 million people who are homeless.

What is really troubling to me is that a quarter of those are kids. Whatever one feels about adults, I mean, it is never justified when you start looking at the conditions that adults live with, but how anyone could feel that almost a quarter of a million Americans who are infants living in anything but a safe environment is acceptable is beyond me. And the numbers continue to grow.

We saw with the mayors recently, three-quarters of them I think indicated that this is a problem for them. It is not pocketed in New York and some other large urban areas. It is across the country and it deserves our attention.

It is wonderful to have Susan Collins, as well, and to add voice to Ms. Gleason's testimony. She knows a lot about these issues and brings wonderful background and experience we need to have.

It is a complex issue, obviously, Mr. Chairman, to deal with. I am particularly interested, and I know Senator Allard is, on the block grant issue. I know it was kicked around a little bit here, but I am nervous about what happens in a block grant in dealing with this issue, and I want to raise those issues when the proper time comes for some questions.

So thank you, and thank all of you for being here. Appreciate it very much.

Senator REED. Thank you, Senator Dodd.

Ms. Roman.

STATEMENT OF NAN P. ROMAN
PRESIDENT, NATIONAL ALLIANCE
TO END HOMELESSNESS, WASHINGTON, DC

Ms. ROMAN. Thank you so much, Mr. Chairman, Senators Allard, and Dodd, for inviting the National Alliance to End Homelessness to testify before you today.

We are certainly grateful for the Subcommittee's past efforts to address this issue. The National Alliance to End Homelessness is convinced that not only could our Nation do a better job of helping homeless people, but also that ending homelessness is well within our grasp.

How could homelessness be ended? There is no question that homelessness would be ended if there were an adequate supply of affordable housing in the country. But the more realistic question that confronts us is, "Can we do something about homelessness if there is not an adequate supply of affordable housing?"

We think that the answer is yes, and I think it is amazing to hear the degree of consensus that has been expressed here today about what we could do to make progress.

Millions of people, as has been mentioned, become homeless in our Nation each year, and there are some 40,000 nonprofit and public sector programs that spend billions of dollars to help them. As has been said, the system is primarily funded at the national level through HUD and this system is functioning fairly well, we think, to manage the problem. It ends homelessness for thousands of people every day.

However, the homeless assistance system cannot prevent homelessness, and it cannot open the back door out of homelessness. It would be a mistake to think that we could hold the homelessness assistance system itself responsible for ending homelessness. In fact, I think that no matter how perfect we make homeless assistance programs, there is no way that it alone is going to be able to end homelessness.

There are programs that have the resources and responsibility for doing that. Mainstream programs like welfare, foster care, Veterans assistance, and so forth, can prevent and end homelessness.

But rather than being a safety net, as you said they are shifting responsibility and cost for the most vulnerable people into the homeless assistance system. So what can be done to change this dynamic?

The National Alliance to End Homelessness has developed a pragmatic plan that could end homelessness, we think, in 10 years. Basically it suggests that communities reorient around ending not managing homelessness. They need to close the front door into the homeless system, reversing the trend by which the mainstream programs allow most vulnerable people to become homeless, and they need to open the back door out of homelessness.

To do the latter, we have to examine people's experience of homelessness. As has been discussed in the Committee Members' statements and by previous witnesses, about 80 percent of people enter and exit the homeless system relatively quickly. These people are having a housing crisis. They have virtually the same characteristics as other poor but nonhomeless people. They really need plain vanilla affordable housing.

In a sense, the homeless system is managing the churn in the bottom of the housing market for that 80 percent.

Twenty percent of people have a very different experience. Chronically homeless people spend months and even years in the homeless system. A groundbreaking study that was done by the University of Pennsylvania shows that the cost of letting people live on the street is very high. In New York City a chronically mentally ill, homeless person living on the streets costs public systems of care about $40,000 a year. It costs about the same amount of money to put that person in supported housing with services. So, we are going to pay on one end or the other. It would certainly make sense to do the permanent housing.

For the 80 percent that is having a housing crisis, we would suggest taking a housing-first approach focused more tightly on rapid housing placement and connection to mainstream services. We should avoid letting people stay homeless for long periods of time. For the 20 percent, we should commit ourselves to permanent supportive housing and, over 10 years, even at current spending levels, we should be able to provide 200,000 units of that housing. In our view, any reorganization of homeless assistance should be measured against whether it makes progress in ending homelessness.

The draft bill, Senator Reed, that you have prepared does, we think, help us make progress. In terms of planning, it creates planning boards that are charged with a wide range of responsibilities. The goals of these boards are admirable, and since they build on existing local capacity and do not try to create a whole new system, I think they move us forward. We have some concern that the issue of local data should be addressed more specifically in the bill.

In terms of closing the front door, the draft bill has numerous references to homelessness prevention, and this is a welcome shift in emphasis. However, reauthorization of homeless assistance programs at HUD cannot be expected to compel action in a full range of mainstream systems of care, and we think that companion legislation focused on HHS and other agencies might more effectively address these prevention and discharge planning issues.

In terms of opening the back door, the draft bill clearly improves the outcome focus of the homeless assistance programs. The Alliance is particularly supportive of the set-aside of funds for permanent supportive housing for people with disabilities, and the renewal of permanent housing through Section 8.

This proposal does, in fact, put meat on the bones of the Administration's proposal to end chronic homelessness, and we are very strongly supportive of it.

In summary, the Federal Government can do three things to help end homelessness. First, it can adjust the existing homeless programs to improve their outcome orientation, and I believe that the draft bill you have presented does accomplish this. Second, it can make the mainstream systems of care and custodial systems more responsive to people's housing situation. Again, I think that the draft, while it cannot entirely do that, sets the stage for progress in this area. And third, it can address the underlying affordable housing shortage, income, and service issues, and although this is beyond the purview of the draft legislation, we look forward to

working with the Members of the Subcommittee to address these issues, as well.

Thank you for your commitment and contributions on this issue.

Senator REED. Thank you very much for your testimony.

Mr. Netburn, welcome.

STATEMENT OF MITCHELL NETBURN
EXECUTIVE DIRECTOR, LOS ANGELES HOMELESS SERVICES AUTHORITY, LOS ANGELES, CALIFORNIA

Mr. NETBURN. Good afternoon, Mr. Chairman, Senator Dodd, and Senator Collins.

My name is Mitchell Netburn and I am the Executive Director of the Los Angeles Homeless Services Authority known as LAHSA. We are honored you have invited us to testify in support of the reauthorization of the McKinney–Vento Homeless Assistance Act.

LAHSA is a joint powers authority of the city and county of Los Angeles. It was founded in 1993 and is governed by a 10 member commission appointed by the Los Angeles County Supervisors and the Mayor.

LAHSA has been the lead coordinator for the Nation's second largest Continuum of Care system. Prior to the establishment of LAHSA, there had been little local coordination of funding for homeless housing and services. The Continuum of Care requirements enabled LAHSA to vigorously pursue a regional approach to addressing homelessness. This is critical, especially given the geography covered by our Continuum—4,000 square miles—and the extreme differences across our county. Moreover, the county encompasses 88 jurisdictions, including 34 entitlement cities.

We are proud of our collaborative efforts to prevent and address homelessness and support reauthorization of the McKinney–Vento Homeless Assistance Act to codify the Continuum of Care.

Regarding Los Angeles County, the most commonly used estimate indicates that there are 84,000 men, women, and children homeless on any given night. A more recent county survey found that 375,000 adults experienced homelessness in the previous 5 years. While many of these persons doubled up in someone else's home, up to half resorted to staying on the streets or in shelters.

Since 1995, the Los Angeles Continuum of Care has received over $325 million through the McKinney–Vento Act. In the last year alone, these funds provided services to over 63,000 homeless men, women, and children. This funding has enabled localities to leverage millions of dollars in private funding and investment, while also contributing to the quality of life and the aesthetic improvement of many neighborhoods.

Notwithstanding this significant level of Federal support for homeless persons, we face some very real challenges to ending homelessness. Los Angeles County is reporting that despite a 3.5 percent drop in unemployment since 1990, poverty has increased by 46 percent. These conditions have fueled greater demand for homeless services even before the local economy began to experience general economic hardship since last fall.

Within the city of Los Angeles, there is a 3.5 percent rental housing vacancy rate. Not only does this mean a tighter housing market for low-income renters, but also those who are fortunate enough to

receive a Section 8 voucher are finding fewer and fewer landlords willing to rent to them. The city's Housing Authority reports that only 41 percent of households issued vouchers are able to use them, compared to over 90 percent just a few years ago. On a brighter note, the Los Angeles City Council last week adopted the Mayor's plan for establishing an annual $100 million trust fund. And this November, voters in the State of California will likely have the opportunity to approve up to $2 billion in bond financing for affordable housing.

In reauthorizing the McKinney–Vento Homeless Assistance Act, you have the opportunity to harness this momentum and provide necessary Federal leadership.

In looking forward toward reauthorization, our experience tells us that the collaborative, community-based process generated by the Continuum of Care system does work. Our system, as a whole, is more responsive to the needs of homeless individuals and families, more vigorous and more integrated because of the incentives created by the Continuum of Care to engage in a broadly inclusive planning process, and to identify the resources in mainstream systems that need to serve our homeless clients.

We respectfully offer the following recommendations. Keep the program flexible. Every community has different circumstances that call for different approaches to addressing homelessness. The strength of the existing system is that it allows localities to determine the best use of funding to meet the local needs of homeless individuals and families. By allowing localities to decide who is best suited to lead the planning effort and apply for funding, we avoid the difficulties that often occur when disinterested entities are the appointed recipients of funding.

Ensure Federal coordination of homeless programs by locating the Interagency Council on Homelessness in the White House Domestic Policy Office. While nearly all of LAHSA's funding for homeless programs originates in HUD, many of the homeless housing and service agencies that we fund are also funded by other Federal Departments, including the Departments of Veterans' Affairs, Health and Human Services, Labor, and Education. Coordination of funding and programs could be furthered by having a centralized presence in the White House to oversee a national plan to prevent and end homelessness.

Lift the cash match requirements for permanent housing. Developers in our system have reported that the 25 percent cash match requirement hampers their efforts to use this program. Although new sources of local funding are on the horizon, securing and documenting the cash match for this process is not always feasible. This in turn inhibits development of the permanent affordable housing we so desperately need to end homelessness.

Move the renewal of Shelter Plus Care and Supportive Housing Program Permanent Housing Contracts to the Housing Certificate Fund. By the time these programs are ready to renew, they have demonstrated their effectiveness and the tenants in the programs are no longer homeless. Therefore, we urge you to consider these renewing programs as mainstream, thereby allowing renewals to be funded from a mainstream source.

Provide for Homeless Management Information Systems funding. Several years ago, Congress wisely directed HUD to embark on implementing such a system. However, this entails considerable cost. We look to you to ensure that the HMIS requirement will not be an unfunded mandate.

And last, retain the competitive process for homeless services funding. While administering an annual competition does consume significant local resources, the system is better for it, particularly if it is performance-based. The current process is a catalyst that empowers us to work closely with a broad range of stakeholders, including homeless and formerly homeless persons, agencies from our 31 entitlement cities, our housing authorities, and our county administered housing, health, and welfare systems. Therefore, LAHSA has historically opposed the block granting of Federal homeless assistance funds.

Thank you for this opportunity to share the experiences of Los Angeles County and our suggestions for improving the existing legislation. The Los Angeles Homeless Services Authority strongly supports your efforts to reauthorize the McKinney–Vento Homeless Assistance Act so we will have the critical resources and Federal leadership necessary to prevent and end homelessness.

Thank you.

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

I would like to recognize Ms. Gleason for her statement, and thank her for her help to my staff on the drafting of this legislation that we are talking about this afternoon.

Thank you.

Ms. Gleason.

STATEMENT OF MARY ANN GLEASON
DIRECTOR, YORK COUNTY INITIATIVE
TO END HOMELESSNESS, ALFRED, MAINE

Ms. GLEASON. Good afternoon, and thank you, Senator Reed, for your kind invitation to appear before the Subcommittee, and you, Senator Collins, for your gracious introduction, and most especially for your wonderful leadership on homeless issues, particularly on ensuring the passage and expansion of the Grants To Benefit Homeless Individuals.

It is a critical step in further involving Health and Human Services in providing services and moving HUD therefore out of that provision. It has been critical, and we really appreciate it very much. I began working with HUD's Homeless Assistance Programs in 1987. It pains me that 15 years later this national issue of grave concern continues and grows.

In Maine, the number of admissions into our shelters grew by 51 percent over the last 4 years. Thirty-two percent of those who become homeless in our State are families; 11 percent are youth; 13 percent are veterans; 37 percent are employed. Nearly 45 percent are challenged by disabilities. Twelve percent have attended at least a year of college and, in Portland, 29 percent have either graduated from or at least attended college. The average monthly income, however, of shelter residents in Maine is $240. It is also important to know that 68 percent of those who entered the shelters were homeless in some other form prior to doing so, and prior,

therefore, to being counted. They were doubled or tripled up with friends or relatives, living in motels, cars, tents, speaking loudly to us of how many more live so close to the edge that simply doing shelter or street counts cannot tell us the scope of the problem.

Since passage of the McKinney bill in Rhode Island, Maine, Connecticut, Colorado, and every other State, we have had recipients of HUD homeless assistance funds that have supported the development of many highly effective programs that not only allowed us to redress homelessness for the individuals who suffer it, but also serve as models for addressing the holistic needs of very vulnerable families and individuals throughout our Nation. In Denver, McKinney funds helped renovate a portion of 92 rental housing units, half of which were no longer liveable and contributed to the increasing blight and crime in the neighborhood. Having significantly upgraded the community's self-regard, these units now provide permanent housing shared by persons who are challenged by mental illness who had lived on the streets for years of their lives, high-tech employees, factory workers, other families, and individuals of mixed incomes in an integrated model we can all feel good about. In another, new construction of a complex of permanent affordable housing units for diverse populations includes a child care center used by the broader neighborhood of homeowners, as well as children homeless in the recent past. In Maine, we are developing housing on an organic farm for late-stage alcoholics who have become homeless to bring meaning and hope back to their lives, and to provide vegetables and herbs for the bakery and catering service where shelter residents can develop skills in culinary arts from a terrific chef. In Columbus, the housing first model moves families out of shelters within 2 weeks and into permanent housing with transitional services, so they can quickly be reintegrated into the larger society. Developed now in a large number States, highly efficacious supportive housing programs also provide employment opportunities for persons with disabilities that help them feel good again and whole. For families who suffer domestic violence and consequent homelessness, we are designing a cohousing model to create the sense of community that September 11 taught us is America at her best. Nationally, HUD's McKinney programs have had a positive impact in every State in the Union. The diversity of local responses has resulted in significant cross-fertilization of good ideas and best practices.

Having read a draft of your bill, Senator Reed, I am delighted to say it builds on much that is highly effective in HUD McKinney programs and improves elements needing such. I will mention a few. One, it consolidates the separate McKinney programs and eliminates the constraints they imposed to maximize flexibility, creativity, and local decisionmaking. Two, it provides funding for the first time for permanent housing for nondisabled homeless families. Three, it removes the caps on funding for transitional and permanent housing to move more realistically to reflect the cost of housing construction and renovation at the diversity of localities in our States. Four, it provides some financial incentives to help build the funding capacity of nonprofits so they can create housing stock for those poorest among us that other Federal housing programs keep moving away from. Five, it requires limited and appropriate

Federal oversight to ensure that the Federal Government does not abnegate its rightful role to effectively address the needs of our most vulnerable citizens. Sixth, it brings to the table both targeted homeless and mainstream program recipients, public and private, to collaborate their planning, implementation, and evaluation activities in order to utilize available resources in a manner that can maximize outcome effectiveness, reduce duplication, and reverse policies and procedures that unintentionally either stimulate or prolong homelessness. Seventh, it places the responsibility for interagency collaboration at the Federal level in the hands of the Domestic Policy Council, as you mentioned, within the Office of the President, which we desperately need to help ensure that each Federal agency assumes their responsibility for preventing and ending homelessness using the resources under their administration. Eighth, it reduces HUD funding for services 3 years after enactment of the bill in order to ensure and give Congress and the Administration an opportunity to increase those resources from the appropriate Departments: HHS, DOL, DOT, VA, to mention a few.

Talking about ending homelessness is actually a dialogue about deeper, broader issues that narrow into the topic of homelessness, which is too easily dismissed, is neither accurate nor informed. It is a dialogue about the lack of opportunity for housing stability, an essential condition for family health and well being, retaining steady employment and employees, children succeeding in school, neighborhoods retaining their quality and safety, disabled and elderly persons living as full and dignified a life as possible.

Ending homelessness is about finally reckoning with the unfinished business of deinstitutionalization, ensuring that community-based housing—treatment and support services are available and affordable. It is a dialogue about welfare reform whose enlightened purpose would be economic viability for the participating families, not falling backward by moving them off the roles but into either hidden or blatant homelessness. Ending homelessness is a dialogue about recipients of Federal block grants that fund behavioral health care, not being held accountable for the poorest and most vulnerable of their target populations. It is a dialogue about wages and cash assistance benefits that still remain remarkably disproportionate to the cost of housing and other basic needs. We can respond in one of two ways. We can either increase income levels so housing is affordable at whatever costs the market requires, or we can significantly increase the public investment in producing and sustaining affordable housing. Doing neither is a prescription for protracted homelessness. Housing policy in America is primarily investment policy, an approach that is simply inadequate to meeting the housing needs of the disabled person whose annual SSI income is $6,000 a year, or a full-time worker earning even $7 an hour. Ending homelessness is actually about producing housing and not simply continuing to talk about producing housing. It is about only 36,000 new housing vouchers being proposed nationwide for 2003, when in one city alone, there are 150,000 eligible households on the waiting list. And finally, homelessness is about a shredded and shameful safety net, including the lack of health care, in a Nation blessed with both the resources and the ingenuity to be fairer than that. I look at the weight of poverty, and the bur-

den of disregard that homelessness represents and wonder how, having so much, we have come so far from what is just and right.

In conclusion, we suggest these broader issues that form the structural underpinnings of homelessness must be addressed through omnibus legislation, as you have suggested, similar to but broader than the original McKinney legislation. We would be delighted to help you pursue such legislation replicating the highly collaborative process that resulted in the Community Partnership to End Homelessness Act of 2002.

Thank you for listening, and for your thoughtful leadership and proposal.

Senator REED. Thank you very much.

That was compelling testimony of all the witnesses. Thank you so much.

I would like to turn to Senator Collins and recognize her for her comments, and thank her because I believe you are going to be a cosponsor?

Senator COLLINS. Yes.

Senator REED. She is a very wise and brilliant Senator. She is a cosponsor already.

[Laughter.]

Senator REED. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman, and thank you for your graciousness in accommodating my schedule this afternoon.

Ms. Gleason, when I heard your description of the homeless individuals and population in Maine, it was a very useful reminder to us that the lack of affordable housing, particularly in areas of our State like Portland, can cause people who never dreamed that they would be in a situation of not being able to afford an apartment to become homeless; that it is a shock for many to find themselves in that situation.

You also gave us a useful reminder of how many of the clients served in Maine have families; that it is not just the single individual, but it may be a mother with children, or a father with children. I think that is a really important reminder to us, as well.

Senator Reed and I have collaborated together to try to designate more funding to go for substance abuse programs to assist in providing services to individuals who find themselves as homeless and are battling a drug or alcohol addiction. And indeed, from what I have learned from working with you and others in Maine, often many of your clients also have problems with substance abuse.

I would like to ask each of you, starting with Ms. Gleason, how we can better integrate services such as substance abuse counseling with providing shelter, as well. And, similarly, how can we ensure that job training and other skills that can help an individual put homelessness behind himself or herself, how can we do a better job of integrating those kinds of programs into the programs that meet the housing needs of individuals?

Ms. Gleason.

Ms. GLEASON. Thank you for your question. It is an important one. I actually think the reason that pursuing omnibus legislation is so important is because we currently do not have the resources either within HUD or the appropriate oversight. I mean the truth is that HUD, as wonderful as they are, does not have the level of

skill to provide oversight to mental health and substance abuse programs that is in HHS. So it is really critical.

One of the things we keep missing is that if we try to provide substance abuse services to people while they are still homeless, it is very compromised.

Residentially based treatment programs are so critical. In our State there is a dramatic number, I believe 75 percent, of people who need substance abuse treatment that do not have access to it because the resources are so small. But unfortunately we keep spending them in hospital detoxification programs. So, we spend the money. This is the funny thing in America. We spend the money just in the wrong place at the wrong time, and it costs too much because of that. If we were able to create residentially based treatment programs, I think it would be much wiser for us than the current way we are trying to do it.

Senator COLLINS. Thank you. Mr. Netburn.

Mr. NETBURN. I would certainly agree with that comment. Los Angeles has been a strong leader in supporting the Housing First Model on the theory that you need to stabilize people in housing and then wrap around the support services, and only in that way will you actually adequately address the underlying causes of homelessness. So, I think that is critical to focus on the whole concept of supportive permanent housing.

I think there are—as I just talked about—a lot of services, a lot of HUD's dollars going for services, and we need to look for other agencies to increase their support.

One of the concerns we all have, regarding to the additional focus on housing, is whether the other agencies will actually increase their budgets as they "mainstream" the homeless population. That will be critical to ensure that high level of services that are needed for that population are provided.

Also, I think putting the Interagency Council on Homelessness within the White House will help integrate services and ensure that all the appropriate services from substance abuse, mental illness, job training, et cetera, are provided to homeless individuals and families.

Senator COLLINS. Thank you.

Ms. Roman.

Ms. ROMAN. I would concur with my colleagues. I think on a National level, half of the people who ask for substance abuse treatment cannot get it. So that has to be reckoned with.

Also, I would concur with the other two panelists that services are more effective once people are in permanent housing than when they are in either shelter or transitional housing.

I would add that most shelter programs and transitional programs have sobriety requirements, so they are essentially asking people to get sober before they can come in the door. That is something we need to look at, too. We need entry level programs with a low threshold. Once people are engaged we can provide them with what they need in order to achieve sobriety.

Senator COLLINS. Thank you.

Mr. Chairman, let me thank you again for your leadership. We are very fortunate here in the Senate to have Senator Reed as the leader on these issues. He is an individual of great compassion and

knowledge, and I am confident that under his leadership we are really going to make a difference. So thank you for being here, and thank you for letting me participate.

Senator REED. Thank you, Senator Collins.

Senator Dodd is going to return, and I will leave, at least for the moment, the questions about block grants to him. He expressed an interest in asking those questions.

First, again let me thank you all for this informed testimony. Let me underscore "informed." The experience at this witness table is very impressive, people who have been running programs in challenging cities like New York City and Los Angeles. In Maine where it is a different environment, and Nan's leadership nationally on homelessness is extremely commendable. Thank you all.

Let me go to a couple of specific points. One is that I think, Mr. Netburn, you commented on this but I would like everyone to respond. The legislation we are proposing would have a 30 percent setaside for permanent support in housing. Also, it would move the renewal grants for the Shelter Plus Care and permanent housing components of SHP to the Housing Certificate Fund. Can you comment upon the importance of this and the criticality of this? Maybe we will go right down the line. Nan, do you have a comment?

Ms. ROMAN. Certainly. These provisions are critically important if we are to make progress. Theoretically, we could also do Permanent Supportive Housing through the mainstream programs. But this is not happening.

I think the SRO, Shelter Plus Care, and SHP Programs were inserted into the McKinney Act fairly early in its history. There is a lot of capacity that has been developed through these programs to deliver premanent supportive housing.

So our feeling is, if we have a proportional amount of money being spent on permanent supportive housing for the chronically homeless population, over time we could get enough units to end chronic homelessness, even with the resources we currently have. And we think 30 percent is the correct percentage, if the housing subsidies are renewed elsewhere.

I think Mitchell said, very accurately, that it is peculiar that we require people who have the most serious housing needs to have their housing subsidies renewed through a competition, whereas everyone else has their housing assistance renewed more or less automatically.

Authorizing these permanent supportive housing activities you have described would allow us over time to create enough supportive housing to address the issue of chronic homelessness. We think that the cost of that after 10 years—you asked about cost during the earlier panel——

Senator REED. Yes.

Ms. ROMAN. —would be slightly in excess of a billion dollars, if I recall properly, just for the housing. Then we will also have to obtain the service financing because there is no money at HUD to do service financing. So, we have to get HHS to the table.

But it is important to note that many of these costs will be offset, as the New York City study shows us, by savings to public systems on the emergency side.

Senator REED. Before we move on, Nan, just a comment about the question I posed to the Secretary about the 10 year budget forecast. This budget that has been submitted, if it does not change, is that sufficient to get us where we want to be?

Ms. ROMAN. No. You could take the renewals for permanent housing out of the existing program, but you would have to do it at the expense of serving the other 80 percent of people who are not chronically homeless or disabled.

The idea is to get the chronically homeless people into permanent supported housing and free up resources so you can do better by the other people, the 80 percent, not cut the 80 percent off from services entirely. The fiscal year 2003 HUD budget has not addressed this. And I would also say, although I think that the Secretary was right in pointing out the need to shift some of HUD's service spending into HHS, HHS's budget did not reflect this increased need for services from that Department, either. So the need was not addressed in the budget.

Senator REED. Mitchell, do you have a comment? Because you raised this issue.

Mr. NETBURN. Just as you stated, in my testimony I said I think it is critical to shift that funding into the mainstream systems. Two additional points I would make is that, first, by doing that it also encourages more developers to actually develop this type of housing, because there is a more guaranteed funding stream and they can use that to secure loans and the like. So that is critical.

Second, which is what Nan just touched upon, is that there is a lot of needed focus on that 20 percent, but there is that other large percentage of people who are temporarily homeless. Increasingly in Los Angeles, and it is certainly a national trend, there are increasing numbers of families, and particularly single women and women with children, and so mainstreaming services would free up the funds to address these new needs.

The reality is, we have seen it in Los Angeles, and I saw it in New York, and I am sure it exists in other jurisdictions, that as the programs come up for renewals those burdens become very high and there is very little money available for new programs. So this would allow new programs to target the new needs.

Senator REED. As I understand your comments, there is a certain irony here because people have been placed in shelter and they are successfully living there, and yet you have to go and renew them as if they were part of the homeless program, when in fact they have a home.

Mr. NETBURN. That is true. It is an irony. And, you know, HUD, and rightfully so, has particularly in the last couple of years focused a lot on having agencies document homelessness, so that these funds should be targeting homeless people. Well, once they are in permanent housing, they are not homeless. So it is an irony.

Senator REED. And as you are more successful, the margin for reaching additional homeless people diminishes because you have the trail of the legacy of your success in the past. Is that accurate?

Mr. NETBURN. Exactly. HUD itself has raised the possibility, not this year but in the coming year, that there might not be enough money nationally to renew all the renewals. For the first time ever

they may not be able to fund all the renewals. We are certainly seeing that locally, and from HUD there is also a national trend.

Senator REED. Mary Ann, do you have a comment?

Ms. GLEASON. Yes. What the policy does is it actually allows the Federal Government to do the same thing they are asking the State and local governments to do, and the nonprofits, which is to utilize mainstream resources to serve the needs of homeless people.

The mainstream resources at the Federal level is the Housing Certificate Fund. So basically all we are doing, we are asking the Federal Government to do the same thing we have asked every other level of government to do. It is totally appropriate, especially because we know most of the recipients of these services are absolutely eligible for Section 8 vouchers.

They needed some weaning back into stability that the homeless programs were able to do. Now, we simply need to move them into the mainstream resources. That is the housing mainstream resource that we have.

Senator REED. One final question before I recognize Senator Dodd. We have reserved the topic of block grants for you, Senator. You won the toss-up previously.

[Laughter.]

One of the major points of conceptual agreement is we have to get into prevention rather than simply responding. Just quick thoughts on how we move the focus from responding to prevention. Nan, your thoughts, and then down the panel.

Ms. ROMAN. Well, the draft bill has some good emphasis on that in terms of emergency prevention—that is, rent assistance, and mortgage assistance—but the more significant thing is the fact that these other mainstream programs are discharging so many people into the homeless system. How do you stop that?

Obviously, you cannot do that with this bill. We think that TANF is a good example. Even though everyone believes TANF has been a success, there are people who are being sanctioned or removed from TANF who are ending up in the homeless system. If the welfare system was more attentive to people's housing status and had more responsibility for stable housing, for example, that would be a way to prevent homelessness.

Similarly in HHS, the mental health and substance abuse block grants and other service programs could look more carefully at housing. They used to, before there was a homeless system, be responsible for housing for people with mental illness and other disabilities. Now there is a homeless system and they have shifted responsibility for housing to the homeless system.

So, we need to push back up against those systems. Everyone has mentioned that we need to do omnibus legislation, and such legislation is where we should focus our prevention efforts.

Senator REED. Thank you. Mr. Netburn.

Mr. NETBURN. I would just add, preventing eviction is critical. Somehow it is often looked at as somewhat dubious and there are concerns for fraud and the like, but with some oversight we can have programs that work.

Not only do you prevent the homelessness, but sometimes when somebody becomes temporarily homeless, if they have just been evicted from their apartment, it sets a whole cycle in place. And

sometimes it is very hard to get that person very quickly back into housing. So it is so much more cost effective and more humane to keep them in the housing where they are especially for the stability of children with schools and the like.

In addition, some of the underlying causes of homelessness occur before somebody became homeless. So the idea is to make sure that there is treatment upon demand, things like that, rather than getting to the stage where somebody has lost their home due to substance abuse, mental illness, some other issue, and then relying on the whole homeless system to take care of them.

And last, I cannot stress enough Nan's point about closing the front door. What has really happened in this country is that the homeless systems have really become the last resort for people who really should be served by many other systems, including everything from hospitals to correctional facilities, to mental health institutions, and the like. People have all been dumped, to use that word, into the homeless system. And it is not necessarily the appropriate place for many of those individuals, and we should really focus the resources on those who are homeless.

Senator REED. Thank you.

Mary Ann.

Ms. GLEASON. One of the things that your bill does that I think is very important is that it moves prevention activities into the collaborative planning process, which it has not been previously. I think that is going to go a long way to actually encouraging local communities to build prevention efforts into their programs.

I am so delighted that you are Chair of this Subcommittee, Senator Reed, because it is so important that we formulate housing policy in America that really does ensure that the lowest income population has what they need. We have done it with Medicaid. We need to do it with housing.

Senator REED. Thank you very much.

Senator Dodd.

Senator DODD. Thank you, very much.

I apologize for stepping out. The Former President of Trinity College in Hartford is now President of the University of Hawaii and happened to be visiting. So he came over and I stepped out to talk with him. I apologize for walking out in the middle of the hearing.

Again, to Jack Reed, I was struck, in fact, I was saying to President Dovelle out here, how important this hearing.

Here we are talking about a million people in our country, as many as a quarter of that population are children, living in these conditions. Your presence here, knowledgeable people, working at this. You know, the lights and cameras show up here for somebody to plead the Fifth Amendment in the Enron case, but we cannot get people to show up to pay attention, other than the wonderful people who are in the room here, to care about it. They are never here and never can come. This is a constituency that can never be here. We normally have a hearing about some subject matter, and those who would be affected by it pack the room, line the halls, show up on the Mall, do all sorts of things. The homeless cannot. They are never going to come down here and lobby. We do not know where to go to meet them. They do not have a lunch for us. They do not have a dinner for us. They do not give out awards to

get us to come. So it takes someone with the intestinal fortitude and the heart of a Jack Reed to carry the ball. And I am going to do everything I can to help him——

Senator REED. Thank you.

Senator DODD. —as a senior Member of this Subcommittee to see that we get the job done.

Are you teasing me about the block grants?

Senator REED. I am not.

Senator DODD. Okay. I was out of the room and I thought you were pulling my leg.

Senator REED. I'd never do that, Senator. It is your question.

Senator DODD. Because this is such a big issue here, how this gets handled right. I am so impressed with the notion of the Continuum of Care concept and how well that has worked.

I want to ask each of you, and particularly because I know in Los Angeles county, as opposed to the city, they have opposed the block grant approach. There is a lot of attractiveness to block grants.

You do not want to take the view, because there are circumstances when a block grant makes sense. It is certainly a lot more efficient, and you can get dollars in some ways in a whole area that could be worthwhile.

But my concern here, would be because this really does lace together so many different entities to serve the multiple needs of a very complicated constituency, and that you start, if you block grant my fear would be—and there is a big question mark here, okay—that when you do that, you run the risk of breaking out.

Now maybe there is some way to do this a bit differently where, maybe you could block grant the Federal level somehow. But then when it gets down to the State or the local level, you would make it work differently.

Anyway, I know in Los Angeles they have opposed this. So, I will lead with you, since I know where you are going to stand——

[Laughter.]

Mr. NETBURN. Yes.

Senator DODD. —then go to your two colleagues on either side.

Mr. NETBURN. We do oppose it. You know, it was mentioned by the Administration that over 90 percent of the country is now covered by a Continuum of Care. There has been universal agreement that it is a system that works and works very well. So we certainly want to maintain that. Frankly, having the competitive process really enables us to bring all different parties to the table.

Senator DODD. The best ones win. They do. It is really effective.

Mr. NETBURN. It does. Also it is effective in getting the cities to participate which is not always easy. Everybody has competing time interests. Some cities do not want to admit they have a homeless problem. But knowing that the funding is somewhat dependent upon their being at the table, bringing resources to the table, being a part of the planning process really operates as a carrot-type incentive. It really brings them. And then we get a better plan because of that, and particularly in a county the size of Los Angeles. We have 88 different entities to deal with. It is the largest urban county in the country.

We cringe in fear of the idea of, depending how the block grant might go, funds going to each one of the entitlement cities, having

to enter into separate agreements with over 30 of them; the possibility that you would have duplication of services; the loss of planning that has taken place due to the Continuum of Care process.

And, frankly, we think a competitive process does bring communities together to put their best proposals forth, and we support it.

One of the things the Administration was talking about was the process taking a long time. I think there is something in between. The 18 months can be cut down. And I also would be concerned about the 18 months, if this was a brand new program we were talking about and we are all sitting here saying, well, we are not going to get money for 18 months.

The reality is, we are all on our annual cycles, and so it is not as though this is preventing us from providing services today. We know when that money is coming forward. And so definitely we do oppose the block grant of the funds.

I believe this begins Senator Dodd's statements. It would be very helpful—and I want to hear the two other witnesses—if you might lay that out a little bit to us for the Subcommittee.

I would ask consent, Mr. Chairman, that specifically the problems that you would have—now Los Angeles is a huge urban area, and obviously small areas may have a different reaction—but I think what you just said could be very valuable for Members of the Subcommittee as we look at this, why this is not some ideological reaction. It is a question of how it works. If you are going to have the program—and I presume most people are going to support the program—then you want it to work well. And you want it to serve the people it is designed to help. If you are going to somehow break up the system that delivers the service the best, then Members here should know what the implications are because the block grant has turned into this partisan liberal/conservative battleground, and we really need to get away from that.

We have to decide in certain cases block grants work very well. In some cases they do not. We should be able to make that distinction when it occurs, and by giving us more detailed information about why this would not work here, not for some ideological reason but very practical reasons, I think could be tremendously helpful to the Subcommittee.

Mr. NETBURN. Sure. We would welcome that opportunity.

Senator REED. Ms. Gleason, your thoughts.

Ms. GLEASON. Well, two of those practical things. One is that it would interrupt the multijurisdictional and regional planning that has been going on in many communities, certainly in the way the block grant had been proposed in the past. And we do not have any idea of any other formula. So that is the only thing we can assume. But that would definitely interrupt those multijurisdictional efforts, and those are so critical to being able to effectively reduce and end homelessness.

Two is, personally, I just think it is a distraction from the progress we have been really making well, and we do not need this distraction at this point. Because the truth is, people have a *pro rata* share now. This is a modified block grant, as far as I am concerned. That is what this proposal is.

So it is the best of both worlds, in my mind, because it is a modified *pro rata* share. There is predictability there. The argument

about predictability really I do not think is very valid because of the *pro rata* formulas that we use right now.

Also, I would say there are many communities that would suffer financially from this. In Maine, we would suffer the loss of well over $2 million that we really cannot afford to do. So there is definitely financial impact from it, as well.

Another thing I want to mention that worries me terribly is the institutionalization of homelessness. You know, you give people block grants. You say, you know what? We are not going to solve this. We are going to perpetuate it, and potentially prolong it by giving block grants to communities. And that I worry about, and I worry about the local politics, because NMBE is alive and well across the United States. If we do not have somebody like the Federal Government paying attention to what is happening, if we give all the power and money to the localities in the States, I worry about the expansion of NMBE and the use of that money in ways that unintentionally maybe or intentionally perpetuate NMBE.

Senator DODD. It also helps a lot of good people at the local level, as well. I mean it is how the International Monetary Fund works, where they set up the rules to countries. They tell them how they are going to manage things. Then they blame locally the IMF for doing it. They understand why it has to be done locally, but they blame. So, we become a good foil in a sense——

Ms. GLEASON. Yes.

Senator DODD. —where people who would like to see us do these things and say that the Federal Government made us do it.

Ms. GLEASON. Right.

Senator DODD. Yes, Ms. Roman.

Ms. ROMAN. Well, I agree with the argument about institutionalization, although I will say that HUD has indictated its intention to link funding to outcomes, and it is possible that there is a way to front load a performance basis onto a block grant. Essentially that is what the Continuum of Care is. From our point of view we really do not have a particular interest for or against block grants, but we have an interest in ending homelessness.

Block granting is really an administrative issue. As Mitchell said, the money goes out to communities now. Once a year they get their allocation. They spend it. And no matter how we alter the administration, communities are still going to get their money once a year. It is not going to matter to a homeless person how the money goes out administratively.

I have not heard any serious complaints about the way the money goes out now. It might be possible to look at administrative improvements such as a 2 year application so communities would not have to go through so much process just for renewals. So, we would not have to do the whole Continuum every year; maybe we could do a 2 year cycle. There would be more predictability.

But I really prefer the approach that Senator Reed has taken in his bill, which is just to tidy up the existing system; simplify the programs; consolidate the programs; but move forward.

If we block grant, we are going to spend a year arguing about whether or not to block grant. Then another 2 years having communities get up to speed on how to use this new system. We will be 3 years behind. It will have no impact on outcomes for homeless

people, or on ending homelessness. Zero. We will just be 3 years farther along without having made any progress. I would much rather spend the next 3 years trying to get an omnibus bill that looks at HHS resources, VA, Education, and gets us somewhere.

I just do not see block granting as really impacting outcomes or ending homelessness. I see it as an administrative matter that may improve administration of the program at HUD. It will make it easier for HUD to administer, to block grant. That is about all I could say for it.

Senator DODD. It sounds like what I hear from all three of you is what Senator Reed has put together makes sense?

Ms. ROMAN. To me it does, yes.

Mr. NETBURN. Absolutely.

Senator DODD. And I guess that suggests block granting at the Federal level by consolidation of programs and then allowing the Continuum of Care concept to work at the local level. That is the hybrid you are suggesting.

Ms. GLEASON. I was just going to say, certainly in my conversations with HUD I believe that Senator Reed and his bill is very close to the goals they want to reach, as well. I honestly do. So some conversations between this Committee, Senator Reed, Secretary Martinez, and other people at HUD would really just push us along. Because I honestly believe there are a lot of mutual goals.

Senator DODD. I should mention, he was not here, but I think very highly of Secretary Martinez.

Ms. GLEASON. Right.

Senator DODD. He was a local official in the Orlando area. He has a wonderful reputation as a developer in the private sector. Then when he served on local planning boards and so forth, he really had a wonderful record.

He is very forthcoming. He has actually been up to Connecticut once, but we have tried to get him up to our area, Jack, to come by, and we have other issues to address, housing authority questions and so forth, but I think that is a good suggestion, Ms. Gleason. And I am a strong supporter of what Jack is trying to do, and I thank all three of you.

Thank you, Mr. Chairman.

Senator REED. Thank you very much, Senator Dodd, for your questions. Let me conclude the hearing by thanking the witnesses, all the witnesses, the Assistant Secretary and the representatives of GAO, and our panel.

This is an issue that, as Ms. Gleason just said, seems to have some emerging consensus and we are going to work to translate that consensus into something palpable that will help end homelessness, we hope within 10 years.

If there are any additional comments that you would like to forward to us, do so quickly. If there are questions or requests, as Senator Dodd made a request for additional information, I would ask that you respond back to the Committee within 2 weeks.

Thank you very much. This hearing is adjourned.

[Whereupon, at 4:26 p.m., the hearing was adjourned.]

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

United States General Accounting Office

GAO

Testimony

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HOMELESSNESS

Improving Program Coordination and Client Access to Programs

Statement of Stanley J. Czerwinski
Director, Physical Infrastructure Issues

GAO-02-485T

Mr. Chairman and Members of the Subcommittee:

We are here today at your request to discuss federal assistance for homeless people. As you know, homelessness in America is a complex issue. Many people are homeless for only a short time and get back on their feet with minimal assistance, but others are chronically homeless and need a range of intensive and ongoing assistance in addition to housing. In the late 1980s, Congress recognized that existing programs were not effectively meeting the needs of homeless people. Consequently, Congress passed the Steward B. McKinney Homeless Assistance Act (now known as the McKinney-Vento Homeless Assistance Act) in 1987 as a comprehensive federal response to homelessness. As part its fiscal year 2003 budget submission, the Administration announced that it has made ending chronic homelessness in the next decade a top objective. The Department of Housing and Urban Development (HUD) is responsible for helping the homeless toward self-sufficiency, in part, through four key McKinney-Vento Act programs, the Emergency Shelter Grants program, the Supportive Housing Program, the Shelter Plus Care program, and the Section 8 Single-Room Occupancy program.[1] Low-income people, including those who are homeless, can also receive a wide range of assistance—such as housing, food, health care, transportation, and job training—through an array of mainstream federal programs, such as the Food Stamp Program and Medicaid.

Our testimony today is based primarily on issued reports and testimony over the past 4 years. We will focus on the (1) federal approach to assisting homeless people, (2) actions HUD has taken to overcome the coordination and administrative challenges posed by its homelessness programs, (3) inability of homeless people to access and use federal mainstream programs that are available to low-income people generally, and (4) issues that should be addressed in considering future homelessness policies.

In summary:

- The federal approach to assisting homeless people includes 50 programs administered by 8 federal agencies. Sixteen of these programs are

[1] HUD is also responsible for several other McKinney and non-McKinney programs that provide housing and services for homeless people. In addition, other federal agencies are responsible for homeless assistance programs authorized by the McKinney Act.

targeted, or reserved for the homeless, and the rest are mainstream programs. In part because of the difficulties that homeless people have accessing mainstream programs, much of the assistance provided under the targeted programs mirrors the assistance provided under the mainstream programs. Targeted programs were funded at about $1.7 billion in fiscal year 2001.

- Under the varying eligibility and funding requirements of HUD's four McKinney-Vento Act programs, it has been a challenge for HUD to ensure that adequate coordination occurs among the programs without creating undue administrative burdens for the states and communities. HUD has taken actions that have improved the coordination of homeless assistance programs within communities and have helped reduce some of the administrative burdens that separate programs cause.
- Homeless people are often unable to access and use federal mainstream programs because of the inherent conditions of homelessness as well as the structure and operations of the programs themselves. All low-income populations face barriers to applying for, retaining, and using the services provided by mainstream programs; however, these barriers are compounded by the inherent conditions of homelessness, such lack of a permanent address or a phone number. In addition, the underlying structure and operations of federal mainstream programs are often not conducive to ensuring that the special needs of homeless people are met.
- As we testified previously, consolidating HUD's McKinney-Vento programs is a step that could help reduce the administrative burden on HUD. However, to meet the goal of ending chronic homelessness in 10 years, another important step for the Administration and the Congress is to alleviate the barriers that homeless people encounter as they seek services from mainstream programs. A number of long-standing and complex issues such as improving the integration and coordination of federal programs, ensuring an appropriate system of incentives for serving homeless people, and holding mainstream programs more accountable for serving homeless people will need to be addressed in order to alleviate the barriers to accessing mainstream programs.

Background

Homelessness in America is a significant and complex problem. According to a survey conducted for the federal Interagency Council on the Homeless in 1996, 85 percent of homeless clients were single, predominately male and nonwhite, and almost 40 percent had less than a high school diploma.[2]

[2] Martha R. Burt, et al, *Homelessness: Programs and the People They Serve* (Washington, D.C.: Urban Institute, Aug. 1999).

About one quarter of those who used the programs were veterans. About 15 percent of homeless clients were families that had on average, two children. Forty-two percent of homeless clients reported that finding a job was their top need followed by a need for help in finding affordable housing. Almost 60 percent reported at least one problem with getting enough food to eat during the 30 days before being interviewed. About 40 percent reported alcohol problems in the past month, 26 percent reported drug problems, and 39 percent reported mental health problems during that period. As the survey demonstrates, the homeless population is far from homogenous. For many homeless people, particularly those in homeless families, homelessness is a short-term or episodic event. These individuals may require little more than emergency shelter to help them through a difficult situation. For other homeless people, particularly those with severe substance abuse or mental health disorders, homelessness is a chronic condition; these individuals may require intensive and ongoing supportive services in addition to housing. As a result, the types of assistance that different homeless people and families require vary greatly.

HUD has responsibility for administering a homeless assistance grant account funded at about $1 billion in fiscal year 2002. The homeless assistance grant account was created to provide funding for HUD's four key homeless assistance programs:

Emergency Shelter Grants: This program is intended to improve the quality of existing emergency shelters for homeless people and makes additional shelters available for this population. In addition, the program is designed to help grantees meet the costs of operating shelters, provide essential social services to homeless people, and prevent homelessness. This program provides formula grants to states, metropolitan cities, urban counties, and territories in accordance with the distribution formula used for HUD's Community Development Block Grant program.[3] According to HUD, grantees are generally notified of their annual Emergency Shelter Grant allocation before the start of each calendar year.

Supportive Housing Program: This program is intended to promote the development of supportive housing and services, including innovative approaches to help homeless people make the transition from

[3] The Community Development Block Grant is a formula grant program through which HUD provides assistance to communities to help them develop viable communities that provide decent housing and a suitable living environment and expand economic opportunities, primarily for low- to moderate-income people.

homelessness and enable them to live as independently as possible. States, local governments, other governmental entities (such as public housing authorities), private nonprofit organizations, and community mental health associations that are public nonprofit organizations can annually compete for supportive housing grants through a national competition. These grants may be used to provide (1) transitional housing for up to 24 months and up to 6 months of follow-up services for residents who move to permanent housing; (2) permanent housing with appropriate supportive services for homeless people with disabilities to enable them to live as independently as possible; (3) supportive services only, with no housing; (4) safe havens for homeless individuals with serious mental illness;[4] and (5) innovative approaches to help develop supportive housing that will meet the long-term needs of homeless people. The term for initial grants made under this program is up to 3 years.

Shelter Plus Care: This program provides rental assistance for hard-to-serve homeless people with disabilities along with supportive services that are funded from other sources. States, units of general government, and public housing authorities are eligible to apply for project grants through a national competition. Grants can be used to provide rental assistance payments for either 5 or 10 years depending on the type of rental assistance requested and whether the grantee meets other program requirements.

Section 8 Single-Room Occupancy Moderate Rehabilitation: The Single-Room Occupancy program brings more standard single-room occupancy units into the local housing supply and makes them available to homeless individuals. These housing units are intended for occupancy by a single person and may or may not contain either food preparation or sanitary facilities. Under this program, HUD enters into annual contracts with public housing authorities for the moderate rehabilitation of residential properties so that when the work is done, the properties will contain multiple single-room units. The public housing authority is responsible for selecting properties that are suitable for rehabilitation and for identifying landlords who would like to participate in the program. Under this program, public housing authorities and private nonprofit organizations

[4] Safe havens—supportive housing serving hard to reach homeless people with severe mental illness who are living on the street—are authorized as a separate program under title IV, subpart D, of the McKinney-Vento Act. However, because Congress has not funded this program, HUD has elected to provide funding for safe havens under the Supportive Housing Program.

are eligible to compete for rental subsidies through an annual national competition. Rental assistance payments are provided for a period of 10 years.

A Wide Range of Federal Assistance is Available for Homeless People

As we reported in February 1999, 50 federal programs administered by 8 federal agencies can provide services to homeless people.[5] Of the 50 programs, 16 are targeted, or reserved for the homeless; and 34 are mainstream programs. Although all the mainstream programs may serve homeless people, the extent to which they do so is generally unknown because the primary purpose of these programs is to serve low-income—not homeless—people; therefore, most of the programs do not track the number of homeless people served. In fiscal year 2001, the targeted programs were funded at roughly $1.7 billion.

Both targeted and mainstream programs provide an array of services, such as housing, health care, job training, and transportation. In some cases, programs operated by more than one agency offer the same type of service. As shown in table 1, 23 programs operated by 4 agencies offer housing, such as emergency shelter, transitional housing, and other housing assistance. Twenty-six programs administered by 6 agencies offer food and nutrition services, including food stamps, school lunch subsidies, and supplements for food banks.

[5] U.S. General Accounting Office, *Homeless: Coordination and Evaluation of Programs Are Essential*, GAO/RCED-99-49 (Washington, D.C.: Feb. 26, 1999).

Table 1: Types of Services that Can Be Provided through Targeted and Mainstream Programs

	Federal agency programs								
Type of service provided	**USDA**	**Education**	**FEMA**	**HHS**	**HUD**	**Labor**	**SSA**	**VA**	**Total**
Housing/shelter/rent assistance	0	0	1	8	11	0	0	3	**23**
Primary health care	0	0	0	10	4	0	0	2	**16**
Mental health	0	0	0	10	4	0	0	3	**17**
Substance abuse treatment	0	0	0	9	4	0	0	3	**16**
Education	0	2	0	8	4	1	0	2	**17**
Employment and job training	1	0	0	4	4	5	0	2	**16**
Food and nutrition	10	1	1	7	4	0	0	3	**26**
Homelessness prevention	0	0	1	6	3	0	0	0	**10**
Income support	0	0	0	2	0	0	1	0	**3**
Transportation	0	0	1	9	4	1	0	2	**17**
Case management[a]	0	0	0	15	4	0	0	3	**13**

[a]Includes counseling activities for individuals, such as conducting an assessment of an individual's service needs; referring an individual for, or assisting an individual with, obtaining additional services; and following up after a client leaves the program.

Source: GAO analysis of program information supplied by the agencies.

In addition, some of the programs are available to the general homeless or low-income population; others are reserved for specific groups within these populations. As shown in table 2, only 4 of the 16 targeted programs, including HUD's Supportive Housing Program and FEMA's Emergency Food and Shelter Program, serve the homeless population as a whole. The remainder serve specific subgroups of homeless people. For example, five of the targeted programs serve only homeless children and youth; and four other targeted programs serve only homeless veterans. Similarly, of the 36 mainstream programs, 14 programs, such as Medicaid, are available to all low-income persons who meet eligibility criteria. Eight programs, such as Head Start, are available only to low-income children and youth.

Table 2: Groups Eligible to Receive Services through Targeted and Mainstream Programs

	Program type		
Eligible group/ subgroup	**Targeted—for homeless people**	**Mainstream—for low-income people**	**Total**
General	4	14	**18**
Children and youth	5	8	**13**
Adults	1	1	**2**
Elderly	0	2	**2**
Women and children	0	3	**3**
Persons with mental illnesses	1	1	**2**
Persons with HIV/AIDS	1	2	**3**
Persons with substance abuse disorders	1	1	**2**
Veterans	4	1	**5**
Disabled persons	1	2	**3**
Migrants	0	1	**1**
Total	**18**	**36**	**54**

Note: The total exceeds the number of programs because some programs provide services to more than one group or subgroup.

Source: GAO analysis of program information supplied by the agencies.

HUD Has Taken Some Actions to Address Coordination and Administrative Challenges in its Targeted Homeless Programs

Collectively, HUD's McKinney-Vento programs provide a wide variety of housing and services to meet the diverse needs of several segments of the homeless population. However, as we testified in May 2000, although the differences in these programs are meant to serve the diverse needs of a broad spectrum of homeless people, they also create coordination and administrative challenges because each program must be implemented according to differing legislative requirements.[6] For example, state governments can receive Emergency Shelter, Supportive Housing Program, and Shelter Plus Care grants but not Single-Room Occupancy grants. Similarly, private nonprofit organizations can apply for Supportive Housing Program and Single-Room Occupancy grants but not Emergency Shelter and Shelter Plus Care grants. Coordination can be further complicated by the differences in eligible activities. For example, although Emergency Shelter and Supportive Housing Program grants can be used to provide supportive services, Shelter Plus Care and Single-Room

[6] U.S. General Accounting Office, *Homelessness: Consolidating HUD's McKinney Programs*, GAO/T-RCED-00-187 (Washington, D.C.: May 23, 2000).

Occupancy grants cannot be used for supportive services. Table 3 compares some of the requirements among HUD's four McKinney-Vento programs, including (1) the type of grant, (2) the organizations eligible to apply for funding, (3), the types of services that can be provided, (4) the types of activities eligible for funding, (5) the types of homeless people each program can serve, (6) the initial time period for which funds are available, and (7) the amount of matching funds required.

Table 3: Requirements of Four HUD McKinney-Vento Programs

Program Requirement	Emergency Shelter Grants	Supportive Housing Program	Shelter Plus Care	Single-Room Occupancy
Type of grants	Formula grant	Competitive grant	Competitive grant	Competitive grant
Eligible applicants	States Metropolitan cities Urban counties Territories	States Local governments Other governmental agencies Private nonprofit organizations Community mental health centers that are public nonprofit organizations	States Local governments Public housing authorities	Public housing authorities Private nonprofit organizations
Eligible program services	Emergency shelter Essential social services	Transitional housing Permanent housing for people with disabilities Supportive services only Safe havens Innovative supportive housing	Tenant based rental assistance Sponsor based rental assistance Project based rental assistance SRO based rental assistance	Single-room occupancy housing
Eligible activities	Renovation/ conversion Major rehabilitation Supportive service Operating costs Homelessness prevention activities	Acquisition Rehabilitation New construction Leasing Operating and administrative costs Supportive services	Rental assistance	Rental assistance
Eligible population	Homeless individuals and families People at risk of becoming homeless	Homeless individuals and families for transitional housing and supportive services Disabled homeless individuals for permanent housing Hard-to-reach mentally ill homeless individuals for safe havens	Disabled homeless individuals and their families	Homeless individuals
Initial term of assistance	1 year	Up to 3 years	5 or 10 years	10 years

Program Requirement	Emergency Shelter Grants	Supportive Housing Program	Shelter Plus Care	Single-Room Occupancy
Matching funds	States: no match for first $100,000 and dollar-for-dollar match for rest of funds. Local governments: dollar-for-dollar match for all funds.	Dollar-for-dollar match for acquisition, rehabilitation, and new construction grants. Operating costs must be shared by 25 percent in the first 2 years and 50 percent in the third year. A 25-percent match for supportive service grants No match for grants used for leasing or administrative costs.	Dollar-for-dollar match of the federal shelter grant to pay for supportive services	No match required

Source: GAO presentation of information on HUD's programs.

HUD has taken steps to improve coordination among its McKinney-Vento programs and reduce the administrative burden caused by different program requirements. First, in 1993 HUD implemented a process called the "Continuum of Care" to encourage and enable localities to develop a coordinated and comprehensive community-based approach for program and service delivery to homeless people. The Continuum of Care process is designed to build partnerships among localities, states, nonprofit organizations, and the federal government. Funding for the housing and service needs identified by communities within their Continuum of Care plans is available through HUD's McKinney-Vento programs. HUD also requires that the planning and implementation of the Continuum of Care process take place within the broader context of the community's 5-year Consolidated Plan. The Consolidated Plan describes how resources from HUD's key community development programs, such as the Community Development Block Grant, will be used to create long-term development within a community.

In our July 2000 review of HUD's funding for these programs, we found that most projects that communities ranked as high priority were awarded funding.[7] We also reported that although most communities that applied for funds during the 1999 competition had few, if any, problems in understanding HUD's application requirements and completing their paperwork, more than one-third had significant problems. Community representatives we spoke with suggested a number of actions that HUD

[7] U.S. General Accounting Office, *Homelessness: HUD Funds Eligible Projects According to Communities' Priorities*, GAO/RCED-00-191 (Washington, D.C.: July 24, 2000).

could take to alleviate the problems they experienced, such as better training for applicants and field office staff, more use of technology to provide access to information, and a simpler application format.

Second, to support the coordination and planning inherent in the Continuum of Care process and streamline and simplify the administration of the McKinney-Vento competitive grant programs, HUD combined the separate competitions for the Supportive Housing Program, Shelter Plus Care, and Single-Room Occupancy programs into one competitive process in 1998. Before HUD combined the application process, these three competitive grant programs had different time frames, application processes, and selection criteria. Under the current application process, communities are required to provide a Continuum of Care plan and an individual application for each project in that plan for which funds are being requested from any of the three programs. In addition, HUD now uses the same core rating criteria for making award decisions for all three programs. By streamlining the application process, HUD's goal was to lower the costs and problems of program administration for service and housing providers, with the expectation that this would enable providers to spend more of their resources on implementing the programs.

For several years, HUD proposed legislation to consolidate its McKinney programs into a single homeless assistance grant program and deliver these funds to communities through block grants. HUD requested this legislation because it believed that consolidation would create a simpler, less paper-intensive system through which localities could develop coordinated community-based efforts to address and prevent homelessness. Although subsequent congressional action resulted in a single appropriation for HUD's four McKinney-Vento homeless assistance programs, consolidating legislation has not yet been enacted. As we testified in May 2000, HUD has made a considerable effort in trying to improve coordination and streamline the programs within the existing legislative framework. However, there is little more that HUD can do within the existing legislative framework. Recognizing the need to move further, both your bill and the Administration's budget propose consolidating HUD's McKinney-Vento programs.

Homeless People Encounter Barriers to Using Mainstream Programs

Despite the availability of a wide array of programs, we reported in July 2000 that homeless people are often unable to access and use federal mainstream programs because of the inherent conditions of homelessness as well as the structure and operations of the programs themselves.[8] All low-income populations face barriers to applying for, retaining, and using the services provided by mainstream programs; however, these barriers are compounded by the inherent conditions of homelessness, such as transience, instability, and a lack of basic resources. For example, complying with mainstream programs' paperwork requirements and regularly communicating with agencies and service providers can be more difficult for a person who does not have a permanent address or a phone number.

Furthermore, as we reported in July 2000, the underlying structure and operations of federal mainstream programs are often not conducive to ensuring that the special needs of homeless people are met. Federal programs do not always include service providers with expertise and experience in addressing the needs of homeless people. These providers may not be organized or equipped to serve homeless people, may not be knowledgeable about their special needs, or may not have the sensitivity or experience to treat homeless clients with respect. For example, many providers delivering Medicaid services for states are not adept at dealing with homeless patients' special needs and characteristics, such as their inability to store medicines or their lack of adequate shelter, nutrition, and hygiene.

In addition, we noted that federal mainstream programs may not provide adequate incentives for service providers to serve the homeless population. Homeless people often have multiple needs, more severe problems, and fewer resources than other segments of the low-income population. Therefore, they can be a comparatively more expensive and difficult population to serve. States, localities, and service providers who receive federal funds but face resource constraints may therefore be deterred from making the special efforts that are needed to reach out to and serve the homeless population. Also, the federal government's performance-based approach to measuring program outcomes, although beneficial in many respects, can inadvertently create disincentives for states, local areas, or individual providers to serve the most challenging

[8] U.S. General Accounting Office, *Homelessness: Barriers to Using Mainstream Programs*, GAO/RCED-00-184 (Washington, D.C.: July 6, 2000).

populations, such as homeless people. This is because programs that focus on hard-to-serve populations, such as homeless people, may not have outcomes that are as successful as programs that focus on more mainstream and easier-to-serve populations.

As we and others have reported in the past, the federal government's system for providing assistance to low-income people is highly fragmented. Each federal assistance program usually has its own eligibility criteria, application, documentation requirements, and time frames; moreover, applicants may need to travel to many locations and interact with many caseworkers to receive assistance. Among other things, this fragmentation can make it difficult to develop an integrated approach to helping homeless people, who often have multiple needs. Numerous studies have demonstrated that the multiple and complex needs of homeless people—which may include medical care, mental health care, substance abuse treatment, housing, income support, and employment services—should not be addressed in isolation but rather through programs that are integrated and coordinated.

As we reported in July 2000, alleviating these barriers would require the federal government to address a number of long-standing and complex issues. An expert panel we convened during the course of our work on the July 2000 report presented a variety of strategies that the federal government could pursue to improve homeless people's access to, and use of, mainstream federal programs. These included (1) improving the integration and coordination of federal programs, (2) making the process of applying for federal assistance easier, (3) improving outreach to homeless people, (4) ensuring an appropriate system of incentives for serving homeless people, and (5) holding mainstream programs more accountable for serving homeless people.

The issues the panel members identified are not new to the federal agencies responsible for administering mainstream programs, and federal agencies have tried to address them for years with varied degrees of success. For example, as we reported in July 2000, with regard to improving coordination and simplifying the application process, the Department of Health and Human Services (HHS) developed an information system design in the 1980s that facilitated state efforts to combine the eligibility determination process for Medicaid, the Food

Stamp Program, and Aid to Families With Dependent Children.[9] In addition, several states are planning or implementing their own automated systems to coordinate the delivery of services provided by multiple federal programs. However, these projects have faced several serious challenges, owing, in part, to the complexity of the system of aid for low-income people and the difficulties inherent in managing any large information technology project.

Another mechanism for coordination of targeted and mainstream programs is the Interagency Council on the Homeless, which was established by Congress in 1987 to help streamline the governments approach to homelessness by bringing together representatives of federal agencies that administer programs or resources that can be used to alleviate homelessness. In 1994, however, because of congressional concern that the Council was not effectively coordinating a streamlined federal approach to homelessness, funds were not appropriated for the Council and it became a voluntary working group. In fiscal year 2001, the Congress funded the Council again. The conference report to the fiscal year 2002 HUD appropriations directed that the Council be placed under the President's Domestic Policy Office, that meetings be held at least semi-annually, and that the chairmanship of the Council be rotated among the Secretaries of HUD, Health and Human Services, Labor, and Veterans Affairs.[10]

In terms of increasing accountability, the Government Performance and Results Act of 1993 requires federal agencies to collect performance data and use these data to hold programs accountable for their performance. However, we reported in 1999, the extent to which federal agencies were using this process to hold mainstream service providers more accountable for serving homeless people was not yet clear. Nevertheless, we reported in 1999 that communities were increasingly using outcome measures to manage their homeless assistance programs, focusing less on the types and numbers of activities performed and more on the results achieved.[11] In

[9] Aid to Families With Dependent Children, which provided eligible families with monthly cash assistance, was replaced by the Temporary Assistance for Needy Families block grant for the states.

[10] H.R. Conf. Rep. No. 272, 107th Cong., 1st Sess. 110 (2001).

[11] U.S. General Accounting Office, *Homelessness: State and Local Efforts to Integrate and Evaluate Homeless Assistance Programs*, GAO/RCED-99-178 (Washington, D.C.: June 29, 1999).

Minnesota, for example, the state-funded Family Homeless Prevention and Assistance Program is an outcome-based program that provides agencies with flexible grants but holds them accountable for achieving certain measurable outcomes related to preventing homelessness among families. One outcome measure used by the program is the number of at-risk families who maintain stable housing.

Federal agencies have developed a large body of knowledge about serving homeless people effectively through the McKinney-Vento Act programs and various demonstration and research projects targeted to homeless people. These programs and demonstration projects clearly show there are strategies mainstream programs can adopt to better serve the homeless population in such areas as mental health, substance abuse treatment, primary health care, housing, and job training. In 1994, we recommended that the secretaries of HUD, HHS, Veterans Affairs, Labor, and Education incorporate the successful strategies for working with homeless people from the McKinney-Vento Act demonstration and research projects into their mainstream programs. Although the federal agencies have taken some steps to implement our recommendation, members of the expert panel we convened during our review of barriers to access to mainstream programs emphasized that these efforts could go further. They said that federal agencies could do more to incorporate into mainstream programs the "best practices" for serving the homeless population that have been learned from past demonstration and research projects.

In conclusion, Mr. Chairman, although the wide array of assistance provided by HUD's McKinney-Vento Act programs is critical to meeting the diverse needs of homeless people, their complex and differing eligibility and funding requirements cause coordination and administrative challenges for HUD and the communities that rely on the funds. HUD has made a commendable effort in trying to improve coordination and streamline the administrative burden within the existing legislative framework for these programs. To the extent that further streamlining and simplification can be achieved by consolidating the McKinney-Vento programs, it will help HUD more efficiently administer these programs. However, this consolidation should be viewed only as a first step. To meet the goal of ending chronic homelessness in 10 years, another important step for the Administration and the Congress is to alleviate the barriers that homeless people encounter as they seek services from mainstream programs. A number of long-standing and complex issues such as improving the integration and coordination of federal programs, ensuring

an appropriate system of incentives for serving homeless people, and holding mainstream programs more accountable for serving homeless people will need to be more fully addressed in order to alleviate the barriers to accessing mainstream programs.

Mr. Chairman, this completes my prepared statement. I would be happy to respond to any questions.

Contacts and Acknowledgment

For further contacts regarding this testimony, please contact Stan Czerwinski at (202) 512-6520. Individuals making key contributions to this testimony included Susan Campbell and Jason Bromberg.

PREPARED STATEMENT OF SENATOR SUSAN M. COLLINS

A U.S. SENATOR FROM THE STATE OF MAINE

MARCH 6, 2002

Mr. Chairman, thank you for allowing me to be here today to take part in this constructive dialogue on the future of Federal housing and homeless policies. Let me first express my appreciation for your leadership and the work of Senator Allard to serve the homeless population throughout the country.

I am pleased that the committee is working to reauthorize the McKinney–Vento Homeless Assistance Act. The programs authorized by the Act have served the citizens of Maine well, providing resources for shelters, new construction, rehabilitation, prevention, and numerous support services. Mr. Chairman, it has been a pleasure to work with you on possibilities for a reauthorization proposal. I am hopeful that we can reauthorize the program by the end of this Congress in a manner that incorporates innovative approaches to improving the delivery of services throughout the country. I appreciate your initiative and look forward to continued collaboration.

We are fortunate to have a witness here today who has direct experience with the Federal homelessness programs at the local level and has done a tremendous job with the programs in Maine. It is my pleasure to introduce one of the Nation's foremost advocates on behalf of homeless individuals, Mary Ann Gleason. Ms. Gleason worked here in Washington for a number of years as the Executive Director of the National Coalition for the Homeless, where she worked with Members of Congress, the Administration, and Federal agencies to advocate for a public policy that expanded and better utilized Federal resources to prevent and address homelessness.

To the delight of those of us in Maine, Ms. Gleason decided to return to the front line in 2001 and became the Director of the York County Initiative to End Homelessness. In that capacity, she has worked to promote both policy and attitudinal change throughout the State. Her commitment and dedication to combating homelessness in Maine have had an immense impact on the success of our system, and her work is to be commended.

Aside from her duties with York County, Ms. Gleason has also found time to act as the Chair of the Monitoring and Evaluation Subcommittee on the Maine Homeless Assistance Planning and Advisory Committee, and she has been a member of the Maine Affordable Housing Bond Issue Steering Committee. As we can see by her presence here today and her numerous appearances before Congressional committees, Ms. Gleason continues to take an active role in Federal policy, and we are the richer for her efforts. Ms. Gleason, thank you for being here today and for all of the work you do in Maine. I look forward to hearing your testimony.

PREPARED STATEMENT OF NAN P. ROMAN

PRESIDENT, NATIONAL ALLIANCE TO END HOMELESSNESS, WASHINGTON, DC

MARCH 6, 2002

Mr. Chairman, Senator Allard, 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 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 make progress in the struggle to end homelessness in the Nation. The National Alliance to End Homelessness is convinced that not only could our Nation do a better job of helping homeless people, but also that ending homelessness is well within our reach. We very much appreciate the Subcommittee's history of accomplishment toward this goal. We are particularly grateful for Chairman Reed's recent work to draft a bill, provisionally entitled the "Community Homeless Assistance Act of 2002," that will take a critically important step in improving homeless assistance by simplifying and codifying the largest Federal homeless program—the HUD Homeless Assistance Grant Program.

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 emergence of a new social phenomenon—thousands of Americans living on the streets. It is important to remember that prior to the 1980's, there was not widespread homelessness in the Nation. While there were certainly problems such as mental illness, drug abuse, and deep and pervasive poverty, people experiencing these problems were able to find a place to live. But then the seeds of deinstitutionalization, loss of affordable housing stock, destruction of a million units of single-room occupancy housing, new kinds of illegal drugs and an increase in poor, single parent

households began to take root. In the 1980's, they grew into homelessness. The absence of widespread homelessness before the 1980's is a reminder that homelessness is not inevitable. It has not always existed, and it does not have to exist now.

From its founding in 1983, the focus of the National Alliance to End Homelessness (the Alliance) has shifted as the problem of homelessness and our knowledge about it have changed. Once focused on food and shelter, today the Alliance and its nonprofit, public sector, and corporate partners in every State in the Nation are focused on permanent solutions to homelessness.

I am grateful to you for holding this hearing today. It is time to look at the effectiveness of our homeless assistance programs and to make the necessary adjustments to ensure that they have the best possible outcomes. In doing this we must avoid the institutionalization of a system, which can manage but cannot eliminate homelessness. We must, instead, try to make progress toward an improved system that is results- and outcome-oriented. The decisions that you will make about reauthorization of the McKinney–Vento Act will affect which of these two paths we, as a Nation, will travel.

Where We Stand on Homelessness

A recent Federal report, based upon the most extensive survey to date of homeless assistance providers and their clients (conducted by the U.S. Bureau of the Census) describes the situation. As of 1996 there were 40,000 programs to assist homeless people in the Nation. This infrastructure of assistance has largely been formed in the past 15 years, stimulated and sustained in good part by Federal funding. With an infrastructure of this size and complexity, one might expect the size of the homelessness population to have been reduced over this period of time. In fact, this is not the case. Despite the growing infrastructure of assistance, between 1987 and 1996 the size of the homeless population increased, from 2.5 to 3.5 million people per year.

Is homelessness growing because the homeless system is ineffective? The answer is no. In fact, the homeless assistance system helps hundreds of thousands of people to escape homelessness every year. Indeed, it is becoming more effective. Through the Continuum of Care process much progress has been made, and the vast majority of people who become homeless exit the system relatively quickly and do not return. For most individuals, the existing system *does* end homelessness.

Yet, the homeless assistance system cannot end homelessness overall, nor can it reduce the number of homeless people. This is because it can neither prevent people from becoming homeless, nor change the overall availability of housing, income, and services that will truly end homelessness. In the final analysis, the homeless assistance system cannot close the front door into homelessness, and it cannot open the back door out of homelessness.

Mainstream social programs, on the other hand, do have the ability to prevent and end homelessness. These are programs like welfare, health care, mental health care, public housing, substance abuse treatment, foster care, veterans assistance, and so on. However, these programs are oversubscribed and underfunded. Increasingly, rather than being a true safety net that prevents people from becoming homeless, these mainstream systems shift the cost and responsibility for helping the most vulnerable people to the homeless assistance system. Perversely, the better the homeless system gets, the worse the mainstream system gets.

So there is a very dysfunctional situation that is quickly becoming institutionalized. There is a homelessness assistance system that manages the problem but cannot solve it. There is a mainstream system with far more resources that, instead of solving the problem, has more incentive to shift cost and responsibility to the homeless system. If this dynamic is not changed, homelessness will never go away. If this approach to the problem is not altered, the American people will be paying to support the current system forever.

How can this system be changed? Given that the draft bill addresses only the HUD homelessness program, will it nevertheless help us make progress toward ending homelessness?

Ending Homelessness

To end homelessness, people will have to be prevented from becoming homeless—the front door to homelessness will have to be closed. In addition, those who are homeless will have to find somewhere to go when they exit the system—the back door out of homelessness will have to be opened. These are not unrealistic goals. They can be accomplished within the current parameters of the mainstream and homeless systems. To do so will require four steps. The National Alliance to End Homelessness believes that by following this course, homelessness can be ended in 10 years.

PLANNING TO END HOMELESSNESS

First, jurisdictions and the Federal Government can plan to *end,* not simply to manage, homelessness. A preliminary requirement is much better data collection at the local level. Data can identify who is homeless, why they are homeless, how they use the homeless and mainstream systems, and what is effective in ending their homelessness. Based on solid data, jurisdictions can begin a planning process that brings homelessness experts, and mainstream programs and resources, to the table with a goal of ending homelessness.

CLOSING THE FRONT DOOR INTO HOMELESSNESS

Second, to prevent homelessness the mainstream programs must be adjusted so that incentives favor helping the most vulnerable people rather than shifting this responsibility to the homeless system. Federally funded mental health, substance abuse, foster care and veterans programs, as well as corrections are among those mainstream programs whose clients often become homeless. Furthermore, these systems provide inadequate assistance to people *while* they are homeless. Ultimately, their performance must be improved if we are to make progress.

OPENING THE BACK DOOR OUT OF HOMELESSNESS

In terms of opening the back door, recent analysis of homelessness has revealed that while most people (perhaps 80 percent) who become homeless exit the system relatively quickly, the remaining 20 percent has a much more troubled experience. Approximately 20 percent of the homeless population (200,000 people) spends months, and even years, homeless. This group is also chronically disabled. It might seem that housing chronically homeless and chronically disabled people in shelter is a cost effective way of providing assistance. It is not. A recent exhaustive and groundbreaking study by the University of Pennsylvania shows that a chronically homeless, mentally ill person living on the streets of New York City exacts an annual public cost of approximately $40,000. [This is because members of this group are high users of hospital emergency and intensive care facilities, jails and prisons, and mental health beds while homeless.] For nearly the same expenditure on the part of public systems of care (around $41,000 per year) that person can be provided with permanent supportive housing and services.

So how can the back door be opened more widely?

The 80 percent of the homeless population who exit the system quickly (both families and single adults) initially entered the system because they experienced a housing crisis that resulted in their homelessness. Despite the near universal shortage of affordable housing for poor people, they will find a way to house themselves. Since the homeless system is unable to address the real cause of their problem—the overall national shortage of affordable housing—its best course of action is to facilitate their accommodation to this shortage and help them make it more quickly. Accordingly, the Alliance recommends a ″housing first″ approach for most homeless people—getting them quickly back into housing and linking them with appropriate mainstream services—thus reducing their stay in shelter or transitional housing to an absolute minimum. Although people who become homeless certainly need services, such services are most effective when delivered in permanent housing, rather than while people are in unsettled, temporary housing. (There are exceptions. For example, families fleeing a domestic violence situation usually need a period of time in a sheltered and secure environment. Families in which adult(s) are just finishing treatment for substance abuse also need intermediate levels of supportive housing.) Affordable housing is ultimately the solution to homelessness for this group, and we encourage any and all efforts to increase the supply of such housing. In the meantime, everything possible should be done to minimize the duration of homelessness for families and individuals.

For chronically homeless people, there is also an answer—permanent supportive housing, usually preceded by outreach and sometimes by intermediate treatment or housing. Such housing is over 80 percent effective in achieving stability and is very cost effective. Approximately 200,000 units of such housing would essentially eliminate chronic homelessness, empty the system of those who live in it through no choice of their own, and change the dynamic of homelessness. This supply of permanent supportive housing could be achieved by retaining the set-aside of 30 percent of the homeless funds for permanent supportive housing. Further, it requires that the renewal funding for these units (Shelter Plus Care and Supportive Housing—permanent housing program, or any permanent housing) be shifted to Section 8.

BUILDING THE INFRASTRUCTURE

Finally, while it is certainly true that the homeless assistance system can shorten people's experience of homelessness, and that mainstream programs can be better

targeted so that clients and wards are not vulnerable to housing crisis, ultimately this must be done in the context of addressing the larger systemic causes of homelessness. There is not enough affordable housing; earnings from employment and benefits have not kept pace with the cost of housing for poor people; and services that are needed for support and stability are not available to extremely low-income people. Whatever is done must be done in the context of addressing these underlying needs.

The Federal Role

In the view of the Alliance, any initiative to change Federal homeless assistance programs should be measured against the goal of helping the Nation to end homelessness. Does it facilitate better planning to end homelessness? Does it help prevent people from becoming homeless? Does it help create permanent housing? Does it encourage greater responsibility of mainstream programs?

The bill Senator Reed has drafted does not presume to be able to end homelessness. This is in its favor since it is unrealistic to expect homeless programs to end homelessness on their own. The bill does, however, tidy up the administration of the current system and maximize the use of Federal resources to achieve positive outcomes. In addition, it takes steps to compel action in mainstream programs that will lead us down the road to ending homelessness. Following is an evaluation of this proposal relative to its impact on ending homelessness.

Local Planning

The draft bill creates a Community Homeless Assistance Planning Board (the Board) that is made up of those who deliver and receive homeless assistance, as well as the other significant sectors of the community. This Board is charged with devising an outcome-oriented plan to spend Federal resources, with developing long-term plans for reducing and preventing homelessness in the jurisdiction, with examining causes of homelessness, and with assessing and reporting on the success of projects funded by the Act and also of the communities' efforts to prevent and end homelessness. The goals of these planning Boards are admirable, and as they mirror the current system of planning and applying for Homeless Assistance Grants, they build upon existing capacity. They press further, however, by requiring a more rigorous outcome orientation and by requiring the community to look beyond the homeless system for both the causes and solutions to homelessness.

Two improvements might be suggested in this area. First, without comprehensive administrative data systems that can examine how clients and tenants use the homeless system over time, from where they come, and to where they go, communities are unlikely to be able to achieve the level of planning or reporting anticipated in the draft bill. The achievements of cities like Columbus and Philadelphia demonstrate the impact such data systems can have upon results. This could be more explicitly addressed in the bill.

A second area to examine concerns the constitution and responsibilities of the Boards. The Boards are required to do a tremendous amount of reporting, much of it on the performance of public and private systems and institutions. They are asked to address discharge planning and prevention policy and practice in systems of care that are beyond their control. While this reporting would be useful, in and of itself it is not likely to change these systems. It will be costly, and unless there is representation from relevant public and private agencies on the Board, the information may be difficult to obtain. Frankly, the issues of discharge planning and the utilization of mainstream services might be more effectively addressed in companion legislation directed to the U.S. Departments of Health and Human Services, Justice, Veterans Affairs, etc. Alternatively, the bill might include incentives to encourage key agencies to participate in local homeless planning. At a minimum, the bill could list key public sector agencies that must participate in local Boards if local applications are to be successfully funded.

Closing the Front Door

The draft bill includes numerous references to homelessness prevention and requires Boards to describe improvements in discharge from public institutions and other prevention efforts. These are welcome shifts in emphasis. Again, a reauthorization of homeless assistance programs at HUD cannot be expected to compel action in a full range of public systems of care. This will have to be more substantively addressed in future companion legislation.

Opening the Back Door

The bill draft clearly improves the outcome focus of the homeless assistance programs. It places the emphasis much more squarely on placement of people in permanent housing. The Alliance is particularly supportive of the set-aside of 30 percent

of the funding for permanent housing for people with disabilities. In fact, you are encouraged to go even further and target these resources to people who experience chronic homelessness (and are also disabled) in order to make progress in helping this most difficult to serve population.

The Alliance is also extremely supportive of the provision in the draft that provides funds for the renewal of permanent housing subsidies from the Section 8 account. This will allow, over time (an estimated 10 years), 200,000 chronically homeless people to be provided with permanent supportive housing—a key step toward ending homelessness.

The Administration commits, in its fiscal year 2003 budget request, to end chronic homelessness in 10 years. The Alliance fully supports this goal, as part of its own goal of ending all homelessness in 10 years. Authorizing the 30 percent set-aside for permanent supportive housing and shifting the renewal of this housing to the Section 8 account would have a significant positive impact on the Nation's ability to end chronic homelessness in 10 years.

Finally, the Alliance applauds the bill's focus on housing placement. Homelessness funding will never be adequate to end poverty for the millions of people who enter the homeless system every year. What *can* be expected is for the homeless system to end people's homelessness. People should be moved into housing as quickly as possible, and the draft bill has provisions to encourage this preferred approach.

Building the Infrastructure

Since this bill focuses only on the homeless programs, it does not have a major impact on the systemic changes needed, including improving the supply of affordable housing, providing adequate incomes, or adequately addressing service needs. It is important to note, however, that to the degree that new permanent supportive housing or housing for families is developed, the affordable housing supply can be increased.

Summary

Millions of people become homeless in our Nation each year and thousands of nonprofit and public sector agencies spend billions of dollars to help them. This system functions fairly well to manage the problem. However, because it cannot stop people from becoming homeless, and does not create the housing that can end their homelessness, this homeless assistance system cannot reasonably be expected to end homelessness overall.

And homelessness can be ended. To make progress toward this goal, the Federal Government can do two things. First, it can adjust the existing homeless programs to improve their outcome orientation. It can distribute money more rapidly; focus resources more tightly on the goal of ending homelessness for individuals and families by moving them more quickly into permanent housing; create an adequate supply of permanent supportive housing for chronically homeless people; and be more attentive to emergency prevention measures such as rent assistance that can divert people from the homeless system altogether.

The second step, however, is beyond the purview of the homeless system. It involves making mainstream systems of care and custodial systems more responsive to the housing needs of those they serve, and preventing them from shifting these people and the cost of serving them into the homeless assistance system. It involves the creation of more affordable housing, the provision of adequate incomes, and the provision of services adequate to meet needs.

The draft bill Senator Reed and his wonderful staff have developed does a good job of addressing the first task. It builds upon a successful system of delivering resources. Communities are highly invested in this system, which is well embedded in communities. It makes sense to focus on improving the existing administrative infrastructure rather than replacing that infrastructure. Creating a whole new infrastructure is unlikely to have any significant impact on ending homelessness. The draft bill tightens up the existing system by codifying its procedures, including the allocation formula and the planning body. It focuses the program much more tightly on outcomes and outcome-based planning. It authorizes critical provisions necessary to end homelessness, including targeting a proportional amount of the resources to permanent supportive housing, and normalizing the renewal of housing for homeless people. Overall, it improves the administration of current programs, and shifts their focus to improve outcomes. The National Alliance to End Homelessness believes that this is a positive step.

As to the second part of the Federal responsibility, the draft bill sets the stage for positive change. Mainstream systems of care and custodial systems such as prisons must be engaged to close the front door into homelessness and open the door

out of homelessness. The Alliance looks forward to working with the Members of the Committee on this critical task in the future.

PREPARED STATEMENT OF MITCHELL NETBURN

EXECUTIVE DIRECTOR, LOS ANGELES HOMELESS SERVICES AUTHORITY
LOS ANGELES, CALIFORNIA

MARCH 6, 2002

Mr. Chairman and Members of the Subcommittee, I am honored that you have invited the Los Angeles Homeless Services Authority to testify in support of the reauthorization of the McKinney–Vento Homeless Assistance Act.

The Los Angeles Homeless Services Authority, known as LAHSA, is a joint powers authority of the City and County of Los Angeles. Founded in 1993, LAHSA is governed by a 10 member commission. Each of the 5 Los Angeles County Supervisors appoints one commissioner and the Mayor of the city of Los Angeles appoints the other 5 commissioners.

LAHSA has been the lead coordinator for the second largest Continuum of Care system in the country since the inception of HUD's Continuum of Care funding process. Prior to the establishment of LAHSA, there had been no local coordination of funding for homeless housing and services. The Continuum of Care requirements enabled LAHSA to vigorously pursue a regional approach to addressing homelessness. This is critical to successfully address homelessness, especially given the geography covered by our Continuum—four thousand square miles—and the extreme differences in infrastructure and needs across our county. Moreover, Los Angeles County encompasses 88 jurisdictions, including 34 entitlement cities.[1] McKinney–Vento funding has made it possible for LAHSA to provide critically needed leadership in integrating services across jurisdictional boundaries and between homeless and mainstream service delivery systems.

We are proud of the collaborative efforts stimulated by the Continuum of Care and support reauthorization of the McKinney–Vento Homeless Assistance Act to codify the Continuum of Care and a competitive process for obtaining funding for homeless programs.

Nature and Extent of Homelessness in Los Angeles County

The most commonly used estimate indicates that there are 84,000 men, women, and children homeless on any given night in Los Angeles County.[2] A more recent County survey found that 375,000 adults experienced homelessness in the previous 5 years. While many of these persons doubled up in someone else's home, up to half resorted to staying on the streets or in shelters.[3]

Since 1995, the Los Angeles Continuum of Care has received over $325 million through the McKinney–Vento Act. In the last year alone, McKinney–Vento funded programs that served more than 63,000 homeless men, women, and children. These programs include outreach services, supportive services, emergency shelter, and transitional and permanent housing. Among them are model programs in the area of specialized employment services for homeless persons, the relocation of families living in shelters to permanent housing, and permanent supportive housing lauded for addressing chronic homelessness and its contribution to neighborhood improvement. McKinney–Vento funding has enabled localities to leverage millions of dollars in private funding and investment while also contributing to the aesthetic improvement of many low-income neighborhoods.

Notwithstanding this significant level of Federal support for homeless persons, we face very real challenges to ending homelessness. Over the last 10 years, Los Angeles County has experienced increasing poverty and diminishing housing resources for our lowest-income residents. Los Angeles County is reporting, despite a 3½ percent drop in unemployment since 1990, poverty in the County has increased by 46 percent. These conditions have fueled greater demand for homeless services

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[1] Three of those cities, Glendale, Pasadena, and Long Beach, submit their own Continuum of Care application, but have been coordinating their Homeless Management Information System planning with LAHSA.

[2] *The Number of Homeless People in Los Angeles City and County: July 1993 to June 1994.* Shelter Partnership, Inc., Los Angeles. November 1995.

[3] Cousineau, Michael R. and Brian Shimabakura, "The Five Year Prevalence of Homelessness in Los Angeles County: Findings from the L.A. County Health Survey," Institute for the Study of Homelessness and Poverty Colloquia presentation, Los Angeles, January 20, 1999.

even before the local economy began to experience general economic hardship since last fall.

Specifically within the City of Los Angeles, there is a 3.5 percent rental housing vacancy rate,[4] among the lowest rate in the last 4 years. Not only does this mean a tighter housing market for low-income renters, but also those who are fortunate enough to receive a Section 8 voucher are finding fewer and fewer landlords willing to rent to them. The City's Housing Authority reports that only 41 percent of households issued vouchers are able to use them.[5] On a brighter note, the Los Angeles City Council last week adopted the Mayor's plan for establishing a $100 million Housing Trust Fund. And this November, voters in the State of California will have the opportunity to approve over $2 billion in bond financing for affordable housing.

We are looking forward to unprecedented funding opportunities at the local, State, and Federal level to finally end homelessness. In reauthorizing the McKinney–Vento Homeless Assistance Act, you have the opportunity to harness this momentum and provide the Federal leadership necessary to end homelessness.

Recommendations for Reauthorization of the McKinney–Vento Homeless Assistance Act

In looking toward reauthorization, our experience tells us that the collaborative, community-based process generated by the Continuum of Care works. Our system as a whole is better, more vigorous, and more integrated because of the incentives created by the Continuum of Care to engage in a broadly inclusive planning process and to identify the resources in mainstream systems that need to serve our homeless clients.

We have, however, outgrown the current McKinney–Vento Act and offer these recommendations:

- *Keep the program flexible.* Every community has different circumstances that call for different approaches to addressing homelessness. The strength of the existing McKinney–Vento system is that it allows localities to determine how they can best use the funding to meet the needs of homeless individuals and families. In some communities, local governmental agencies are strong advocates for service delivery and understand how to work with their nonprofit partners to serve the homeless. In other areas, the nonprofit community is better positioned to lead that decisionmaking process. By allowing localities to decide who is best suited to lead the planning effort and apply for funding, we avoid the difficulties that often occur when disinterested entities are the appointed recipients for funding.
- *Ensure Federal coordination of homeless programs by locating the Interagency Council on Homelessness in the White House Domestic Policy Office.* While nearly all of LAHSA's funding for homeless programs originates in the U.S. Department of Housing and Urban Development (HUD), many of the homeless housing and service agencies that we fund are also funded by other Federal Departments, including the Departments of Veterans' Affairs, Health and Human Services, Labor and Education. Coordination of funding and programs could be furthered by having a centralized presence in the White House to oversee a national plan to end homelessness.
- *Lift the cash match requirement for permanent housing.* Developers in our system have reported that the 25 percent cash match requirement under the SHP permanent housing program has hampered efforts to use this program in the Los Angeles area. Although new sources of local funding are on the horizon, securing and documenting the cash match for this process is not always feasible. This in turn inhibits development of the permanent affordable housing we so desperately need to end homelessness.
- *Move the renewal of Shelter Plus Care and Supportive Housing Program Permanent Housing Contracts to the Housing Certificate Fund.* By the time these programs are ready to renew, they have demonstrated their effectiveness and the tenants in the programs are no longer homeless. Therefore, we urge you to consider these renewing programs as "mainstream," thereby allowing renewals to be funded from a mainstream source.
- *Provide for Homeless Management Information Systems funding.* Several years ago, Congress wisely directed HUD to embark on implementing computerized data collection. LAHSA has begun working on a countywide homeless management information system that would be used not only by McKinney–Vento-funded programs, but by agencies serving the homeless that do not receive Federal fund-

[4] Citywide vacancy rate from January 1998 through January 2002 for multifamily, individually metered housing units. Los Angeles Housing Department/Policy and Planning Unit. *http://www.lacity.org/lahd/vacchart.PDF.*

[5] "Housing Less Affordable as Rent-Wage Gap Widens," *Los Angeles Times,* October 3, 2001.

ing. We have embraced this opportunity to establish a system that will help homeless persons access services, providers to track the work that they do, and allow localities to assess the effectiveness of their programs. However, this entails considerable costs that we cannot sustain with local funding. We look to you to ensure that the HMIS requirement will not be an unfunded mandate.

- *Retain the competitive process for homeless services funding.* While administering an annual competition does consume significant local resources, the system is better for it. The current process is a catalyst that empowers us to work closely with agencies from the 31 entitlement cities within our Continuum of Care, as well as with the County-administered housing, health, and welfare systems. Therefore, LAHSA has historically opposed the block granting of Federal homeless assistance funds.

I thank you for this opportunity to share the experiences of Los Angeles County and our suggestions for improving the existing legislation. I strongly support your efforts to reauthorize the McKinney–Vento Homeless Assistance Act so that we will have the critical resources and Federal leadership necessary to end homelessness.

PREPARED STATEMENT OF MARY ANN GLEASON

DIRECTOR, YORK COUNTY INITIATIVE TO END HOMELESSNESS, ALFRED, MAINE

MARCH 6, 2002

Good afternoon, Senators, and others concerned about homelessness in our Nation. Thank you, Senator Reed, for your kind invitation to appear before the Subcommittee. Thank you, Senator Collins, for your gracious introduction.

The Stewart B. McKinney Homeless Assistance Act was enacted into law in July 1987, as the first, and to date only, major Federal legislative response to homelessness as a national issue of grave concern. According to the Urban Institute, as many as 842,000 persons on any given night, and up to 3½ million a year become homeless in the United States.

In Maine, the number of admissions into our shelters grew by 51 percent over the last 4 years. Thirty-two percent of those who become homeless in our State are families; 11 percent are youth; 13 percent are veterans; 37 percent are employed; nearly 45 percent are challenged by disabilities. Sixty-one percent are high school graduates. Twelve percent have attended at least a year of college; in Portland, 29 percent have graduated from, or at least attended college. The average monthly income of shelter residents in Maine is $240. It is also important to know that 68 percent of those who entered the shelters were homeless in some other form prior to doing so, and prior, therefore, to being counted. They were doubled or tripled up with friends or relatives, living in motels, cars, tents, speaking loudly to us of how many more live so close to the edge that simply doing shelter or street counts cannot tell us the scope of the problem.

Since passage of the McKinney bill, Rhode Island, Maine, Conneticut, Colorado, and every other State has been the recipient of HUD homeless assistance funds that have supported the development of many highly effective programs that not only allowed us to redress homelessness for those who suffer it, but also serve as models for addressing the holistic needs of vulnerable families and individuals. In Denver, McKinney funds helped renovate a portion of 92 rental housing units, half of which were no longer livable and contributed to the growing blight and crime in the neighborhood. Having significantly upgraded the community's self-regard, these units now provide permanent housing shared by persons challenged by mental illness who had lived on the streets for years of their lives, high-tech employees, factory workers, other families, and individuals of mixed incomes in an integrated model we can all feel good about. In another, new construction of a complex of permanent affordable housing units for diverse populations that includes a childcare center used by the broader neighborhood of homeowners, as well as children homeless in the recent past. In Maine, we are developing housing on an organic farm for late-stage alcoholics who have become homeless to bring meaning and hope back to their lives, and to provide vegetables and herbs for the bakery and catering service where shelter residents can develop skills in culinary arts from a terrific chef. In Columbus, the housing first model moves families out of shelters within 2 weeks and into permanent housing with transitional services, so they can quickly be reintegrated into the larger society. Developed now in many States, highly efficacious supportive housing programs also provide employment opportunities for persons with disabilities that help them feel whole again. For families who have suffered domestic violence and consequent homelessness, we are designing a cohousing model to create

the community that September 11 taught us is America at her best. Nationally, HUD's McKinney programs have had a positive impact in every State in the Union. The diversity of the local responses has resulted in significant cross-fertilization of good ideas and best practices.

Having read a draft of your bill, Senator Reed, I am delighted to say it builds on much that is highly effective in HUD's McKinney programs, and it improves elements needing such. I will mention a few:

1. It consolidates the separate McKinney programs and eliminates the constraints they imposed to maximize flexibility, creativity, and local decision-making.
2. It provides funding for the first time for permanent housing for nondisabled families.
3. It removes the caps on funding for transitional and permanent housing to more realistically reflect the cost of housing construction and renovation at the diversity of localities in our States.
4. It provides financial incentives to help build the funding capacity of nonprofits so they can create housing stock for those poorest among us that other Federal housing programs keep moving away from.
5. It requires limited and appropriate Federal oversight to insure that the Federal Government does not abnegate its rightful role to effectively address the needs our most vulnerable citizens.
6. It brings to the table both targeted homeless and mainstream program recipients, public and private, to collaborate their planning, implementation, and evaluation activities in order to utilize available resources in a manner that can maximize outcome effectiveness, reduce duplication, and reverse policies and procedures that unintentionally either stimulate or prolong homelessness.
7. It places responsibility for interagency collaboration at the Federal level in the hands of the Domestic Policy Council within the Office of the President to help ensure each Federal agency assumes their responsibility for preventing and ending homelessness using the resources under their administration.

Talking about homelessness is actually a dialogue about deeper and broader issues that narrowing to a topic too easily dismissed is neither accurate nor informed. It is a dialogue about the lack of opportunity for housing stability, an essential condition for family health and well-being, retaining steady employment and employees, children succeeding in school, neighborhoods retaining their quality and safety, disabled and elderly persons living as full and dignified a life as possible.

It is a dialogue about the unfinished business of deinstitutionalization—insuring that community-based housing, treatment and support services are available and affordable. It is a dialogue about welfare reform whose enlightened purpose would be economic viability for the participating families, not naively moving the rolls into hidden or blatant homelessness. It is a dialogue about recipients of Federal block grants that fund behavioral health care, not being held accountable for the poorest and most vulnerable of their target populations. It is a dialogue about wages and cash assistance benefits that remain remarkably disproportionate to the cost of housing and other basic needs. We can respond in one of two ways—increase income levels so housing is affordable at whatever costs the market requires, or we can significantly increase the public investment in producing and sustaining affordable housing. Doing neither is a prescription for protracted homelessness. Housing policy in America is primarily investment policy, an approach that is simply inadequate to meeting the housing needs of the disabled person whose annual SSI income is $6,000 a year, or a full-time worker earning even $7.00 an hour. The larger housing dialogue is about producing housing and not simply talking about producing housing. It is about 36,000 new housing vouchers being proposed nationwide for 2003, when in one city alone, there are 150,000 eligible households on the waiting list. Finally, homelessness is about a shredded and shameful safety net, including the lack of health care, in a Nation blessed with both the resources and the ingenuity to be fairer than that. I look at the weight of poverty, and burden of disregard that homelessness represents and wonder how, having so much, we have come so far from what is right and just.

In conclusion, we suggest that these broader issues that form the structural underpinnings of homelessness must be addressed through omnibus legislation, similar but broader than the original McKinney legislation. We would be delighted to help you to pursue such legislation, replicating the highly collaborative process that resulted in the Community Partnership to End Homelessness Act of 2002.

Thank you for listening. I would be happy to answer any questions.

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

Q.1. How many units of housing have been created with McKinney funds? How many of these are permanent housing units?

A.1. HUD records and tracks information regarding housing created under the McKinney–Vento Act using Annual Performance Report (APR) data submitted by project grantees. APR data records beds created and sustained rather than housing units. On the basis of the most current analysis of APR data, HUD's McKinney–Vento Act programs have created and are currently funding 155,000 beds of which 43,000 are permanent housing beds.

Q.2. How many communities has HUD provided McKinney funding to since its inception. Have both urban and rural communities been able to access the funds?

A.2. The vast majority of the grantees under HUD's McKinney–Vento Act programs are nonprofit organizations, not communities. Therefore, the precise number of communities where projects have been assisted since 1987 is not known. However, in fiscal year 2002, $150 million in formula-based funding under the Emergency Shelter Grants (ESG) Program was provided to 324 metropolitan cities and urban counties, 50 States, Puerto Rico and the territories. In the fiscal year 2001 Continuum of Care (CoC) homeless competition, over $900 million was allocated to nearly 400 Continuum of Care jurisdictions covering almost 90 percent of the population of the Nation. Rural and urban communities can access both the ESG and the CoC competitive funds. We estimate that approximately 11 percent of the 2001 competitive funds had been awarded to projects in rural communities.

Q.3. The Administration has made ending chronic homelessness in the next decade a top objective, but HUD's programs will continue to be funded at $1.1 billion. When we asked you if this funding level was sufficient to meet the Administration's goal, you said that this level would not achieve the desired result. Please provide us with an analysis of the appropriate level of HUD funding needed to achieve this goal if budget constraints were not an issue.

A.3. The HUD program that most directly works toward ending chronic homelessness is the Shelter Plus Care Program. This program provides rental assistance for permanent supportive housing for disabled homeless persons. HUD has committed to request additional funding above the current funding level to ensure that all otherwise eligible Shelter Plus Care renewal projects can be renewed. The renewal demand for fiscal year 2003 is estimated to be $118 million and is increasing annually as additional S+C projects seek renewal. Although it is difficult to project exact renewal needs due to the flexible nature of the 5 year grants, based upon already approved 1 year renewals and projected renewals of 5 year grants, it is estimated that the renewal demand for Shelter Plus Care will be approximately $200 million in fiscal year 2004. In order to meet this increasing demand and still have enough funds to continue funding new and renewal Supportive Housing Program, the budget request will need to be adjusted appropriately.

Additionally, HUD has moved aggressively to encourage our applicants to seek needed funding for supportive services from the mainstream supportive service programs of HHS, VA, the Social Security Administration, the Department of Agriculture, and other agencies. As the transition to other sources continues, a growing percentage of HUD's funding is being freed up for use in developing housing. As a result, large additional increases in HUD's homeless appropriations, beyond the S+C renewal costs noted above, are not anticipated.

Q.4. What is the Secretary's plan for achieving funding commitments and active engagement from other Federal agencies—for example, HHS, DOL, DOE—toward the goal of preventing and ending homelessness?

A.4. The Department of Housing and Urban Development is working with a variety of other Federal agencies to prevent and end chronic homelessness in the United States. In particular, we have undertaken several major initiatives with the Department of Health and Human Services (HHS) to not only coordinate activities but also, most importantly, to open up the enormous resources tied to the HHS mainstream supportive service programs for use in meeting the critical supportive service needs of homeless persons. On a monthly basis, a senior level task force composed of representatives from HHS, HUD, and the Department of Veterans Affairs (VA) meets monthly to discuss funding availability and areas for eliminating duplication. The goal of the Task Force is to discuss access to programs and how to eliminate obstacles that prevent homeless persons from obtaining supportive services. To this end, we have collaborated on definitions for supportive service programs and, for the first time, these joint HUD/HHS definitions are included in HUD's 2002 Homeless Assistance Funding Application. Similar interdepartmental coordination has been achieved in the development of Policy Academies funded by HUD and HHS in which State governments are actively engaged in identifying and eliminating barriers that currently prevent homeless persons from accessing supportive service funding.

HUD's efforts to coordinate access to Federal funds are now being assisted by the Interagency Council for the Homeless. The Agency, with the new leadership of the Director, Philip Mangano, is responsible for: (1) planning and coordinating the Federal Government's actions and programs to assist homeless people, and making or recommending policy changes to improve such assistance; (2) monitoring and evaluating assistance to homeless persons provided by all levels of government and the private sector; (3) ensuring that technical assistance is provided to help community and other organizations effectively assist homeless persons; and (4) disseminating information on Federal resources available to assist the homeless population.

Q.5. You say in your testimony that you are intending to make changes to the Continuum of Care application process to focus less on process and more on outcomes. What types of changes are you intending to make?

A.5. The following changes have been made in HUD's fiscal year 2002 Continuum of Care application process:

- HUD has established a goal for eliminating chronic homelessness within 10 years. In this year's application, HUD is requiring communities to provide their strategy for ending chronic homelessness and to report any progress that has been made over the past year that would contribute to this goal. HUD is still requiring communities to set goals, action steps, and a timetable for achievement of the goals that address their other homelessness needs.
- In HUD's upcoming national competition, under the Supportive Housing Program, applicants may include, as an eligible activity, the development and implementation of homeless management information systems (HMIS). This will allow communities to track their homeless clients and report unduplicated data to HUD regarding client outcomes that is, types of housing clients reside in, supportive services provided, homeless provider information, etc.
- State and local government applicants must certify that they have a discharge plan for the discharge of persons from publicly funded institutions or systems of care if they request funding under the CoC programs, for example, Supportive Housing, Shelter Plus Care, and Section 8 Moderate Rehabilitation for SRO programs. In this year's application, applicants that certified in 2001 are required to describe any discharge policy or protocols they have developed.
- Project applicants are now required to provide information in the application regarding the progress made by homeless clients based on program goals. The program goals are: (1) residential stability, (2) increased client skills or incomes and (3) greater self-determination.
- HUD is placing greater emphasis on housing assistance for homeless individuals and families. In the 2002 CoC competition, HUD will award up to 5 points to Continuums whose total approvable funds go toward housing activities as opposed to supportive services activities. Housing activities consist of rental assistance; and acquisition, rehabilitation, new construction, leasing and operating costs for supportive housing projects.

Q.6. Many credit HUD's Continuum of Care with improving coordination of homeless programs and providing a more comprehensive approach to homelessness within communities. However, the Continuum of Care has traditionally focused more on targeted rather than mainstream programs. We know that access to mainstream programs (such as, Medicaid, SSI, and Food Stamps) by homeless people is a serious concern. What are your ideas on how to provide communities with an opportunity to better coordinate and integrate their mainstream and homeless programs? What key actions or strategies does HUD feel should be taken in order to reduce the barriers that homeless people face in accessing mainstream Federal programs?

A.6. HUD began encouraging communities to integrate mainstream resources in their Continuum of Care planning in last year's competition by requesting that the community describe their strategy to coordinate homeless assistance with various mainstream programs. This year's application places more emphasis and scoring

points on the continuum-wide strategy to identify homeless persons eligible for mainstream programs, enroll them in the programs and ensure that they receive assistance. In addition to encouraging continuum-wide strategy to access mainstream programs, HUD is also rating individual projects on their plan to ensure that all homeless clients will be assisted in obtaining benefits under mainstream programs. We believe that this may encourage continuums to work more closely with mainstream providers that have not traditionally been involved with the Continuum of Care.

HUD has also been actively participating in a senior level working group that includes representatives from HHS and VA. The working group meets monthly to try to overcome barriers that homeless people face in accessing mainstream Federal programs. In addition to this working group, HHS and HUD have sponsored two policy academies for State and local policy makers to improve access to mainstream services for homeless persons. State teams attending the academies are to prepare a State Action Plan that identified specific strategies for overcoming barriers to accessing mainstream programs.

Q.7. The most recent Conference of Mayor's study of hunger and homelessness states that demand for emergency shelter has increased in 2001 and that most applicants for public housing and Section 8 vouchers are on a 1 year or more waiting list. What does HUD propose to do to increase the supply of affordable housing to meet these needs?

A.7. Within the limits of the current budget constraints tied to the war against terror and the slowing economy, HUD's fiscal year 2003 budget seeks to expand the number of households that can afford the costs of rental housing, as identified below:

- We are requesting 34,000 additional housing vouchers.
- We are proposing a $74 million increase in HOME funding, even after taking out the $200 million for the American Dream Downpayment Fund.
- We are continuing our strong commitment to Section 202 for the elderly and Section 811 for the disabled.
- We are adding $15 million to the Housing Opportunity For Persons With AIDS Program—raising it from $277 million to $292 million.
- We will continue to emphasize permanent housing solutions to addressing the needs of the long-term homeless using McKinney–Vento Continuum of Care funds.

Q.8. In your testimony, you discuss HUD's concept of a Joint Task Force to seek ways to increase the use of mainstream supportive service funds. How is this group's purpose different than the Interagency Council on the Homeless (ICH)?

A.8. As more fully discussed in response to question 4 above, HUD has joined with HHS and VA in a joint, senior-level working group that is working to coordinate delivery of housing and supportive service assistance to homeless persons. While this objective is consistent with the goals of the ICH, the purpose of the HUD/HHS/VA working group is focused on a very specific objective that is now limited to these three agencies. Additionally, at the time the working group was initiated in February 2001, the ICH had not been

reestablished. Upon installation of the ICH Director, the working group has been coordinating its activities with ICH Director Philip Mangano.

Q.9. In your testimony, you also discuss the use of "Policy Academies" to assist State and local policymakers in developing Action Plans intended to improve access to mainstream health and human services that are coordinated with housing. Please describe these Policy Academies, their purpose and who was involved in planning and attending such Academies?

A.9. The idea for the Policy Academy concept originated after a national meeting in September 2000 titled "Building Partnerships for Access to Health Care and Social Services for Persons Who Are Homeless. " In this session, HUD and HHS officials asked stakeholders to describe barriers and solutions to better uses of multiple funding sources. As an outgrowth of this conference, HUD and HHS formed a joint working group that later grew to include VA. The mission of this group was to develop a project that would focus States on how their current policies and program resources could be coordinated and integrated at the State level to improve their ability to serve the homeless. Our research revealed how little State officials knew about each other's programs and areas of responsibility and consequently what the Policy Academies could accomplish. The purpose of the Policy Academy is to bring individuals from the same State together, sometimes for the first time, with the task of developing a statewide Action Plan to improve access of the homeless population in their States, to mainstream health and human services.

All States and Territories were invited to apply for slots in the two planned Policy Academies. Thirty-seven States applied. The sixteen top scoring applications were selected. The initial Academy took place November 26–28, 2001, in Santa Fe, New Mexico, focusing on how to increase the access of families and children to mainstream resources. The second Policy Academy is scheduled for April 9–11, 2002, in Boston, Massachusetts, and will focus on the adults who are disabled and have experienced chronic homelessness. Each State team is assigned a facilitator who continues to work with the team over the following year as the Action Plan is developed and implemented. There are tentative plans to hold additional Policy Academies and a National meeting that will be open to all who are interested in hearing more about the State Plan process and understanding the direction of the HUD/HHS collaboration.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM STANLEY J. CZERWINSKI

Q.1. Your statement highlighted the need for better integration of homeless assistance programs. Why is this so important?

A.1. Numerous studies have demonstrated that the multiple and complex needs of homeless people—which may include medical care, mental health care, substance abuse treatment, housing, income support, and employment services—should not be addressed in isolation but rather through programs that are integrated and that are coordinated. Yet, as we and others have reported in the past, the Federal Government's system for providing assistance to

low-income people is highly fragmented. Each Federal assistance program usually has its own eligibility criteria, application, documentation requirements, and time frames; moreover, applicants may need to travel to many locations and interact with many caseworkers to receive assistance, Among other things, this fragmentation can make it difficult to develop an integrated approach to helping homeless people, who often have multiple needs.

Q.2. Mr. Czerwinski, some local communities use outcome measures to evaluate their homeless programs. What do you believe are the benefits of using outcome measures to evaluate homeless programs? What kind of information do you believe communities need to collect in order to effectively measure outcomes? Is HUD or any other agency collecting such data?

A.2. The benefit of using outcome measures to evaluate homeless programs is that the data can be used to hold programs accountable for their performance. Our work in 1999 showed that homeless assistance services are increasingly being evaluated by measuring *outcomes* (such as number of clients who are no longer homeless) rather than *outputs* (such as number of shelter beds provided). Measuring program outcomes generally requires the ability to collect data at the *client-level* (rather than the aggregate community level) and over an *extended period* (rather than at a single point in time). Implementing such data gathering can require significant planning and development of appropriate management information systems. Nevertheless, we reported in 1999 that communities were increasingly using outcome measures to manage their homeless assistance programs. For example, in Minnesota the Family Homeless Prevention and Assistance Program provides agencies with grants they can use very flexibly, as long as the agency sets specific outcome goals, develops a method for tracking those outcomes, and reports on those outcomes. Similarly, the Ohio Department of Development requires its homeless assistance grantees to develop performance targets that they are then held accountable for achieving. HUD said that it has begun collecting data through its Homeless Management Information System.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM NAN P. ROMAN

Q.1. You state in your testimony that, "there is an overall national shortage of affordable housing . . . earnings from employment and benefits have not kept pace with the cost of housing for poor people." What do you suggest should be done to increase the supply of affordable housing?

A.1. Increasing the supply of affordable housing requires both production of more low-cost housing and subsidies to very poor people so that they can afford the housing, even if the cost is very low.

HUD says that there is a shortage of 5.3 million units of affordable housing. To achieve an adequate supply of affordable housing, this gap would have to be filled with increased production. To achieve more production, it will be necessary either to devote substantial new resources to housing production, or to target existing resources much more tightly to production of very low-cost housing. A variety of strategies can be used to distribute the increased

resources and produce the housing. Housing can be produced by for-profit, nonprofit, or public sector entities. Each has its advantages and disadvantages. It can be produced through increasing funding to existing programs such as HOME, the Low Income Housing Tax Credit, Section 202, and Section 811 (which the Alliance has supported), and/or through a new production vehicle such as the National Housing Trust Fund (which the Alliance has also supported). Increased funding can be obtained through new appropriations, and/or through targeting existing resources to the production of very low-cost housing. The bottom line is money. Without more money, either new or redirected, devoted to the production of low-cost housing, the gap will not be filled.

Even if there were substantial new production of very inexpensive housing, there would be a sizeable group of people who could not afford to live in it. In fact, using the Federal standard of 30 percent of income for rent a substantial percentage of renters could not afford to pay for the costs of operating housing, even if all capital costs were covered. There is simply no way to reduce the cost of housing to a level that extremely low-income people can afford without subsidy. So, additional subsidy will be required. This can be provided via Section 8 or other subsidy vehicles. It has been suggested, for example, that there be a renters' tax deduction similar to the mortgage interest tax deduction. Another suggestion is that there be a tax credit for excessive (above 30 percent of income) housing cost burden. Again, the issue is money.

The short answer to the question, then, is that more money is needed to increase the supply of affordable housing. The vehicle through which this money is delivered is less important than the money itself.

Q.2. Why is moving the renewals grants for the Shelter Plus Care Program and the permanent housing components of SHP to the Housing Certificate Fund so important to ending and preventing homelessness?

A.2. Spending 30 percent of the HUD Homeless Assistance Grant program funds on incremental permanent supportive housing over 10 years would result in the availability of 200,000 units of permanent supportive housing for disabled homeless people, according to Alliance calculations. Based upon available data about homelessness, there are an estimated 200,000 chronically homeless people in the Nation. This strategy, therefore, holds the hope of ending chronic homelessness. By removing the chronically homeless population from the homeless system, moreover, additional resources would become available to assist people who become homeless for shorter periods of time.

This supply of permanent housing will not be amassed, however, if the subsidy contracts are renewed from this same 30 percent set-aside, (unless additional resources are added every year). Three hundred million dollars worth of incremental subsidies are needed every year. We recommend that the renewals come from the Housing Certificate Fund, as this is the most well-accepted method of funding renewals. However, any mechanism that funded the renewals would suffice. We estimate that after 10 years, when the

supply of housing was around 200,000 units, the cost of maintaining rent subsidy would be something over $1 billion per year.

Q.3. Could you describe Dr. Dennis Culhane's University of Pennsylvania study results on the cost of supportive housing for the chronically homeless? What long-term benefits are derived from providing services and housing to these individuals?

A.3. Dr. Culhane's 5 year study tracked 4,679 mentally ill individuals in New York City for 2 years while they were homeless and for 2 years after they were housed in permanent supportive housing. The objective of the study was to assess how many public dollars were spent by and on these individuals both pre- and post-housing. This was determined by tracking their use of publicly funded service systems—emergency shelters, psychiatric centers, hospitals, jails, and prisons. The study found that on average, these individuals utilized $40,500 worth of publicly funded services annually while homeless. Placement in supportive housing resulted in a reduction in costs of $16,282 per person per year. The cost of the housing was $17,277. So the net cost of placing a mentally ill homeless person in supportive housing was $995 per year. Essentially, to quote Dr. Culhane, "The solution can pay for itself."

The Corporation for Supportive Housing says that overall, supportive housing programs are around 85 percent successful in stabilizing people. Individual programs claim success rates as high as 95 percent. For people with chronic illnesses, many of whom have lived on the streets for years, this is astounding success, far above the success rate of mental health and substance abuse treatment programs not linked with housing, for example. To again quote Dr. Culhane, by providing people with housing and services, "Policymakers could substantially reduce homelessness for a large and visible segment of the homeless population—often considered beyond the reach of the social welfare safety net. . . ."

Q.4. You express support for the Administration's initiative to end chronic homelessness. Do you believe the Administration has taken adequate steps to implement this commitment, and what steps do you think should be taken to make this goal a reality?

A.4. The National Alliance to End Homelessness fully supports the Administration's stated goal of ending chronic homelessness within 10 years, and believes it to be possible and practical. Having said that, the Administration has yet to structure or fund programs that could achieve this goal, although some progress has been made.

To end chronic homelessness, the Administration will need to address three things:

- There are a series of steps, known as "engagement," that may have to be taken in some cases before chronically homeless people can enter housing. People may have to be contacted, often repeatedly, by outreach workers or other skilled professionals to overcome their fears, lack of knowledge or anxiety. They may initially require housing that has low demands of them in terms of stability and sobriety (some supportive housing requires stability and sobriety prior to entering). Although HUD currently funds such activities, it needs to improve communities' understanding of how to utilize these programs to move people into permanent supportive housing.

- HUD needs to ensure the renewal of existing permanent supportive housing rental contracts. It did not request adequate funds for this in its fiscal year 2003 budget request and it has not yet taken steps to make this process reliable.
- Funding must be found for the services attached to supportive housing, moving forward. Units now online have cobbled together services, many of which are funded by HUD. Even if HUD funding of such services is thought to be a good idea, there is not money available in the HUD homeless programs to fund both the services and the housing, going forward. HHS resources must be engaged. The Administration did not propose any significant activity or resources in HHS to address these needs.

On the other hand, HUD has done several things that move the initiative forward:

- It has pushed forward with requirements that jurisdictions develop Homelessness Management Information Systems (HMIS). Without such systems, chronically homeless people are difficult to identify and strategies for ending chronic homelessness are not based on realistic numbers.
- It has appointed an Executive Director for the Interagency Council on the Homeless, which would be a fine vehicle for coordinating efforts among agencies. In particular, it appears that the ICH will focus on prevention—that is on discouraging agencies from discharging people, particularly people with illnesses, into homelessness.
- It is meeting with HHS and pushing that Agency to coordinate better and to provide more funding for services.
- It is using TA resources to encourage the development of supportive housing.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM MITCHELL NETBURN

Q.1. Why is LAHSA opposed to block granting McKinney–Vento housing funding (other than Emergency Shelter Grant funding)?

A.1. Competition has been good for the Continuum of Care in Los Angeles—it has motivated communities to work together to identify and address needs across political boundaries. LAHSA has opposed block granting of the McKinney–Vento Act funding for the following reasons:

a. Many Continuum of Care networks involve multiple jurisdictions and it is to their credit that they have created regional responses to address their problem. There are 31 entitlement cities in the Los Angeles Continuum of Care. Few of those cities coordinate use of their block grant funding. However, the Continuum of Care has provided the impetus to bring those cities together to coordinate their funding, as our agency did in cooperation with the Department of Housing and Urban Development (HUD) last fall. In addition, the requirements of HMIS implementation have not only meant further integration of programs within the Los Angeles Continuum of Care, but also cooperation with the neighboring Continuum of Care systems in the cities of Pasadena, Glendale, and Long Beach, as well as with Orange County.

b. Contrary to the collaboration fostered by the Continuum of Care competitive process, block granting would fuel fragmentation and lead to the likelihood of ill-prepared jurisdictions returning unused funds. In most instances, cities do not coordinate the use of their block grant funding on a regional basis. Thus, we could expect to see in Los Angeles County 31 separate entities administering small portions of funding for homeless programs. Many of these cities are not equipped to manage a homeless services grant. In fact, one of the reasons the Los Angeles area HUD office agreed to sponsor a meeting with LAHSA last fall was that many of the Consolidated Plan submissions by these cities did not do an adequate job of describing their response to homelessness.

c. Recent HUD action to impose penalties on jurisdictions that are slow to spend Community Development Block Grant funds illustrates how entitlement funding does not guarantee that a jurisdiction will use its funding in a timely manner.

d. The existing Continuum of Care planning process, by emphasizing a community-based process for determining priorities, does allow for local control. And, because the projects are specified in relation to a grant request, provides stronger assurances that the funding will be spent in a timely manner.

e. While no jurisdiction is assured a set allocation, all applicants are provided a reasonable estimate of funding, for example the *pro rata* need share they can expect to receive if they submit a competitive application.

Our primary criticism of the *pro rata* need share lies with the formula used for creating it; block granting would heighten our concern about funding equity. We have found that within our Continuum of Care, there are communities that defy the allocation formula's premise. Specifically, the City of Santa Monica has a considerably larger visible homeless population than one would expect, based on the *pro rata* need share number. Furthermore, communities in our less populated areas, such as Lancaster, face barriers due to their distance from concentrated service areas. Finally, Hollywood has long been a magnet for homeless and runaway youth from around the country. These are people never included in Census figures. The *pro rata* need share formula does not take into consideration these factors which have a great impact on our communities. If a block grant system were to be implemented, we would continue to share these concerns.

Q.2. Do you believe that increasing the supply of affordable housing would help the existing problem? How would new production address the needs of the homeless in Los Angeles?

A.2. Increasing the supply of affordable housing is essential to ending homelessness—both for persons experiencing short-term homelessness and those who are chronically homeless.

Lately, a great deal of attention has been given to "chronically" homeless persons because they tend to use a substantially higher proportion of public services than the balance of the homeless population. Chronically homeless persons tend to have conditions such as mental illness or serious addiction problems that, in an addition to poverty, keep the prospect of staying in their homes out of reach.

However, in any given year, there is a much higher number of more functional persons who become homeless simply because they cannot find a home that they can afford.

A 1997 telephone survey in Los Angeles County found that approximately 375,000 individuals were homeless at some point in the previous 5 years. Of those reporting a prior homeless experience, 35 percent indicated that they stayed in shelters or on the streets, and another 8 percent stated that they sometimes stayed in shelters, sometimes on the streets or with others. Thus, over half did not enter into the homeless delivery system at all, suggesting that for a substantial number of people, homelessness is the result of economic conditions.

The shortage of affordable housing continues to be the most significant problem we face in ending homelessness. In the last 3 years, Los Angeles County has implemented a State program originally called "AB34," after its State Assembly bill number. The AB34 program is designed to end the cycle of arrest, incarceration, and release to the streets of mentally ill, nonviolent offenders. Under this program, community-based mental health providers work with mentally ill inmates who are about to be released. The challenge facing these providers has been finding adequate housing for this population. The lack of affordable, accessible housing has consistently been the greatest barrier to success of this program.

While Section 8 has brought habitable housing within the reach of extremely low-income households, the program does not begin to meet the need. Moreover, in the current housing market, fewer landlords are willing to accept Section 8 vouchers. Overall, in the city of Los Angeles, successful use of new Section 8 vouchers has dropped to 41 percent of those issued. Persons with disabilities fortunate enough to receive Section 8 have even greater difficulty because so few of the units accepting Section 8 are ADA accessible.

As I mentioned in my testimony, the low-vacancy rates and challenges to the use of Section 8 in Los Angeles underscore the need for affordable housing. For the nondisabled individual, the income source of last resort in Los Angeles County, General Relief, pays $221 per month. Working individuals and heads of households on the margins have not only low wages, but also unstable sources of income that make it difficult to sustain rent payments at the lower end of the market. This, of course, gives rise to overcrowding and tenancy in substandard conditions, if not homelessness.

Persons with disabilities, in particular those who require the use of a wheelchair, also find that new production of accessible units affordable for low-income persons is not keeping pace with demand.

In short, the unassisted housing market does not build for these populations. New production must therefore include units targeted to extremely low-income individuals and families, as well as to low-income persons with disabilities, including those who require supportive housing. Since the private market does not—or is not required to—build for these populations, Government intervention and leadership is necessary to meet these needs.

Q.3. Why should the Homeless Management Information System (HMIS) be an eligible activity apart from administration? Couldn't communities recoup their costs for HMIS with their administrative

fee allocation? Has the 5 percent administrative fee been sufficient for your Continuum of Care?

A.3. While a Homeless Management Information System (HMIS) should simplify program administration, its true purpose is to facilitate program and systemic evaluation. Our recommendation is to create, as a separate eligible activity, implementation of HMIS.

In preparing for selection of HMIS, jurisdictions have been told that implementation will take far longer and cost far more than originally envisioned. Apart from purchasing a system and the hardware necessary for implementation, jurisdictions will face continuing costs of training and technical assistance to ensure proper use of HMIS. Moreover, we have been told that at least 60 percent of the beds in our Continuum of Care must be included in order for HMIS to provide reliable information about service usage. Since we do not fund this threshold number of beds in our Continuum, the line-item approach to funding HMIS through administrative fees will mean that a significant portion of the programs we want to use HMIS must find other sources of funding for this activity.

Permitting HMIS to be a separate fundable activity gives us the flexibility to include agencies in our geographic area that currently do not receive HUD funding. A significant number of such programs are likely to be the faith-based organizations that the Administration has focused on for increased access to Federal funding, but who, for a variety of reasons, do not wish to apply for it. We see this activity as being consistent with Congressional goals for evaluation and accountability, and with the vision of the Administration to promote greater integration among all programs serving the homeless.

For those programs receiving SHP funding, the 5 percent administrative fee currently allowed fails to cover the cost of administering Continuum of Care programs. The 5 percent administrative fee is so low that LAHSA, as the Continuum of Care grantee, long ago made the policy decision to pass the entire amount on to the project sponsors. The extent to which the 5 percent fee is insufficient likely depends on the agency and the total grant amount. In fact, many sponsors have stated that the 5 percent fee does not cover the administrative costs essential for implementing a Continuum of Care program. The larger organizations, with multiple funding streams are likely able to take advantage of economies of scale and the 5 percent fee may suffice. Smaller agencies, with few grants may struggle to cover core administrative functions.

Therefore, the additional cost of implementing a system and providing the needed staff training simply cannot be absorbed by the administrative fee provided to our sponsoring agencies. We agree with the Congressional directive stating the need for HMIS, however, failing to provide an accompanying source of funds to pay for it constitutes an unfunded mandate.

In addition to a separate category of funding for HMIS, we recommend a 10 percent administrative rate, or a sliding scale for program administration, with a higher rate for smaller agencies or grants. This is still lower than the overhead rates typically permitted by private foundations, and we believe, a more realistic compensation for the administrative responsibilities necessary to successfully manage a Continuum of Care grant.