

Testimony to the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies

By

The National Alliance to End Homelessness

April 16, 2007

The National Alliance to End Homelessness (the Alliance) is a nonpartisan, nonprofit organization with several thousand partner agencies and organizations across the country. The Alliance supports the over 160 state and local entities who have completed ten year plans to end homelessness. The Alliance represents a united effort to address the root causes of homelessness and challenge society's acceptance of homelessness as an inevitable by-product of American life.

Overview

The story of homelessness over the past decade has been one of communities innovating and improving their homeless assistance systems under the increasing strain of a worsening housing crisis. Reducing homelessness will require two things from Congress:

1. *Fund performance driven, cost-effective solutions to homelessness like permanent supportive housing and rapid rehousing programs.* Based on the experience of several communities, we have a much clearer understanding of how to end homelessness and the policies that should be adopted to help achieve that goal. Congress should increase funding for Homeless Assistance Grants to \$1.8 billion. Permanent supportive housing should continue to be promoted as a solution to chronic homelessness—this initiative has shown tremendous results in many cities. A similar level of effort should be placed into ending family homelessness. Cities and states with rapid rehousing programs have reduced family homelessness, and federal policy should promote this strategy.

2. *Increase the supply of affordable housing for extremely low-income households.* Even as communities have improved their homeless assistance efforts, the gap between people's incomes and the cost of housing has grown, making the job of homeless assistance providers much more difficult. Housing Choice Vouchers—a critical tool for preventing homelessness and for helping homeless people get back into permanent housing—have dried up. Affordable housing production is virtually non-existent. Public Housing is in decline. Congress should develop and subsidize more affordable housing, starting with the group that has suffered most, extremely low-income households.

Homelessness

Widespread homelessness did not always exist. Between WWII and the 1980s, the sight of people living in shelters, cars, churches, on the streets, or in the woods was exceptionally rare. However, throughout the 60s, 70s, and 80s, deinstitutionalization, powerful new illegal drugs, a shifting economy, and, most importantly, a declining supply of affordable housing, caused the homelessness we see today.

Over the course of a year, as many as 3.5 million people will experience homelessness. The most recent nationwide estimate of the size of the homeless population found that at one point in January 2005, 744,000 people were homeless. Of those, 171,000 were chronically homeless, meaning that they had a disability and were homeless over a year or more than four times in the past three years. An additional 304,000 were in families with children. Despite the fact that the count was conducted during the coldest month of the year, 331,000 homeless people, 44 percent of the total, were unsheltered. Homelessness was prevalent in every region of the country, in urban, suburban, and rural areas.¹

Though the problem is very large, and seems intractable, we know that homelessness can be ended. Indeed, a nationwide movement to end homelessness has begun. Nearly 300 communities have completed or are working on ten year plans to end homelessness. Many places are already showing success. Here are just a few examples:

- Portland, Oregon—the number of people sleeping on the streets declined by over 40 percent from January 2005 to January 2007.
- San Francisco, California—Between 2002 and 2005, the city reduced the number of people sleeping on the streets by 40 percent, and the total number of homeless people by 28 percent.
- Columbus, Ohio—Between 1997 and 2005, the number of homeless families declined by 44 percent.

These remarkable results were accomplished because of two major shifts in the way communities serve homeless families and individuals—permanent supportive housing for chronically homeless individuals and rapid rehousing for homeless families.

Permanent Supportive Housing

About 23 percent of homeless people experience chronic homelessness. They are homeless for years or even decades, or they cycle between homelessness, psychiatric hospitals, jails or prisons, detox programs and emergency rooms. For that group, most of whom have one or more severe disabilities, homelessness is extremely harmful and very costly to the public. Numerous studies have shown that providing permanent supportive housing to chronically homeless people ends their homelessness, improves their mental and physical health, and saves thousands of dollars per person in emergency and institutional care. Two recent studies showed that by reducing the need for emergency shelter, detoxification, hospitalization, emergency rooms, and incarceration, permanent supportive housing reduced the net public cost of serving chronically homeless individuals.² In Denver, Colorado, permanent supportive housing saved \$2,300 per

¹ *Homelessness Counts*. National Alliance to End Homelessness. January 2007. Washington, DC.

² The two studies compared the cost of health care, incarceration, emergency shelter, and other publicly funded care for chronically homeless individuals before and after entering permanent supportive housing. Denver source: *Denver Housing First Collaborative: Cost Benefit Analysis and Program Outcomes Report*, Jennifer Perlman, PsyD, and John Parvensky, Colorado Coalition for the Homeless. December 2006. Portland source: *Estimated Cost Savings Following Enrollment In The Community Engagement Program: Findings From A Pilot Study Of Homeless Dually Diagnosed Adults*. Thomas L. Moore, PhD. Central City Concern. June 2006. Portland, OR.

person per year, while in Portland, Oregon, permanent supportive housing saved \$15,000 per person per year.

Congress, the Administration, the bipartisan Millennial Housing Commission and numerous researchers and advocacy organizations have identified a need for 150,000 units of permanent supportive housing over 10 years targeted to chronically homeless individuals. Combined with better prevention policies, these units would end chronic homelessness in the United States.

Rapid Rehousing

While chronic homelessness has received more attention in recent years, communities have also been making great strides in serving homeless families. Most homeless families have very similar characteristics to other poor families with similar levels of education and similar rates of mental illness or depression. The major differences are that homeless families tend to have fewer economic, social, and housing resources. Most of these families struggled to pay for housing in an increasingly unaffordable rental market and then experienced some crisis, like domestic violence, a job loss, or a medical problem, that eventually led to their homelessness.

Recently, the Alliance studied some communities that had reduced family homelessness to identify the key ingredients to their success.³ The success stories included the following:

- Hennepin County, Minnesota—From 2000 to 2004, the number of families experiencing homelessness declined by 43 percent.
- Westchester County, New York—The number of families needing shelter declined by 57 percent over a two year period.
- Massachusetts—From 2002 through 2006, the number of families experiencing homelessness declined from 1,600 each night to 1,338.

The common ingredient in these and other successful communities is that they help families move back into permanent housing as rapidly as possible, and then provide services to help them stabilize and focus on their longer term needs. These rapid rehousing strategies reduce spells of homelessness from several months to several weeks, and when families at high risk of homelessness are identified early enough, they can prevent homelessness altogether.

HUD's Homeless Assistance Grants are an important funding source for many rapid rehousing programs around the country. However, recent changes have made using Homeless Assistance Grants for this purpose more difficult. HUD has been encouraging communities to use more of their homelessness funding for housing. A side effect of that policy has been to make it harder for communities to use funding for programs that help families locate housing, negotiate with landlords, repair poor housing credit, and connect with other mainstream services. These activities should be priorities for homeless assistance programs.

³ *Promising Strategies to End Family Homelessness*. National Alliance to End Homelessness and Freddie Mac. June 2006. Washington, DC.

Homeless Assistance Funding

To help communities make sufficient progress in their efforts to end homelessness, the Alliance recommends a funding level of \$1.8 billion for Homeless Assistance Grants.

While some cities have already made remarkable progress reducing homelessness, all of them are at a critical juncture. They have developed ten year plans to end homelessness, brought in new partners, identified cost-effective strategies, and located some potential sources of funding. Many have made significant commitments of state, local and private dollars. They are, however, counting on the federal government to be an active partner in their efforts.

The Administration's Fiscal Year 2008 budget request calls for \$1.586 billion for HUD homeless assistance funding, an increase of \$144 million from 2007. The Alliance estimates that the request would be sufficient to continue existing homeless activities, yet it would fund fewer than 8,000 new units of permanent supportive housing. While this is slightly more than has been funded in the last two fiscal years, it is still well below the pace of new units funded between 2001 and 2004, and only a little over half the number needed to fund the 15,000 units needed each year to be on track to end chronic homelessness in 10 years, which many communities are planning to do.

The request would also do nothing to help communities implement rapid rehousing programs for families, even as a growing body of research is showing that those programs are the best way to end homelessness for most families.

An appropriation of \$1.8 billion would help communities make progress on their ten year plans to end homelessness by accomplishing the following:

- Fund all expiring permanent housing renewals, which by themselves will increase by \$65 million between 2007 and 2008.
- Provide \$25 million to communities to set up cost-effective programs to help homeless families move into permanent housing.
- Fund 15,000 new units of permanent supportive housing, helping put communities on track to create the 150,000 units needed to end chronic homelessness.

Policy Needs for Homeless Assistance Programs

For the past several years, Congress has implemented two policies that have helped make Homeless Assistance Grants a much more effective tool for ending homelessness:

- A 30 percent set-aside for permanent supportive housing for individuals and families with disabilities.
- Added funding for Shelter Plus Care renewals. Without the funding guarantee, people in permanent housing were in jeopardy of losing their housing.

The policies allowed communities to develop 50,000 units of permanent supportive over the past six years, and they should continue.

A similar initiative is needed to help end homelessness for the roughly 600,000 families who are homeless each year. The Alliance recommends that Congress provide an

incentive within HUD's homeless assistance grants for rapid rehousing programs. The incentive should support programs that do the following:

- Focus on helping homeless families move into permanent housing as quickly as possible;
- Provide flexible short-term housing assistance as needed;
- Provide follow up supports to ensure stability and prevent a future occurrence of homelessness.

By increasing HUD's homeless assistance grants to \$1.8 billion, continuing policies that create permanent supportive housing, and initiating policies to encourage rapid rehousing for homeless families, Congress will help communities take critical steps in their efforts to end homelessness.

Increasing Affordable Housing

This nation will continue to have homelessness until we address our affordable housing shortage. The link between affordable housing and homelessness can be summed up very simply. In 1970, there were 300,000 more affordable housing units available nationally than there were low-income households that needed to rent them.⁴ As result, there was not widespread homelessness. Many people had mental illness, addictions, poor educations and low incomes, but they could still afford a place to live. Today, the situation is reversed. In 2003, there were 5.4 million more low-income households than there were affordable housing units available to them.⁵ Although the problem exists for all low-income households, it is especially acute for those with extremely low incomes.

The new Congress faces an extremely difficult budget climate. Even so, investing in more affordable housing is economically sensible. Many of the challenges our nation faces—homelessness, concentrated poverty, inefficiencies in health care and mental health, high rates of recidivism in the criminal justice system, failing schools, and others—are exacerbated by the lack of affordable housing. The Alliance joins many of our partners in the affordable housing community in recommending further strengthening and expanding the Housing Choice Voucher program, ensuring that public housing is fully funded and continues to be a valuable housing resource, and creating more affordable housing through a National Housing Trust Fund and other mechanisms, particularly for extremely low-income households.

⁴ *In Search of Shelter: The Growing Shortage of Affordable Rental Housing*. Daskal, Jennifer. June 1998. Paper. Center on Budget and Policy Priorities, Washington, DC.

⁵ *The State of the Nation's Housing: 2006*. Joint Center for Housing Studies for Harvard University. June 2005. Cambridge, MA.