

**Statement of the National Policy and Advocacy Council on Homelessness (NPACH)
submitted to the Housing and Transportation Subcommittee of the Senate Banking and
Urban Affairs Committee Hearing on McKinney-Vento Act Reauthorization and
Consolidation of HUD's Homeless Programs**

March 30, 2006

The National Policy and Advocacy Council on Homelessness (NPACH) is a national grassroots organization whose primary concern is to ensure that national homelessness policy accurately reflects the needs of local communities. NPACH works to accomplish its mission through education, grass roots organizing, research and technical assistance. NPACH's Southern Regional Office (NPACH-SRO) located in New Orleans, Louisiana, works to coordinate regional efforts with national strategies, and to provide a direct connection between national advocacy and the experience of local service providers.

Summary of Recommendations

- *Provide Communities with Flexibility to Address Local Needs*
 - *Re-Think the Chronic Homelessness Initiative*
 - *Eliminate the Permanent Housing Set-Aside*
 - *Expand the HUD Definition of Homelessness*
- *Maintain Supportive Services Component of HUD Homeless Assistance Programs*
- *Hold the U.S. Interagency Council on Homelessness Accountable to its Mission*

America's Housing Crisis, Homelessness and the Role of Federal Policy

The connection between housing policy and homelessness is too often overlooked. Housing assistance has declined by 13 percent as a share of all federal spending since 1995. Congress has authorized no new Section 8 vouchers since FY 2002, and there is currently no significant federal investment in the production of affordable housing for extremely low-income families with children. The primary source of federal funding for affordable housing production are Low-Income Housing Tax Credits (LIHTC), yet units produced with tax credits are not affordable for extremely low-income families without substantial additional operating subsidies.

The U.S. Department of Housing and Urban Development report, *Affordable Housing Needs: A Report to Congress on the Significant Need for Housing* found that in 2003 a total of 5.18 million very-low income renter households without housing assistance had "worst case needs." That is, these households paid more than half their income on housing or lived in severely substandard housing. Families with children account for 1.85 million households, over one million elderly households without children, and approximately 510,000 households of families with non-elderly members with disabilities were included among those with "worst case needs."

Given these disturbing trends, it is no surprise that the December 2005 *U.S. Conference of Mayors Report on Hunger and Homelessness in America* indicates that homelessness continues to increase. Among cities included in the survey, homelessness increased by 6% overall and 32% of all families seeking shelter had to be turned away for lack of space. The report cites the "lack of affordable housing" as the number one cause for such increases.

It is critical that any effort to address homelessness be premised on a strategy to attack deep poverty and create, preserve, and rehabilitate affordable housing for extremely low-income families and individuals. As such, proposed reauthorization of HUD homeless assistance programs must be considered against the backdrop of the national affordable housing crisis that creates and sustains homelessness. The HUD McKinney-Vento programs were never designed to solve the nation's homelessness crisis, yet current reauthorization proposals and recent HUD action alike have sought to transform this small set of emergency programs into the primary federal strategy and response. This is an especially worrisome direction when one considers that, as a share of the federal budget, McKinney-Vento funding has declined by 28 percent since 1995.

HUD McKinney-Vento Reauthorization Recommendations

Congress enacted the Stewart B. McKinney Homeless Assistance Act in 1987 in response to the homelessness crisis of the early 1980s. Renamed the McKinney-Vento Act in 2000, the majority of federal homeless assistance dollars are administered by HUD through this set of programs, which provide access to emergency shelter, transitional and permanent housing, supportive services, outreach, and homelessness prevention.

With respect to HUD McKinney-Vento program reauthorization and consolidation proposals, the following is a summary of some of the recommendations and concerns we have gathered in our work with community groups, state and local units of government, educators, and service providers.

I. Provide Communities with Flexibility to Address Local Needs

In applying for annual HUD homeless assistance funds, communities are asked to rank local needs and prioritize the gaps in resources available to meet those needs through a local planning process known as the Continuum of Care. Over the past few years, however, as a result of the emphasis on the "chronic homeless" initiative and supportive housing models, HUD's design of the Notification of Funding Available (NOFA), has undermined local control and subverted the community planning process. In addition, the narrow HUD definition of homelessness has prevented many communities from responding to homelessness as it appears in their communities. We are concerned that the Community Partnership to End Homelessness Act (S. 1801), the bill under consideration by this sub-committee, would codify these provisions and thereby harm local efforts to address homelessness. We present more details concerning each of these issues below.

Re-Think the Chronic Homelessness Initiative

The "chronic" homelessness initiative is a campaign to target federal, state, and local homeless assistance and other resources to people who meet the definition of "chronic homelessness," defined as "an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years."

By definition, this initiative excludes families, children and youth. In communities nationwide, as described below, it has pitted equally vulnerable populations against each other for service dollars. NPACH believes that the "chronic" homeless initiative is not only unacceptable for its consequences, but also that it is fundamentally flawed in its premises. One of the rationales for the "chronic" homeless initiative is the belief that families with children and youth are more resilient – that their homelessness is less serious with fewer long-lasting impacts. Yet not only are children more likely to experience

homelessness than any other age group, but the impact on their growth and development is devastating – the very foundations of child development are compromised by homelessness. Thus, tragically, the “chronic” homelessness initiative overlooks the relationships between populations, including the fact that today’s “chronically” homeless adults were once children, many of whose disabling conditions didn’t appear overnight, but were the result of a lifetime of hardship, starting at a young age. To focus on any one population at the exclusion of others is to all but guarantee the perpetuation of homelessness – including “chronic homelessness” – into the foreseeable future.

Many rural, urban and suburban areas alike have witnessed significant growth in the scale and severity of homelessness among families with children, unaccompanied youth, and other disabled and non-disabled populations that do not fit neatly into the “chronic” homeless paradigm. Yet these same communities are being forced to overlook emerging needs in favor of a narrowly constructed federal priority. The emphasis on “chronic” homelessness continues to be a counter-intuitive mandate for many communities, especially for Continuums of Care serving smaller or mid-sized communities where the “chronic” homelessness initiative only serves to intensify pressure to request funding for less-needed projects. Increasingly, homeless service providers and local and state governments have been squeezed between limited resources, increased housing and service demands, and policies which threaten to exacerbate these challenges while limiting an effective localized response.

More specifically, HUD’s application requirements have incorporated the “chronic homelessness” initiative by forcing communities to seek funding for “chronic homelessness” projects at the expense of more comprehensive strategies that place higher priorities on all or other populations. For example, HUD has severely weakened prevention activity by restricting the Supportive Housing Program (SHP) permanent housing projects to people who are living on the street or in emergency shelters, effectively excluding those who are being evicted from private housing, being discharged from a mental health or drug and alcohol treatment program, and victims of domestic violence. Moreover, the most recent grant application limits a substantial “permanent housing bonus” (“Samaritan Housing”) to projects exclusively serving the “chronically homeless.” As more dollars are targeted and siphoned off for the “chronic initiative,” funding for the permanent housing bonuses, which typically go to the largest urban Continuums, will come from other McKinney-Vento program areas and from lower ranking applications. HUD’s strategic goal of “ending chronic homelessness” is now clearly being pursued and funded at the expense of smaller communities and other homeless populations – including equally vulnerable homeless populations such as children and youth. As a result, federal funding is not addressing the service gaps determined by communities and HUD’s annual NOFA is in direct conflict with the stated goal of the Continuum of Care process, a “system designed to address the critical problem of homelessness through a coordinated community-based process of identifying needs and building a system to address those needs.”

Congress should oppose language that categorically directs resources toward “chronic homelessness” and instead support measures that ensure a rigorous needs analysis for all populations and honor priorities established through local planning processes.

Eliminate Supportive Housing Set Asides

Recent appropriation acts have contained provisions that require HUD to reserve 30 percent or more of limited homeless assistance funds for permanent housing. Permanent housing under current HUD program rules restrict such housing to homeless individuals with disabilities and homeless families that include an adult with a disability. As a result of this requirement, local Continuums of Care are being forced to ignore the breadth of shelter, housing and services needs of their homeless populations in order to conform to this Congressional mandate.

While permanent housing remains an important allowable activity within HUD McKinney-Vento programs, it should not be given priority over all other allowable activities. The required 30% set-aside has increasingly forced communities to cut funding for programs that serve families, children (including disabled children), and other non-disabled populations. Homelessness, including long-term homelessness, cannot be prevented if HUD skips over and/or forces communities to deselect projects that have proven to end homelessness for individuals and families.

HUD McKinney-Vento resources should be utilized for homelessness prevention, addressing emergency needs, and act as a transition to increases in permanent housing in mainstream programs through HUD and USDA, not as a replacement of those resources. As an alternative to such set-asides and consistent with HUD's *FY 2006-2011 Strategic Plan* measure to "carefully scrutinize the policies of its mainstream housing programs to determine whether additional mainstream housing resources can be brought to bear," permanent housing solutions should be pursued through increases in Section 8, public housing, CDBG, HOME, Section 202, Section 811, and HOPWA programs as well as increases in housing production for households living at or below the federal poverty line, rather than supportive housing set-asides placed on HUD McKinney-Vento programs.

We strongly urge the removal of any permanent housing set-aside from homeless assistance reauthorization measures, and urge the Committee to work to prevent adoption of such provision in both the appropriations and authorization processes.

Expand the HUD Definition of Homelessness

Homelessness occurs in rural, urban, and suburban communities alike, and has devastating impacts on families, children, youth, seniors, and individuals. Persons living in a variety of inadequate settings due to lack of alternative accommodations (including those living 'doubled up' with family or friends and in motels), however, are excluded by the HUD definition of homelessness and are therefore often denied critical services. Families, children, and youth on their own are disproportionately impacted by this exclusion because of the nature of their homelessness. The streets are untenable for families who lose their housing, because living on the streets puts children at unthinkable risk and means child welfare involvement and the destruction of the family. As a result, many homeless families end up staying temporarily with other people, or in motels. Youth on their own are also more likely to "couch surf" due to lack of other options.

Communities need the flexibility to address who is homeless where they live; the HUD definition of homelessness does not now provide that flexibility. The definition of homelessness utilized by the U.S. Department of Education (42 U.S.C. 1143a (2)), as well as the Health Care for the Homeless Programs (42 U.S.C. 254b 9h)(5)(A)) provide a framework for an expanded HUD definition that is more inclusive of the realities of homelessness for these and other populations.

Congress should amend HUD's restrictive definition of homelessness and expand it to include people who are sharing the housing of others due to loss of housing, economic hardship, or a similar reason, and people living in motels due to lack of adequate alternatives.

II. Maintain Supportive Services in HUD Programs Until Replacement Funds Are Found

Supportive service projects help address a full range of needs that are often critical to maintaining or accessing permanent housing and ending homelessness. Such services may include substance abuse and mental health programs, street outreach, employment programs, mobile vans for health care, and counseling. Supportive services projects targeting homeless populations, however, must frequently rely on HUD McKinney-Vento funds- as they face significant barriers in accessing federal, state and local mainstream systems that fund health care, social services, employment and transportation.

In recent years, supportive services have declined as a percentage of the annual HUD McKinney-Vento awards. Currently, over 50% of HUD's homeless assistance grants program is dedicated toward funding housing. HUD has based its decision to fund fewer services and more housing activities on the premise that increased funding for these same services would be forthcoming from other agencies, including the U.S. Department of Health and Human Services (HHS), the U.S. Department of Labor (DOL), and the Department of Veterans Affairs (VA). However, homeless service providers have not been able to access funding from these agencies. HUD should cease pursuing policies that discourage supportive services until it can demonstrate that homeless service providers are obtaining comparable funding from other agencies. NPACH is concerned that S. 1801 would give the HUD Secretary the discretion to stop funding supportive services (such as substance abuse and mental health services) that are not deemed to be directly tied to maintaining housing.

Congress should oppose authorizing language that supports HUD decreasing its funding for supportive services without a commitment from other federal agencies, particularly the Department of Health and Human Services and the Department of Labor, to replace these funds.

III. Hold the U.S. Interagency Council on Homelessness Accountable to its Mission of Coordinating a Federal Response to Homelessness

The U.S. Interagency Council on Homelessness (ICH) has failed to pursue its mission of coordinating the federal response to homelessness across departments. Rather, it has prioritized efforts within federal agencies serving the "chronically" homeless population to the almost complete exclusion of federal agencies and programs serving homeless families, children, and youth. Moreover, ICH's chief activity - both nationally as well as through its ten regional offices - appears to be the securing of "10 Year Plan" commitments from local and state entities. NPACH is concerned that S. 1801 would also make permanent HUD's integration of "10 year plans to end (chronic) homelessness" within the local planning process, a provision that disregards the existing Continuum of Care process and fails to provide communities with adequate federal resources to support implementation of plans. Finally, NPACH is concerned about lack of accountability and meaningful oversight of ICH activities.

Congress should provide clear accountability measures and oversight provisions for the U.S. Interagency Council on the Homelessness to ensure that it fulfills its mission of coordinating the federal response to homelessness across all federal agencies and programs for all populations experiencing homelessness.