

**Written Testimony of Shaun Donovan
Secretary of the U.S. Department of Housing and Urban Development**

before the

**Senate Appropriations Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies**

and the

**Senate Appropriations Subcommittee on Military Construction,
Veterans Affairs and Related Agencies**

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Chairwoman Murray, Chairman Johnson, Ranking Members Bond and Hutchison, members of the Subcommittees, I am pleased to be here today.

As our nation's fifteenth HUD Secretary and the current chair of the Interagency Council on Homelessness, today I want to describe what HUD is doing to prevent and end homelessness, with an emphasis on our veterans – many of whom, despite having defended this great nation and sacrificed so much for their country, now find themselves on our streets and in our shelters.

One year ago today, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH), which restructures the McKinney-Vento Homeless Assistance Programs, consolidating the agency's homeless funding streams, increases emphasis on homeless prevention, adds rapid re-housing as a solution to homelessness and expanded HUD's definition of homelessness.

HEARTH codifies in statute the Continuum of Care (CoC) program and consolidates HUD's existing competitive homeless programs into a single, streamlined program in the CoC. The law also revamps the Emergency Shelter Grants program – renaming it the Emergency Solutions Grant (ESG) program. The new ESG will provide for flexible prevention and rapid re-housing responses to homelessness-similar to the Recovery Act Homelessness Prevention and Rapid Re-housing (HPRP) program—so that individuals and families—including veterans and their families—who are either at risk or who literally are homeless may receive

assistance. Finally, the legislation provides for the Rural Housing Stability Assistance Program to provide targeted assistance to rural areas.

Since their inception, HUD's current homeless assistance programs have called on communities to identify and address the needs of all homeless persons, including veterans. Today, veterans comprise an estimated 12 percent of homeless adults, more homeless Vietnam-era veterans today than troops who died during the war itself. We are already seeing some of the 1.6 million Americans who deployed to the wars in Iraq and Afghanistan living on our streets. And so, the need for action—and for collaboration—is crystal clear.

As such, I'll begin by describing how we are using the new resources Congress has provided and programs it has authorized that are helping communities to prevent and solve homelessness. I will follow by describing what we are doing to better understand the nature and scope of homelessness using data. And I will conclude my testimony by explaining how some of the interagency partnerships we are taking on at HUD will help us to tackle veterans homelessness as the Interagency Council on Homelessness develops a strategic plan that makes ending homelessness a federal priority.

Changing the Way We Combat Homelessness: HPRP and the 2011 HEARTH Budget Request:

In the Recovery Act, Congress appropriated \$1.5 billion to the Homelessness Prevention Fund, renamed the Homelessness Prevention and Rapid Re-housing Program. The purpose of the program is to provide financial and other assistance to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized. The funds were provided to states, cities, and counties to administer the programs and assist eligible individuals or families.

To date, well over 150,000 households have avoided homelessness or been rapidly re-housed from emergency shelters through HPRP. And the US Conference of Mayors reported that HPRP is fundamentally changing the way local communities provide services and structure their response to homelessness.

We are learning through monitoring and technical assistance site visits that many veterans are receiving financial assistance through this program, and will know the cumulative number of veterans served later this year when the grantees submit their Annual Performance Report. In addition, communities were strongly

encouraged to use a portion of the HPRP funds to pay for security deposits for a participant in the HUD-VASH program. And we continue to do so. Since HUD-VASH participants would already be receiving housing and services, providing security deposits through HPRP was determined to be one way to help homeless veterans receive the money they need to secure a permanent place to live.

Many of the lessons we are learning from HPRP will be applied in the implementation of the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, which will occur in 2011.

Indeed, when signed by President Obama in the spring of 2009, HEARTH restructured HUD's homeless assistance programs to incorporate nearly two decades of research and on-the-ground experience in confronting homelessness. To support implementation of this important legislation, the Budget requests \$2.14 billion for homeless assistance funding—a \$200 million increase compared to fiscal year 2010. This represents a 10 percent increase overall -- a significant increase in a tight fiscal environment to confront a significant need.

Because many homeless veterans access services and housing through the HUD's homeless assistance programs as well as through VA programs, this additional investment in homeless assistance programs is called for even in a difficult fiscal environment. Culminating in the HEARTH Act, HUD's homeless programs have evolved into a more performance-driven, outcome-based system for targeting and leveraging federal resources at the local level to combat homelessness. Congress played an indispensable role in this process. In the late 1990's, when less than twenty percent of HUD homeless assistance grants were supporting permanent housing solutions for the most disabled homeless individuals and families, this Committee joined your colleagues in the House in requiring that at least 30 percent of these grants be spent annually on the evidence-based practice of permanent supportive housing, and set forth the ambitious goal of creating 150,000 units of permanent supportive housing for the chronically homeless.

Over time, the research foundation for this targeted investment has only solidified—key studies, including several published in the Journal of the American Medical Association, have demonstrated that permanent supportive housing both ends homelessness for individuals whom many thought would always live on our streets and in shelters, and saves taxpayers money by interrupting their costly cycling through shelters, emergency rooms, detox centers, prisons, and even hospitals.

As a consequence of the permanent housing set aside, maintained each year by this Subcommittee in the past but now required by HEARTH, HUD's homeless assistance grants produced an average of 8,878 permanent supportive housing beds annually since 2001, and a cumulative total of 71,000 beds, with an increasing percentage targeted to the chronically homeless (66% in FY 2008 compared to 53% in FY 2005, the first year HUD tracked such data). The impact was clear and dramatic. In the four years from 2005 through 2008, as communities improved their ability to track and measure progress in this area, the number of chronically homeless individuals dropped by thirty percent, a significant social welfare policy achievement.

One of the key provisions of the HEARTH Act was its codification in statute of the 30 percent permanent housing set aside pioneered by this Subcommittee. Coupled with the level of funding this Budget requests, and the alignment of homeless assistance grants with other HUD rental assistance subsidies (1 year terms), this provision is projected to yield over 9,500 new units of permanent supportive housing for disabled individuals and families. This will enable continued progress toward ending chronic homelessness.

The HEARTH Act also codifies in statute the unique competitive process, known as the Continuum of Care ("CoC"), in which HUD homeless assistance funding and priorities are incorporated within a robust local planning and implementation process. The CoC system provides a coordinated housing and service delivery system that enables communities to plan for and provide a comprehensive response to homeless individuals and families. Communities have worked to establish more cost-effective continuums that identify and fill the gaps in housing and services that are needed to move homeless families and individuals into permanent housing. The CoC is an inclusive process that is coordinated with non-profit organizations, State and local government agencies, service providers, private foundations, faith-based organizations, law enforcement, local businesses, and homeless or formerly homeless persons. This planning model is based on the understanding that homelessness is not merely a lack of shelter, but involves a variety of unmet needs -- physical, economic, and social.

Fiscal year 2011 marks the first year for implementation of this and other key features of the HEARTH legislation including: increased investment in the evidence-based practice of homelessness prevention; support for the project operation and local planning activities needed to continue the movement of the

HUD-supported homeless assistance system to a more performance-based and outcome-focused orientation; and provision of assistance that better recognizes the needs of rural communities. Also in our FY 2011 budget is a request for \$85 million in Housing Choice Voucher assistance to help end homelessness. This demonstration will assess how mainstream housing and service resources can help homeless and near homeless families as well as chronically homeless individuals and families becoming stably housed. HUD's mainstream housing vouchers will be connected to needed services funded by the Department of Health and Human Services, including Medicaid, TANF and SAMHSA funds. We will also be working closely with the Department of Education to help ensure we identify homeless children and their families who could benefit from this initiative.

On April 21, 2010, HUD published its Notice of FY 2010 Opportunity to Register for the Continuum of Care Homeless Assistance Programs. The Notice provided instructions on how to apply for the approximately \$1.68 billion available to assist homeless individuals and families. As in previous Notices, and its Notices of Funding Availability, HUD emphasized that the needs of each subpopulation be addressed, including homeless veterans. This Notice also encouraged communities to use a portion of available bonus funds to create a new permanent housing project that will serve disabled veterans. The creation of these extra beds for disabled veterans would therefore help to meet a HUD priority. This is especially significant, because at this point in the evolution of CoC funding nearly 53 percent of the approximately 454 existing CoC communities do not have access to new project funding except through this bonus opportunity created within the annual homeless competition.

Understanding the Nature and Scope of Homelessness

Of course, to use these new interventions most effectively, we need to recognize that when it comes to homelessness, one size doesn't fit all. HUD's 2008 Annual Homeless Assessment Report to Congress found that on a single night in January 2008, 664,000 people were homeless, including veterans, and throughout the course of a year, approximately 1.6 million found themselves without a place to call home and sought shelter. These figures have held steady from 2007 to 2008.

This report also found a troubling increase in the number of homeless families – 9 percent. And with a 56% increase in rural and suburban family homelessness—

we see that homelessness is not simply an urban problem, but one every kind of community struggles with.

While this data tells us a great deal about the nature and scope of homelessness during 2008—and the 2009 data will be released to the Congress next month—it does beg many other questions about what’s happening right now:

How is the housing crisis playing out in our shelters and on our streets?

Who is homeless today and are more families on the street today than a few months ago?

In which areas and regions is homelessness on the rise, holding steady or declining?

It is these questions—and limitations to using annual data—that we are trying to answer through our new Quarterly Homelessness Pulse Report that tracks real-time changes in homelessness in a small number of geographically diverse areas of the country.

Today, I am proud to release the results of our most recent quarterly Pulse report, which compares data collected on homelessness through the end of December of this past year to earlier quarters for 8 communities. The report showed an overall slight decline in the number of persons sheltered, both for families and for individuals. While this is still a small sample—and some of these communities did report increases—this data indicates that homelessness nationally may, in fact, no longer be increasing as communities begin to emerge from this housing crisis.

We continue to make enhancements to this report to get a better gauge of the impact our economy is having on homelessness. We are tracking foreclosure data, unemployment, new entrants into homelessness, and identifying prior living situations of those who become homeless. This data helps inform us and communities and how best to confront the current problem.

With respect to veterans, for the first time, HUD is working to publish in late summer a special supplemental Annual Homeless Assessment Report (AHAR) to Congress dedicated exclusively to homeless veterans. The report will contain a rich demographic portrait of veterans, their service usage patterns and reliable

numbers on sheltered vets. This report will be extremely beneficial in informing local and national policy and planning efforts.

Making Veterans' Homelessness an Interagency Priority

As important as these new resources are—and our ability to understand the nature and scope of homelessness—to ensure we are meeting the needs of homeless veterans, the Department of Housing and Urban Development and the Department of Veterans Affairs have jointly committed to reducing homelessness among veterans as a High Priority Performance Goal. This joint initiative helps formalize HUD's support of VA's plan to end homelessness among veterans, and I want to thank Secretary Shinseki for not only making this goal a priority – but also for the leadership he has provided to put it within reach.

High Priority Performance Goal

The number of homeless veterans in the United States, as reported in the 2008 Annual Homeless Assessment Report (AHAR), is 135,583 (or 12% of homeless adults that used emergency or transitional housing over the course of a year). With the economic crisis and the return of veterans from Iraq and Afghanistan, this number may continue to increase. In order to better serve this population, HUD plans to increase housing resources available to homeless veterans, focus efforts to ensure that coordination between local VA Medical Centers and Continuums of Care are strengthened, and utilize Recovery Act resources provided through the Homelessness Prevention and Rapid Re-Housing Program (HPRP) to assist veterans who are at-risk of becoming homeless. As such:

- Together, the two agencies will reduce the number of homeless veterans to 59,000 by June, 2012. Without this intervention, there we could estimate that there would be 194,000 homeless veterans by June, 2012.
- Toward this joint goal, HUD is committed to assisting 16,000 homeless veterans each fiscal year to move out of homelessness into permanent housing (6,000 through Continuum of Care programs, and 10,000 in partnership with VA through the HUD-VASH program).

HUD VASH

One of the primary vehicles for preventing veterans' homelessness is the HUD-Veterans Affairs Supportive Housing partnership, or HUD-VASH.

From 2008 to 2010, the Congress provided \$75 million each year for HUD-VASH. The program combines HUD Housing Choice Voucher rental assistance (administered through HUD's Office of Public and Indian Housing) for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs (VA) at its medical centers in the community. Through this partnership, HUD and VA will provide permanent housing and services for approximately 30,000 homeless veterans and their family members, including veterans who have become homeless after serving in Iraq and Afghanistan.

HUD and VA are working together to ensure that the referral and voucher issuance process are working efficiently in places where the 2008 and 2009 vouchers have already been allocated to ensure that homeless veterans can be housed as quickly as possible.

As HUD-VASH shows, new partnerships often require a new way of doing business that can be challenging at first. But I'm pleased to report we are making good progress between our agencies and with housing authorities and VA Medical Centers – and we will continue to push for more effective partnerships at the local level.

Of the more than 20,000 vouchers in the 2008 and 2009 HUD-VASH allocations, 58 percent are under lease – and more than 94 percent have been issued to our veterans. That means more than 19,000 HUD-VASH vouchers are in veterans' hands as we speak – helping them to find and afford the housing they need. This represents significant progress over last year.

To address leasing and other issues, HUD and the VA are meeting on a regular basis and have held a number of web broadcasts. In addition, for the past two years conferences have been held for public housing agencies and VA personnel to share experiences and identify for best practices. This year the VA is sponsoring four regional HUD-VASH conferences throughout the country to address problems and search for solutions in housing homeless veterans. Information from these conferences will be shared with all HUD-VASH sites.

Of course, HUD-VASH is only as successful as the local partnerships between VA Medical Center staff and public housing agency staff, as well as with other local service and homeless providers. Sites that have had particular success in placing veterans quickly have emphasized housing search assistance and landlord outreach. Successful sites also have identified and accessed additional resources, such as HUD's Homelessness Prevention and Rapid Re-housing

program, which assists veterans in paying for security and utility deposits, first month's rent, and other items necessary to establish a new household.

For FY 2011, HUD did not request funding for HUD-VASH. While the need for homeless veterans' assistance is great, with the significant level of resources that we have been provided by Congress in recent years, we want to ensure that these resources are used as effectively and efficiently as possible. And we have been working with the VA to do so this year. We will continue to assess progress being made, including in leasing up more quickly, as we consider additional resources that might be needed for HUD-VASH.

In the coming year, HUD and the VA will continue to work closely with the local staff responsible for administering this program to ensure that best practices are shared among sites, and that barriers or problems that arise are addressed quickly. HUD views Housing First as a critical element to solving veteran homelessness. Accordingly, HUD and VA are working together to assess how HUD-VASH can be enhanced through the Housing First model. Furthermore, now that the referral, voucher issuance, and leasing processes are well underway, the next phase will be to ensure veterans can maintain housing. Ongoing communication and collaboration between case managers and PHA staff will be critical to provide veterans the support they need on a case-by-case basis.

A Federal Commitment to End Homelessness: A Case Study

Allow me to give the Subcommittees one example of how this partnership is making a real difference in the lives of homeless veterans right here in Washington DC. And we believe this special project could become a model for the nation.

Under the leadership of the U.S. Interagency Council on Homelessness and the White House Office of Urban Affairs, VA, HUD, HHS, DOJ and DOL are in the process of developing an interagency pilot program to bring the full arsenal of their resources to bear on the problem of homelessness among veterans in DC.

The interagency partnership will build upon a federal local partnership that recently developed between the VA and the DC Department of Human Services to expedite the HUD- VASH process. On December 17, 2009, the DC VAMC formally entered into an intergovernmental agreement with DC Department of Human Services (DHS) to identify, case manage and place 105 eligible veterans into housing (out of the 175 vouchers allocated to DC VAMC for 2009) over the next 13 months.

The partnership is already producing results. By January 15, 2010, DC DHS issued vouchers and leased up for nearly 90 eligible veterans. The partnership has also developed a number of innovative strategies to ensure the program's success, such as agreements with local furniture stores that allow veterans to purchase furniture for their apartments through "furniture vouchers."

Other strategies applied by the DC partnership serve as an example of efforts by VASH sites to effectively streamline administrative processes and reduce the amount of time required between the referral and lease-up of a veteran family. Previously, a veteran may have needed to return 4 to 5 times to the DCHA office to receive and complete paperwork, receive instructions about the housing search and lease-up process. Veterans and their case managers now only need to come to DCHA once before signing a lease.

One of the methods applied to expedite the eligibility and leasing process was the subcontracting of a housing search specialist by DHS to identify and recruit landlords, facilitate the DCHA's inspection processes of potential units, and develop a pool of pre-inspected rent-reasonable units. Because the housing search process is ongoing and runs parallel to the process of determining the eligibility of referred veterans, veterans have a number of units from which to choose upon issuance of their voucher. This allows the veteran to lease a unit on the same day their voucher is issued. Veterans who do not want to select from the identified pool of units are still free to find a unit through their own housing search and may receive assistance with that search.

In addition, the DC partner agencies apply focused communication methods through the use of an online information sharing tool that enables all staff involved to track the progress of the lease-up process. Twice-a-week conference calls allow the agencies to spot and solve any problems that may arise. As a result of this and other effective strategies, between 2008 and 2009, the DC VASH site reduced its average lease-up time by 80% from 6 months to 1 month.

As successful as the DC effort has been to date, this is not to suggest that all communities with HUD-VASH vouchers should replicate the DC approach. Rather, HUD and VA are using the lessons we have learned community-by-community to help local housing and service delivery systems best meet the unique needs of the veterans in their area. These local efforts will help VA and HUD continue to improve the administration of this program.

HUD Veterans Homelessness Prevention Demonstration Project

In addition, HUD is working with the VA and DOL to unveil a demonstration on how we can best prevent homelessness among veterans.

In FY2009, HUD received an appropriation of \$10 million to develop and conduct a demonstration program on preventing homelessness for veterans. In addition to the \$10 million for the program itself, HUD received \$750,000 to conduct an evaluation of the demonstration, the results of which we intend to share with Congress and the public. The demonstration, which will be announced via a Notice, will include a small number of sites, including rural and urban areas, and will focus primarily on veterans returning from Iraq and Afghanistan. HUD is working closely with the VA and DOL on developing the demonstration program. VA received \$5 million in FY2009 for services that will be coordinated with this HUD funding. DOL will be providing assistance to the demonstration through its existing veterans' employment and training programs.

HUDVET is HUD's Veterans Resource Center that provides veterans and family members with information on HUD's community-based programs and services. HUDVET is involved in designing the Veteran Homelessness Prevention Demonstration project for which HUD is preparing to announce the selected sites. Once these sites are announced, HUDVET will be involved in assisting local efforts to prevent homelessness among OIF/OEF and other veterans, including veterans that served in the National Guard and Reserve. We expect to be unveiling this demonstration in the near future.

A Federal Strategy to Prevent and End Homelessness

Lastly, pursuant to the Hearth Act, the U.S. Interagency Council on Homelessness (USICH) is charged with developing a Federal plan to prevent and end homelessness. As the current USICH chair and the Secretary of the agency providing most of the Federal housing resources to confront homelessness I want to highlight how important this Federal plan is.

The Council has 19 member agencies – and to solve homelessness we need to harness expertise and resources across the Federal government. Barbara Poppe, the Council's new Executive Director, and her staff have done an outstanding job in working with the various agencies in developing this plan.

But let me say that we have solicited and received input from literally thousands of stakeholders across the nation. I also want to highlight how involved the Federal agencies have been, including agency heads. I have had very substantive discussions with Secretary Shinseki and other senior Administration officials during this process.

As Chair, I believe the mission of the Interagency Council is simple: to bring as many partners as possible to the table – at the local, state and federal levels to prevent and end homelessness. Nowhere is that more needed than to help homeless veterans. In fact, one workgroup to develop the plan—the Veterans Workgroup—focuses on the prevention and elimination of homelessness among adults who have served in the armed forces and their families.

We expect to deliver the plan to the President and to the Congress soon. HUD looks forward to continuing to work closely with the other federal agencies, including the VA, with other stakeholders, to implement this plan.

With this plan and the support of your subcommittees, I am confident that, together, we will be able to document real progress in our fight to prevent and end homelessness.

Conclusion

And so, Chairwoman Murray, Chairman Johnson, Ranking Members Bond and Hutchison, and members of the Subcommittees, I hope you can see that we are making real progress in solving homelessness – in particular among our veterans. This progress would not have been possible without the resources provided by you – and your personal commitments to this issue.

While we still have a ways to go, President Obama, Secretary Shinseki and I believe providing every American—from the most capable to the most vulnerable—the opportunity to reach his or her full potential begins with a strong commitment to preventing and ending homelessness. That is what all our efforts are about. And with that, I look forward to your questions. Thank you.