



THE NATIONAL ALLIANCE TO END HOMELESSNESS, INC.

Testimony of

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to the

**Subcommittee on Housing and Community Opportunity
Committee on Financial Services**

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Madam Chairman, Mr. Frank and members of the Subcommittee, I am honored that you have invited the National Alliance to End Homelessness to testify before you today on the relationship between affordable housing and homelessness. The National Alliance to End Homelessness is convinced that ending homelessness is well within our reach as a nation. In the past we have been pleased to work with the Committee to make progress toward this goal. Your concern about the crisis in housing affordability and availability is laudable. Addressing this crisis will surely move us forward in our struggle to end homelessness.

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 people living on the streets. From its founding in 1983, the focus of the National Alliance to End Homelessness (the Alliance) has shifted as the problem of homelessness has changed. Once focused on securing immediate food and shelter, today the Alliance, which has grown to include 2,000 member nonprofit and public sector agencies and corporate partners in every state in the nation, focuses on permanent solutions to homelessness.

I have been asked to speak to you today about the relationship between housing affordability and homelessness. The relationship is a simple one. Homelessness is caused by the lack of affordable housing. Homelessness *is* a housing problem. Notwithstanding all of the other problems and disadvantages that homeless people may have, it is the lack of housing that causes and defines their homelessness. Homeless people may have problems, disadvantages, or disabilities that make them less competitive for the affordable housing that does exist, and they certainly have service needs. But at the end of the day, if there were enough affordable housing there would not be homeless people.

You have heard repeatedly in these hearings that there is not enough affordable housing, or the mirror image of that proposition, that people's earnings are insufficient to pay for the housing that does exist. I will not revisit that discussion except to say this. People who are homeless are at the very bottom of the income spectrum. In 1996, the average income of a homeless person was \$367 per month¹ (or \$4,404 per year). This is 13% of the 1995 median monthly household income for all U.S. households. Homeless people obtain this income from work, from public benefits, or from a combination of the two.

According to the U.S. Department of Housing and Urban Development, extremely low-income people are defined as those having incomes that are 30% of area median income (AMI) or below. The vast majority of homeless people cannot even imagine having an income as high as 30% of AMI. Homeless people are the very poorest people. In some sense it can be said that the homeless assistance system is managing the churn in the very bottom of the housing market. If a person at 50% of AMI cannot afford housing, that person could move into a unit affordable to someone at 30% of AMI. But, if someone at 13% of AMI cannot find affordable housing, his or her only option is more likely to be to move to a

homeless shelter. When there are not enough units of housing that are affordable to very poor people, some poor people are likely to become homeless.

The dimensions of this housing problem for very poor people are sizeable. The Urban Institute, based upon analysis of the National Survey of Homeless Assistance Providers and Clients undertaken in 1996 by the U.S. Census Bureau, estimates that as many as 3.5 million people experience homelessness in the course of a year². That is nearly 11% of the poor population *per year*. And, this number had grown since the late 1980s when, using a similar methodology, Dr. Martha Burt estimated that some two million people were becoming homeless each year.

Other data confirm this national picture. Dr. Dennis Culhane, using administrative data from New York City that tracked actual cases of homelessness, determined that in that city more than one out of every hundred people used the public shelter system in the course of a single year. If one considered race and age, considerably more African Americans experienced homelessness than other races, and the highest risk group was children.³ Similarly, Bruce Link et al, in a survey of 1,507 people across the country, without regard to income, found that 12 % reported having been homeless at some time in their lives – and 7% reported having slept in a shelter or public space. 3.2% reported having been literally homeless in the past five years, a figure that corresponds to the Culhane data on New York City.⁴ Further, the latter two studies were done in the early- to mid-1990s, at a time when homeless rates were lower and affordable housing was in greater supply.

Based on such data, it is clear that a significant number of Americans are experiencing homelessness every year. However, this has not always been the case. As late as the 1970s, there was not significant homelessness in America. In 1970 there were 300,000 more affordable housing units available, nationally, than there were low-income households that needed to rent them.⁵ As result, there was not homelessness. Many people may have had mental illness, substance disorders, poor educations and low incomes. But they could still find and afford a place to live. Today, the situation is reversed. In 1995 there were 4.4 million more low income households that needed housing than there were affordable housing units. As a result, nearly a million people were homeless every night.

Given, then, that homelessness is a housing problem, presumably an increase in the supply of affordable housing could end homelessness. Is there some special type of affordable housing that is required for homeless people? The answer is no – and yes.

In order to assess how affordable housing could be used to end homelessness, the nature of the housing needs of the homeless population must be assessed. There are two major sub-groups of homeless people, and they have somewhat different affordable housing needs. The first and largest group consists of people who have lost their housing for some reason, but who do not differ substantially from poor, housed people in their demographic characteristics. The second and much smaller group consists of people who have special needs and who need housing that is linked to services.⁶

80% of people who become homeless enter the homeless system and exit it again relatively quickly. They are having a crisis that affects their housing. Typically these

households address their immediate problem and re-enter housing – probably not very good housing and probably not very stable housing. But they do leave and find housing. One way or another they accommodate the housing crisis. People in this group are both single individuals and families. They do not seem to differ in most characteristics from other people who are poor. They have similar rates of mental illness, substance abuse disorders, physical ailments, and domestic violence experience. They have similar education levels and numbers of children. One way in which they do seem to differ from their housed, poor counterparts is in the depth of their support networks, which are very thin. Also, they often have somewhat lower incomes and may be younger.⁷

Taken as a whole, this group does not need any special type of housing. They just need housing that is affordable. Research indicates that the one thing that stabilizes homeless families in housing is housing subsidy.⁸ According to an overview of the research literature on homelessness, “Homeless persons who receive subsidized housing will, for the most part, remain in that housing.”⁹ While homeless people may have service needs, as do other poor families, these needs are best met once they are in permanent housing. If there were an adequate supply of affordable housing for poor people, this group would not be homeless, although it might not be self-sufficient and would probably still have very severe needs.

There is a second group of people that does have a more specific housing need. 20% of people who are homeless spend a much longer time in the homeless system. About half of this group virtually lives in shelter and on the street. Another half moves frequently between the streets, shelter, other makeshift housing arrangements, hospitals, jails and prisons. These two groups, primarily single men and some single women,¹⁰ do differ quite significantly from the general population of poor people in that they almost universally have chronic disabilities. These tend to be mental illness, chronic substance abuse disorders, physical disabilities and HIV/AIDS. Because of these illnesses, supportive housing – housing explicitly linked to services – is a more successful housing model.

Supportive housing comes in all makes and models. It can be multi-family, scattered site, group homes, etc. In some supportive housing, the services are delivered in the housing. In others, case managers link people to services and monitor the needs of tenants to ensure that these needs are being met. Supportive housing is permanent housing – there is no artificial limit on tenancy, and in many cases people live there for long periods of time. In other cases, once people get on their feet they re-unite with family and supportive friends, and leave.

The National Alliance to End Homelessness estimates that there are 200,000-250,000 chronically homeless people in the nation¹¹. At present, these people are largely served through the shelter system and other public systems of care, such as hospital emergency rooms, jails and prisons. This is not only wrong, it is costly. A recent, and noteworthy, study by the University of Pennsylvania found that the annual cost of a homeless, severely mentally ill person to public systems of care in New York City was \$40,449.¹² The annual cost to public systems after these individuals were placed in supportive housing was \$41,444. For a net cost of \$995 per year, chronically ill, chronically homeless people can be placed in housing. This would seem to be a sensible approach.

In fact, because of the foresight of the Congress over the past three years, more of the HUD Homeless Assistance Grant program funds are going to this type of permanent supportive housing. Following the approach taken by this Committee on a bi-partisan basis in the last Congress, the appropriators have designated 30% of the HUD Homeless Assistance Grant program funds to be used to supply new permanent supportive housing for people with disabilities. Through this expenditure, affordable supportive housing is being produced for this neediest group. I will return to this subject in my recommendations.

In summary, homelessness is a housing affordability problem. When there was an adequate supply of affordable housing for extremely low income people, there was not widespread homelessness, notwithstanding all of the other problems that people may have had. If there were an adequate supply of affordable housing for this group today, there would not be homelessness. Housing does not solve all problems. But it would solve this one.

Recommendations

Based upon this analysis of the relationship between homelessness and housing affordability, we have the following recommendations.

- There is a national shortage of affordable housing and it is causing a significant number of poor people to become homeless. We urge the Committee to initiate a housing production program that will significantly address this shortage.
- While fully recognizing that there are housing needs across a wide spectrum of incomes, it is an inescapable fact that the problem is much, much more severe for some than for others. While the values surrounding balanced community development, mixed income housing, and support for working families are laudable, the first order of business must be to alleviate housing need so severe that it causes people to live on the streets or in shelter. Housing people in such a way is not only inhumane; it is surprisingly costly. If there are adequate resources available to meet the housing needs of all Americans up to 120% of Area Median Income and beyond, then the needs of people at 15% of Area Median Income and below will be met, and no further targeting will be required. However, if there are not enough resources to meet the full spectrum of need – and I presume there will not be – there must be substantial targeting. While this targeting should be directed to people at 30% of Area Median Income and below, there must also be special consideration given to people who are at 15% of AMI and below.
- We know the solution to chronic homelessness – it is permanent supportive housing. We estimate that 200,000 units of such housing would be required to end chronic homelessness. Resources are available to supply this housing via the Homeless Assistance Grant program at HUD, but only if two things are done. The first is to ensure that at least 30% of the funds (assuming an appropriations level of at least \$1.02 billion) is spent on permanent supportive housing for chronically homeless people. The second is to provide for renewal of such housing from the Housing Certificate Fund, not from homelessness programs. This will create a pipeline that, over time, holds the promise of providing enough units to end chronic homelessness.

This Committee has supported these provisions in the past, and, accordingly they have been placed in the appropriations bill. However, it would be preferable to have these provisions authorized, and we request the Committee to do so.

- All people have service needs, and their ability to have these needs met has an impact on their behavior and stability in housing. This is no less true for high- than for low-income people, and it is certainly true for homeless and chronically homeless people. Services are needed, and for low-income people, these services will likely be subsidized. HUD is not particularly adept at service delivery, and yet HUD provides a good amount of funding for services to homeless people. HUD dollars spent on services are HUD dollars that cannot be spent on housing. This is a particular problem when it concerns a group of people who are defined by their lack of housing – homeless people. The appropriate agency to provide services and service funding is HHS. HUD and HHS seem now to be struggling to better coordinate services and housing. We urge the Committee to encourage this collaboration so that HUD dollars can be used to solve the housing problems of homeless people.

Ms. Chairman and members of the Committee, I appreciate your concern for homeless people and for affordable housing as expressed in this hearing and in your invitation to us to speak about homelessness. We will be happy to work with you in any way possible to create more affordable housing, and to end homelessness.

¹ *Homelessness: Programs and the People They Serve: Findings of the National Survey of Homeless Assistance Providers and Clients: Summary*. December 1999. Interagency Council on the Homeless.

² Burt, Martha and Laudan Aron. "America's Homeless II: Populations and Services." February 2000. Oral Presentation at the Urban Institute First Tuesdays Forum. Washington, D.C.

³ Culhane, Dennis P., Edmund DeJowski, Julie Ibanez, E. Needham, I. Macchia. 1994. Public Shelter Admission Rates in Philadelphia and New York City: The Implications of Turnover for Sheltered Populations. *Housing Policy Debate*. Volume 5, Issue 2.

⁴ Link, Bruce G., Ezra Susser, Anne Stueve, J. Phelan, R. Moore, and E. L. Strueling. 1993. "Reconsidering the Debate about the Numbers of Homeless People in the United States." Paper read at the annual meeting of the American Public Health Association, October, San Francisco.

⁵ Daskal, Jennifer. "In Search of Shelter: The Growing Shortage of Affordable Rental Housing." June 1998. Paper. Center on Budget and Policy Priorities. Washington, D.C.

⁶ Culhane, Dennis P., Stephen Metraux and Susan Wachter. "Homelessness and Public Shelter Provision in New York City." June 1997. University of Pennsylvania. Paper. Longitudinal studies in other cities have confirmed this finding for New York City.

⁷ Bassuk, Ellen, L. F. Weireb, J. C. Buckner, A. Browne, A. Salomon, S.S. Bassuk. 1996. "The Characteristics and Needs of Sheltered Homeless and Low-Income Housed Mothers." *Journal of the American Medical Association*, 276: 640-646.

⁸ Rog, Debra J. and Marjorie Gutman. "The Homeless Families Program: A Summary of Key Findings." 1997. In S. L. Isaacs & J.R. Knickman (eds.) *To Improve Health and Health Care: The Robert Wood Johnson Foundation Anthology*. San Francisco: Jossey-Bass Publishers, 209-231. **AND** Mary Beth Shinn, B.C. Weitzman, D. Stojanovic, et al. "Predictors of homelessness among families in New York City: From shelter request to housing stability." 1998. *Journal of Public Health* 88(11).

⁹ Fosburg, Linda B. and Deborah L. Dennis. "Overview." August 1999 *Practical Lessons: The 1998 National Symposium on Homelessness Research*. U.S. Department of Housing and Urban Development and U.S. Department of Health and Human Services. vii.

¹⁰ In this case, single means not currently living with any children or a regular partner. Many people who fall into this category do, in fact, have children and families living elsewhere, and may be married.

¹¹ A Plan: Not a Dream: How to End Homelessness in Ten Years. July 2000. National Alliance to End

Homelessness. Paper.

¹² Culhane, Dennis, Stephen Metraux and Trevor Hadley, “Executive Summary. The Impact of Supportive Housing for Homeless Persons with Severe Mental Illness on the Utilization of the Public Health, Corrections and Emergency Shelter Systems: The New York-New York Initiative.” April 2001. Forthcoming in *Housing Policy Debate*, a Journal of the Fannie Mae Foundation. This study examined 4,679 severely mentally ill homeless people’s actual use of shelters, state hospitals, municipal hospitals, Medicaid, veteran’s hospitals, prisons and jails in New York for two years while they were homeless and for two years after they obtained housing. The reduction in use of services after housing was \$16,282.