



## **THE NATIONAL ALLIANCE TO END HOMELESSNESS, INC.**

**Testimony of  
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President  
National Alliance to End Homelessness**

**Before the**

**Subcommittee on Housing and Community Opportunity  
of the  
Committee on Financial Services  
U.S. House of Representatives**

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**H.R. 4057  
The Samaritan Initiative Act of 2004**

Mr. Chairman, Ms. Waters and members of the Subcommittee, on behalf of our Board of Directors, I am honored that you have invited the National Alliance to End Homelessness to testify before you today in support of the Samaritan Initiative Act of 2004. 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 leadership on the issue of homelessness.

### **The National Alliance 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 Americans living on the streets. It is important to remember that prior to the 1980s, 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 loss of affordable housing stock, destruction of a million units of single room occupancy housing, deinstitutionalization, the emergence of HIV/AIDS, new kinds of illegal drugs, and an increase in poor, single parent households began to take root. In the 1980s, they grew into homelessness. The absence of widespread homelessness before the 1980s is a reminder that homelessness is not inevitable. It has not always existed, and it does not have to exist now.

Since its founding in 1983 the National Alliance to End Homelessness (the Alliance) has shifted its focus as the problem of homelessness and our knowledge about it have changed. Once focused on food and shelter, today the Alliance and its over 5,000 nonprofit, public sector, and corporate partners in every state in the nation concentrate on permanent solutions to homelessness.

### **Ending Chronic Homelessness**

People who are homeless for long periods of time – chronically homeless people – are approximately 10% to 20% of the homeless population in most communities. The federal government defines a chronically homeless person as an unaccompanied disabled individual who has been homeless for at least one year or had four or more episodes of homelessness in three years. Data indicates that there are also families that are chronically homeless.

Why are people chronically homeless? The homelessness system, effective for most people who enter it, cannot claim success with this group, most of whom have chronic disabilities. The most common form of assistance offered to those who eventually become chronically homeless is emergency shelter. Often this shelter is only available in the evenings, leaving people to wander the streets in the daylight hours. Shelter itself can be sporadic as people sometimes run up against shelter-imposed time limits of 30, 60 or 90 days.

Despite their best efforts and intentions, most shelters cannot offer their disabled clients the services they need. Some case management and referral may be available, but much of the follow-up is left to the individual, whose housing instability leaves him or her far from capable of handling the responsibility. As a result, some homeless people with disabilities end up living on the street, in shelters and other institutions for years on end.

And yet, the solution to the problem of chronic homelessness is readily available. In 2000, the National Alliance to End Homelessness, based on analysis of research and on the experience of homeless programs around the nation, announced an ambitious plan to end homelessness in ten years. The elements of this plan, though bold, are simple. First, take a more outcome-oriented approach to the problem by planning to end homelessness, not simply manage it. Second, look at where homeless people come from and begin intervening at that point to prevent their homelessness. Third, focus on getting people back into housing much more quickly. And finally, continue to address the structural needs for an adequate supply of affordable housing, service, and incomes.

Our approach recognizes that homeless people are not all the same. Therefore, while our plan calls for communities to end homelessness overall, we recommend a specific, proven and cost-effective strategy for people who are chronically homeless -- supportive housing. Based on data from the University of Pennsylvania and the federal government, we determined that there were somewhere between 200,000 and 250,000 chronically homeless people. It is generally accepted that, given the current supply of permanent supportive housing, an incremental 150,000 units would end chronic homelessness for those who are currently experiencing it. In addition, ending chronic homelessness would require a prevention strategy focused on housing at-risk individuals and families and providing them with services. Clearly, permanent affordable housing is the key to ending chronic homelessness.

This framework for ending homelessness, including ending chronic homelessness, has caught on. In 2002 the Bush Administration adopted the goal of ending chronic homelessness in ten years. Congressional appropriators set aside 30% of McKinney resources for permanent supportive housing and ensured that more of the renewals of this housing were covered. Additional resources were added to McKinney-Vento to ensure that chronically homeless people were not assisted at the expense of other homeless people. Communities across the nation began to develop plans to end homelessness and more recently, with the encouragement of the U.S. Interagency Council on Homelessness and its Executive Director Philip Mangano (with whom we had worked closely on the development of the plan to end homelessness when he was directing the Massachusetts Housing and Shelter Alliance), plans to end chronic homelessness. Today, scores of communities across the nation have developed plans to end homelessness and/or chronic homelessness. Clearly there is a growing capacity and will to do so. What is needed now to accomplish the goal are sensible, outcome-oriented prevention policies; targeted and sustainable resources; and political will.

### **Why We Need the Samaritan Initiative**

As communities have begun implementation of their plans to end chronic homelessness, they have faced many challenges. Providing chronically homeless people with supportive housing is complex business. Because of their intensive housing and service needs and their virtually nonexistent incomes, many streams of public funding and programs have to be intertwined to provide them with support. Frequently these funding streams have different requirements – different applications, different funding cycles, different match requirements, different target populations. And, of course, the need for resources is a fundamental problem.

The Samaritan Initiative Act of 2004 promises to encourage communities to take on the complex but do-able task of moving chronically homeless people into housing by providing resources in a flexible but targeted fashion. There are, of course, many things that it *won't* do. Clearly it will not, by itself, end chronic homelessness – it is far too small. But it will give communities a new way to approach the problem. It will not, alone, prevent chronic homelessness. But it will, by insisting on an outcome focus, give communities the tools they need to assess how they might more efficiently apply resources to get people into housing rather than leave them on the streets. It will not result in the creation of new housing. But it will ensure that where housing units are available, they are wisely used for the neediest among us. The Samaritan Initiative is not, in and of itself, the solution to chronic homelessness. But it holds the promise of being an important and valuable tool. The National Alliance to End Homelessness supports the Samaritan Initiative and urges Congress to authorize it.

### **The Samaritan Initiative**

The National Alliance to End Homelessness supports the Samaritan Initiative as an important new tool that can contribute to the effort to end chronic homelessness. It provides flexible resources for activities that must be undertaken if progress is to be made.

- *Outreach.* In order to end chronic homelessness, there must be a system of outreach to people on the street and in shelters. Such a system will engage people and offer them housing and services that meet their needs. The Samaritan Initiative allows the expenditure of funds on outreach to engage chronically homeless people and connect them with permanent supportive housing.

- *Permanent Supportive Housing.* In order to end chronic homelessness there must be a supply of permanent supportive housing commensurate with the size of the population. The number of units needed is generally thought to be approximately 150,000. Experience indicates that approximately half of the units could be leased from existing stock, while the other half would have to be developed through rehabilitation or new construction.

The Samaritan Initiative focuses on the provision of permanent supportive housing. It is flexible in allowing communities to use resources as they are needed for a variety of housing and services activities, although the emphasis is clearly on providing housing that is readily available for occupancy through lease or acquisition, rather than on development.

In order to provide permanent supportive housing, the following are needed:

- *Capital.* The Samaritan Initiative allows funds to be used for acquisition and minor rehabilitation of housing.
- *Rent Subsidies.* The Samaritan Initiative allows funds to be used for operating costs, leasing, and project- or tenant-based rent assistance.
- *Services.* On the services side, funding can support primary health care, substance abuse treatment, mental health care, outreach, case management and other services.

We applaud the design of the program in which communities have freedom to use funds as they see fit as long as the outcome of housing chronically homeless people is achieved. It will serve as an incentive, providing targeted resources for communities to take on this difficult task. It will model a level of federal coordination that will make it easier for communities to address the problem. Its focus on measurable outcomes will help us to ensure that the interventions being undertaken are having the desired effect. For these reasons, we support the Samaritan Initiative as a valuable component in the effort to end chronic homelessness.

### **The Role of Services in Ending Chronic Homelessness**

Because the Samaritan Initiative defines chronically homeless people as having disabilities, the provision of services will be key to housing stability. The Samaritan Initiative provides services funding through both the U.S. Department of Health and Human Services (HHS) and the U.S. Department of Veterans Affairs (VA). The VA will provide \$10 million worth of in-kind case management to veterans. HHS will provide \$10 million for services. Experience has taught us that this amount of funding will not be adequate for the number of housing units contemplated. Communities can access additional services funding through mainstream sources. However, the Samaritan Initiative would have a much more powerful impact on chronic homelessness if it included more funding for services, and if it had stronger provisions to leverage mainstream funding resources, including those that are Federally supported.

**Recommendation: The contribution of the US Department of Health and Human Services to the Samaritan Initiative should be increased to \$50 million.**

**Recommendation: Non-McKinney Act Federal funds should count toward the match.**

## **The Role of Housing in Ending Chronic Homelessness.**

Rent subsidies are key to ending chronic homelessness. While the Samaritan Initiative does make some resources available for this purpose and is an important tool, it does not contain adequate resources to achieve the Administration's goal of ending chronic homelessness in ten years. Other Federal, state and local programs will have to be utilized, and the Samaritan Initiative should be designed to leverage such investments.

To meet the Administration's goal of ending chronic homelessness in ten years<sup>1</sup> would require the provision of some 150,000 units of supportive housing, or 15,000 units per year. In the Samaritan Initiative, \$50 million is available for housing in grants that last for three years. This \$50 million minus the amounts to be spent on technical assistance and administration, if used entirely for rent subsidies, could be expected to support approximately 2,500 units per year against the goal of 15,000.

One critically important additional source of housing subsidy impacting chronic homelessness is the Section 8 Voucher Program. This program is used to provide both project-based and tenant-based rent subsidies in supportive housing. Not only is it important as a direct source of assistance, but also it provides the basis upon which the capital financing for supportive housing is committed. The Administration has proposed changes to the Section 8 Voucher Program that will impact its ability to serve extremely low income people. Further, funding and program proposals the Administration has made with respect to the Section 8 Voucher Program are already impeding the ability of projects to attract capital for the development of permanent supportive housing. Finally, Section 8 is the core housing program that helps extremely low-income people accommodate the market-driven gap between their incomes and the cost of housing. As such, it is the barrier between housing and homelessness for many families and individuals, and a key prevention component of any plan to end chronic homelessness.

**Recommendation: The Congress should fully fund all existing housing vouchers and maintain the program's targeting to extremely low income households.**

If chronic homelessness is to be ended, private and public capital will have to be attracted for the development of permanent supportive housing. It is worth noting that Fannie Mae recently made a commitment to provide capital and pre-development loan money for the development of permanent supportive housing for chronically homeless people. Rent subsidy money through the Section 8 Voucher Program and other sources such as Samaritan Initiative will be necessary to create the public/private partnerships that can provide the 150,000 units of permanent supportive housing needed to end chronic homelessness.

**Recommendation: Congress should consider creating a pool of incremental housing vouchers that could be linked to private and public sector capital sources for the creation of additional units of permanent supportive housing.**

**Recommendation: Congress should address the overall need to increase the supply of housing affordable to extremely low income people through a well-targeted housing production program such as the National Affordable Housing Trust Fund.**

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<sup>1</sup> Although the Administration set the goal of ending chronic homelessness in ten years in 2002, we will assume for the purposes of this testimony that the goal would be met in 2014 – ten years from now.

It should also be noted that the structure of renewal in the program is likely to impede the ability of communities to acquire property for permanent supportive housing, or even to provide stable housing through leasing of units. The program will provide rent subsidies for three years, although the term of use for acquisition is ten years. Renewals will be considered in subsequent three years increments. However, these will be competitive and for only a portion of the original grant.

**Recommendation: The Samaritan Initiative should ensure the renewal of the full amount of the permanent supportive housing rental subsidies provided through the program.**

### Summary

Ending chronic homelessness is a worthy goal and one that the National Alliance to End Homelessness wholeheartedly supports. It is a component of the effort to end homelessness overall and we caution that care must be taken to ensure that chronic homelessness is not addressed to the exclusion of, or at the expense of, other homeless people. It is in that context that we applaud the Administration for setting the goal of ending chronic homelessness in ten years, and look forward to continuing to work with them to achieve this it

The National Alliance to End Homelessness supports the Samaritan Initiative of 2004 as an important tool to be used by communities to end chronic homelessness. We fully recognize that the Samaritan Initiative is not, in and of itself, sufficient to achieve the goal. We further recognize that other sources of funding, particularly funding for rent subsidies through the Section 8 Voucher Program and service funding from the US Department of Health and Human Services, will be required. But the Samaritan Initiative is unique in its flexibility, in its focus on outcomes, in its targeting to the neediest among us, and in its modeling of federal coordination. It will make a valuable contribution to local efforts to end chronic homelessness

Ending chronic homelessness is a difficult and complicated task for a troubled and extremely needy population. But it is something that we should do because people are suffering, because we know how to do it, and because it is cost effective. On behalf of the Board of Directors and partners of the National Alliance to End Homelessness, I extend my gratitude to the Subcommittee for taking on this difficult task. We support your efforts and look forward to continuing to work together to end chronic homelessness in our great nation.