

HUD's Homeless Assistance Programs

March 2007

Homelessness

Widespread homelessness did not always exist. Prior to the 1980s, the sight of people living in shelters, cars, churches, on the streets, or in the woods was a distant memory. However, throughout the 60s, 70s, and 80s, deinstitutionalization, powerful new illegal drugs, a shifting economy, and, importantly, a significantly larger gap between the number of low-income households needing housing and the number of affordable housing units available, all contributed to the widespread homelessness we see today.

Each year, as many as 3.5 million people will experience homelessness. Most will be homeless for short periods of time (a week to a few months), while others will spend months or years homeless, often cycling between homelessness, hospitals, jails, and other institutional care. The most recent nationwide count of homeless people found that at one point in January 2005, 744,000 people were homeless, and approximately 331,000 of them were unsheltered.

HUD's Homeless Assistance Grants

HUD's Homeless Assistance Grants, also known as McKinney-Vento grants, are the primary federal funding source for local efforts to reduce the harm caused by homelessness and help homeless people move back into permanent housing.

Recommendations

Provide **\$1.8 billion** in funding for fiscal year 2008.

Continue **permanent supportive housing** commitment for people with disabilities, including the 30 percent set asides for permanent housing and for renewal of Shelter Plus Care grants

Provide incentives for communities to implement **rapid rehousing** programs for homeless families.

Facts about Homelessness

Over the course of a year, **2.5 – 3.5 million people** will be homeless. About one third of them are children.

In January 2005, approximately **331,000 homeless people were unsheltered**.

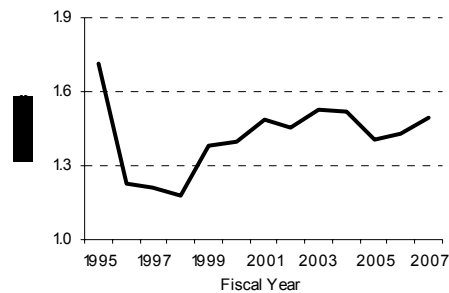
The Department of Veterans Affairs estimates that there are **200,000 homeless veterans** every night.

Most funding is distributed through the award winning Continuum of Care process.¹ Under this process, homelessness providers, advocates, government officials and other interested parties in a geographic area work together to identify their needs and prioritize projects for funding. Continuum of Care funding can be used for permanent supportive housing, transitional housing, and services. HUD's Homeless Assistance Grants also fund emergency shelters through a formula grant to cities, counties, and states.

Funding History

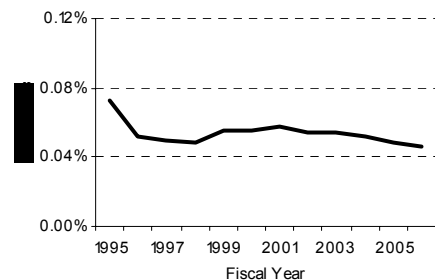
In Fiscal Year 1995, when HUD first reorganized its homeless assistance programs into the Continuum of Care, Congress provided \$1.72 billion (in 2008 dollars -- see Chart 1). The following year, a new Congress slashed funding by 28 percent to \$1.23 billion. Funding steadily rose, reaching \$1.54 billion in 2003 and has fluctuated for the past few years.

Chart 1: HUD Homeless Assistance Funding (Constant 2008 Dollars)



Though the amount has fluctuated, the share of federal funding that goes to HUD homeless assistance programs has declined every year since 2001 (see Chart 2). It now represents less than 1/2000th of federal spending, down one third since 1995. HUD homeless assistance funding represents about \$480 per homeless person.

Chart 2: HUD Homeless Assistance Funding as a Share of Overall Federal Funding



Ending Homelessness

A nationwide movement to end homelessness has begun. Nearly 300 communities have completed or are working on ten year plans to end homelessness. Some places are already showing success.

- Portland OR -- the number of people sleeping on the streets declined by over 40% from January 2005 to January 2007.
- Westchester County, NY -- The number of homeless families declined from 690 in 2002 to 297 in 2006.

¹ In 1999, the Continuum of Care received an *Innovation in American Government* award from Harvard's Kennedy School of Government.

- San Francisco, CA -- 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, OH -- Between 1997 and 2005, the number of homeless families declined by 44 percent.
- Hennepin County, MN -- From 2000 to 2004, the number of homeless children declined by 43 percent.

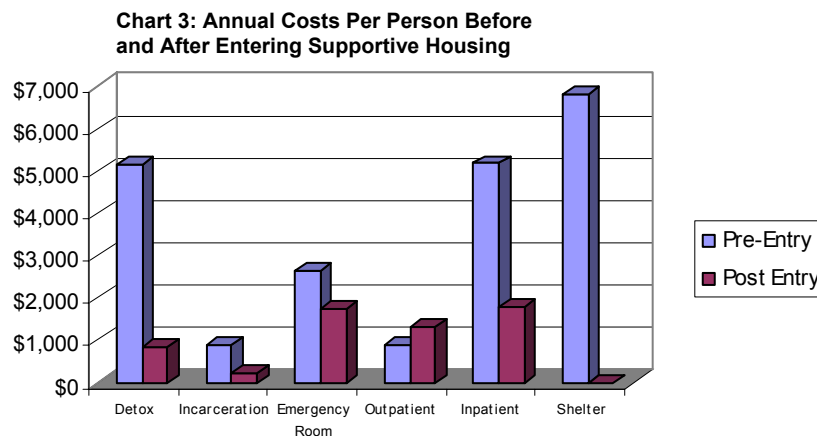
These remarkable achievements are the result of two major shifts in the way communities serve homeless families and individuals—permanent supportive housing for chronically homeless individuals and rapid rehousing for homeless families.

Permanent Supportive Housing

Research on homeless individuals around the country has shown that most homeless individuals lose their housing because of a crisis. They are homeless for a short period of time and then return to permanent housing.

However, there is a small percentage who are chronically homeless. They either remain 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 recently released studies, one in Denver, Colorado (see Chart 3), and the other in Portland, Oregon, showed that the net public cost was less when individuals were in permanent housing than when they were homeless.



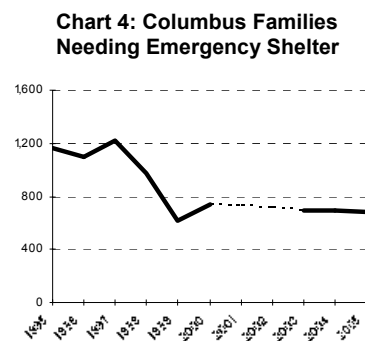
Source: *Denver Housing First Collaborative: Cost Benefit Analysis And Program outcomes Report*, Jennifer Perlman, PsyD, and John Parvensky, Colorado Coalition for the Homeless. December 2006.

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. HUD's homeless assistance grants have been the primary engine for developing permanent supportive housing, helping create over 50,000 units in the past 6 years.

Rapid Rehousing

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.

Communities that have reduced family homelessness have done so by helping families move back into permanent housing as quickly as possible, and then providing 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, prevent homelessness altogether. For example, responding to a dramatic rise in the number of homeless families in the mid-1990s, homelessness providers in Columbus, Ohio implemented a rapid rehousing system that prevented homelessness for hundreds of families and dramatically reduced the amount of time families were homeless (See Chart 4).



Source: 2006 Community Report on Homelessness, Community Shelter Board, February, 2007. (No data available for 2001 and 2002.)

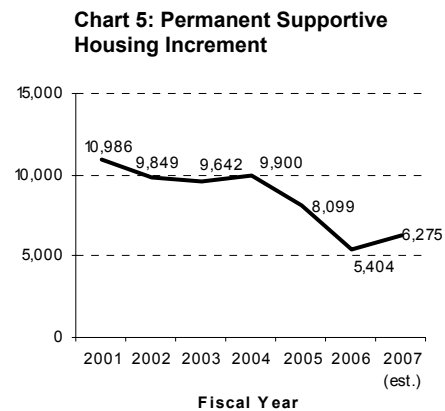
HUD's homeless assistance grants were the primary funding source for some of the first rapid rehousing programs. Unfortunately, recent shifts in HUD policies have discouraged communities from using homeless assistance funding for supportive services. The intention of the policy change was to encourage communities to utilize other funding sources for needs such as child care, employment training, and mental health services. However, one side effect was to also dissuade communities from using homeless assistance funding for programs that help families locate housing, negotiate with landlords, repair poor housing credit, and help families connect with other mainstream services, activities that should be priorities for homeless assistance programs.

Funding Needs for HUD's Homeless Assistance Program

To help communities make sufficient progress on implementing their ten year plans to end homelessness, a level of \$1.8 billion is needed.

While some cities have already made remarkable progress reducing homelessness, all of them are at a critical juncture. They have developed plans, brought in new partners, identified cost-effective strategies, and located some potential sources of funding. 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 National Alliance to End Homelessness 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 (see Chart 5), 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.



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:

- 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 HUD's Homeless Assistance Program

Two policy changes to HUD's homeless assistance programs have helped make the program a much more effective tool for ending homelessness:

- A 30 percent set-aside for permanent supportive housing for individuals and families with disabilities.
- A set aside for Shelter Plus Care renewals. Shelter Plus Care is one of HUD's two main permanent housing programs. Without the funding guarantee, people in permanent housing were in jeopardy of losing their housing.

The changes allowed communities to develop tens of thousands of units of permanent supportive housing, and these policies should continue.

A similar initiative is needed to help end homelessness for the roughly 600,000 families who are homeless each year. Recently, communities have been implementing rapid rehousing programs, which cost-effectively move homeless families into private market permanent housing. The Alliance recommends that Congress provide an incentive within HUD's homeless assistance grants for these 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 a critical step in their efforts to end homelessness.