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AFFORDABLE HOUSING NEEDS OF AMERICA'S LOW-INCOME VETERANS

HEARING

BEFORE THE

SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY

OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

DECEMBER 5, 2007

Printed for the use of the Committee on Financial Services

Serial No. 110–82

U.S. GOVERNMENT PRINTING OFFICE

40–434 PDF WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
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AFFORDABLE HOUSING NEEDS OF AMERICA'S LOW–INCOME VETERANS

Wednesday, December 5, 2007

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND
COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:14 a.m., in room 2128, Rayburn House Office Building, Hon. Maxine Waters [chairwoman of the subcommittee] presiding.

Members present: Representatives Waters, Velazquez, Cleaver, Green, Moore of Wisconsin, Sires, Ellison, Donnelly; Capito, Biggert, Shays, Garrett, and Neugebauer.

Chairwoman WATERS. The Subcommittee on Housing and Community Opportunity will come to order. We will be joined in a few minutes by Ms. Capito, and some other members if they can get away from the Floor and other committees that they're serving on. Today's hearing is on affordable housing needs of America's low-income veterans. I think today's hearing will continue the strong bipartisan work we're doing in this subcommittee. Indeed, I may briefly turn over the gavel in order to speak on the House Floor on H.R. 2930, the Section 202 Supportive Housing for the Elderly Act of 2007, a bill on which we held an informative hearing in early September and thereafter were able to work out differences in such a way that the bill has gone on the suspension calendar.

Similarly, I expect that we will have bipartisan agreement on the basic principle that no man or woman who has served this country honorably in a time of war or peace should ever have to live in desperate poverty, or even worse, literally on the streets of our Nation. I'm looking forward to hearing from today's witnesses about how we can do better by our poorest veterans, because the facts today are sobering, even tragic.

It is simply disgraceful that as many as 200,000 veterans are homeless on any given night in America, meaning that one out of every four homeless individuals served in the military. Often I take pride when my home State of California leads the Nation in something. Not so here, where California has by far the greatest absolute number of homeless veterans, nearly 50,000 across the State. It also has the second highest rate of veterans homelessness in the country, with fully 2¼ of California's veterans experiencing homelessness.

Nearly as troubling is the tremendous number of veterans in the State who are at risk of homelessness due to excessive housing cost

burdens; 3.4 percent of California's veterans, over 73,000 individuals, pay more than half of their income in rent, and that is unsustainable for the long term. In my home City of Los Angeles, fully two-thirds of low-income veterans pay more for their housing than HUD deems supportable, ensuring a steady flow into an already overburdened homeless system.

But I don't want to leave the impression that the news is all bad. I know that we will hear today about effective HUD and VA programs to address the needs of homeless and low-income veterans. In particular, I look forward to hearing from witnesses about the potential to expand the availability of permanent supportive housing to complement the important transitional housing interventions that have characterized the VA funded response to veterans homelessness to date.

Several of today's witnesses testified before the subcommittee during our McKinney-Vento reauthorization hearings and described the effectiveness and cost effectiveness of permanent supportive housing for the chronic and disabled homeless. It seems clear to me that we need to target this intervention to homeless veterans who suffer from mental health and other disabilities while languishing on the streets or in shelters, living in their cars, or roughing it in the country's backwoods.

And we need to take the enterprise to a scale that can meet the tremendous need. This includes addressing the pent-up demand for permanent housing solutions among Vietnam-era veterans whom we must never forget, even as we prepare for what seems certain to be an overwhelming number of Iraq and Afghanistan war veterans at risk of homelessness.

Indeed, the first such veterans have already begun to appear on the streets and in shelters nationwide. And let me just mention, we cannot leave out the Desert Storm veterans as we take a look at those who still need much assistance to get into decent places to live.

Notably, one of the earliest structured supportive housing initiatives was a joint HUD–VASH program in the early 1990's in which local PHAs provided Section 8 vouchers and VA medical centers furnished case management and clinical services to participating veterans.

Long-term evaluations of the HUD–VASH program have shown both improved housing and improved substance abuse outcomes among veterans who received the vouchers over those who did not. Veterans who received vouchers experienced fewer days of homelessness and more days housed than veterans who received intensive care, case management assistance, or standard care through VA homeless programs alone.

Analysis also found that veterans with HUD–VASH vouchers had fewer days of alcohol use, fewer days in which they drank to intoxication, fewer days of drug use, and fewer days in institutions. Unfortunately, a relatively paltry number of additional HUD–VASH vouchers have been authorized in recent years and none appropriated since Fiscal Year 1994. I am pleased that our friends on the HUD and VA appropriations committees have chosen to reverse this trend, providing for 7,500 vouchers and associated services funding in Fiscal Year 2008, HUD and VA conference reports, re-

spectively. I look forward to hearing the witnesses' perspectives on that.

Finally, I conclude by applauding subcommittee member Al Green for his legislative work in this area. He will now provide details on his two important bills, H.R. 3329, the Homes for Heroes Act of 2007, and H.R. 4161, the Veterans Homelessness Prevention Act of 2007. But suffice it to say that he has offered two critical starting points for the subcommittee to consider, not only for expanding the HUD–VASH program to the appropriate magnitude, but also for getting HUD into the permanent supportive housing development business where it needs to be, given tight rental markets in so many parts of the country where veterans homelessness is widespread.

With that, I will recognize our ranking member, Congresswoman Capito, for her opening statement.

Ms. CAPITO. Thank you, Chairwoman Waters, and I apologize for being a little tardy to the hearing. I look forward to this hearing, and I thank you for convening this important hearing entitled, "Affordable Housing Needs for America's Low-Income Veterans."

As a Nation, we owe no greater debt than the one we owe to our veterans for their unwavering protection of our very freedom, providing suitable housing, affordable housing, and supportive services to these individuals should be the goal of all policymakers, and I believe it is our goal, our collective goal. This hearing represents an important opportunity for the committee to take a good look at the housing needs of our veterans.

Recent studies have shown that a disproportionately large percentage of the overall homeless population is comprised of veterans, and that this percentage continues to grow. This growing trend not only raises questions about the adequacy of homeless shelters services available to veterans, but also about the availability of affordable housing for low-income veterans.

The statistics on this subject are also not encouraging. The Department of Veterans Affairs estimates that as of September 2006, there were 24 million veterans living in the United States and Puerto Rico, and of this population, 196,000 are homeless on any given night, making up 19 percent of the total homeless population and one-third of the adult homeless population. There are numerous reasons for this overrepresentation of homeless veterans within the overall homeless population that could include mental health diagnosis, addictions to alcohol and other substances, and physical health problems.

According to an August 2007 GAO study, low-income veteran households who rent their home are not faring much better. The GAO study found that 2.3 million veteran households that are low-income renters, of that 2.3 million, 1.3 million experience housing affordability problems. In my own State of West Virginia, studies show that between 51 and 55 percent of veteran renters are low income. GAO also found that low-income veteran households are less likely to receive HUD rental assistance than other low-income households.

I hope that through today's hearing, we can gain a better understanding of the housing needs of our veterans. I thank all of the witnesses for their dedication to this issue and for their oppor-

tunity to enlighten us as a committee. Our Nation's heroes deserve the very best that we have to offer, and I look forward to hearing the testimony. I yield back.

Chairwoman WATERS. Thank you very much. We have gotten an agreement from the members on the subcommittee that Mr. Green, the author of the bills that we are focusing on today—who also has an important bill on the Floor—will go first with his opening statement, and then we will go to the other members and quickly get to the testimony. Hopefully, Mr. Green, you will be around for the question and answer period.

But with that, I will recognize you for 5 minutes for your opening statement.

Mr. GREEN. Thank you, Madam Chairwoman. I greatly appreciate your convening this most important hearing. And Madam Chairwoman, if I may say so, you have truly been a friend of those who are living in the streets of life, whether they be veterans or whether they be persons without any portfolio at all, you have truly been a friend.

I also would like to thank Ranking Member Capito for her efforts to assist and to be a part of making it possible for all persons to have a place to call home. The chairman of the full committee and the ranking member of the full committee, that would be Chairman Frank and Ranking Member Bachus, merit our expressions of appreciation as well.

We have two bills on the Floor—the Homes for Heroes Act and the Veterans Homlessness Prevention Act—and when I say the Floor, I mean within this committee. Before I go to them, I'd like to make just a few comments. Some of what I will say has been said, but some things are so important that they bear repeating.

Let me start by paraphrasing words from Father Dennis O'Brien. Father O'Brien reminds us that the ultimate protector of freedom is the soldier. He reminds us that it's not the reporter who ultimately protects freedom of the press; it's the soldier. It's not the poet who protects freedom of speech; it's the soldier. It's not the activist who protects our freedom to demonstrate. He reminds us that the soldier who salutes the flag is the soldier who serves beneath the flag. It is the soldier's body that is draped by the flag. And it is the soldier who allows the protestor to burn the flag.

The soldier makes real our great American ideals, which is why we must demonstrate concern for our soldiers who are sleeping in the streets of life. We are blessed to be in the richest country in the world, a country where we have homes or houses for our cars. They're called garages. And, however, as so many are sleeping in the suites of life, we have many who are sleeping in the streets of life.

Approximately 800,000 persons on any given night will sleep in the streets of life. We can do better. Two hundred thousand of these homeless persons are veterans. Four hundred thousand veterans will sleep on the streets of life in the course of a year, 400,000 different veterans. We can truly do better.

In Texas, we have about 16,000 homeless veterans—2,500 in Houston alone. We have 1.5 million veterans who have incomes below the poverty level; 643,000 of these have incomes at 50 percent of the poverty level. We can do better. Vets are 11 percent of

the population, and 25 percent of the homeless, depending on who's counting. I'm not sure anyone really knows, but we do know that we have a significant number and we have too many. Someone might ask, how many is too many, Al Green? The answer is one—one sleeping in the streets of life is too many.

A report from the National Alliance to End Homelessness found that the lack of affordable housing is the primary cause of this concern that we bring to your attention today. More than 467,000 veterans are severely rent-burdened. That means that they are paying more than 50 percent of their income in rent, depending on who's counting again. And 43 percent of these are receiving food stamps. Among the homeless veterans, half have mental illnesses. About 56 percent are African American or Latino. Two-thirds of them suffer from alcohol or some sort of substance abuse.

We must be do better, and this is why we've introduced H.R. 3329, the Homes for Heroes Act, along with Representative Michael Michaud. I am so honored to have his assistance. He is a person who is chairing the Subcommittee on Veterans Affairs. Let me get that title correct. The Veterans Affairs Health Subcommittee. I also am honored that Congresswoman Maxine Waters, and Representative Patrick Murphy, an Iraq veteran, have been of great assistance to us, and they are also sponsoring one of these pieces of legislation that I shall call to your attention. I'd like to thank their staffs, as well.

But to H.R. 3329, this piece of legislation, the Homes for Heroes Act, would provide a special assistant for veterans affairs with HUD. We need someone in HUD who is looking out for vets. It establishes a $200 million assistance program for permanent supportive housing and services for low-income veterans. Someone has to help them as they move from the streets of life back into life as we know it. This is why we have a $1 million assistance program. It provides grants and assistance to these service providers who can help them make these transitions. And hopefully, we can have a holistic approach that will deal with more than just the homeless circumstance that we can see. There are oftentimes circumstances that we cannot see that must be addressed as well.

The program will call for 20,000 vouchers annually for veterans, and an annual report to Congress on the needs of homeless veterans and the steps that HUD will be taking to address the needs of these veterans.

May I have 30 seconds? Thank you, Madam Chairwoman. And finally, in the second bill, this is a 2-year, $25 million pilot program that will provide for 10,000 vouchers for veterans annually for 2008 and $750,000 in technical assistance. I just want to conclude with we can do better, we must do better. God Bless America, and thank God for the American soldier.

I yield back.

Chairwoman WATERS. Thank you very much. I will now recognize the gentleman from Connecticut, Congressman Shays, for 5 minutes.

Mr. SHAYS. Thank you, Madam Chairwoman, and I thank our ranking member as well. Before Mr. Green leaves, I just want to tell him how much I admire his work on so many issues, and particularly this issue, and I look forward to co-sponsoring his bills.

Madam Chairwoman, I requested, obviously along with others, a hearing examining the rising rates of homelessness among our Nation's veterans after reviewing a recent analysis of census and Veterans Administration records conducted by the Alliance to End Homelessness, which concluded that veterans make up a disproportionate share of the homeless population.

While veterans only represent 13 percent of the civilian population aged 18 and over, they account for 26 percent of our Nation's homeless population. This is simply unacceptable. This disparity is especially concerning as our Nation's troops in Iraq and Afghanistan return home. While the VA currently has over 19,000 transitional housing beds for homeless veterans, and has invested in new initiatives specifically targeting at-risk populations, various Governmental Accountability Office (GAO) and VA studies indicate that the VA still lacks the capacity to provide timely access to health services for veterans at risk for homelessness.

Veterans are twice as likely to be chronically homeless compared to other Americans. Additional obstacles including mental health-related problems, weakened social networks, highly successful occupational demands, and nontransferability of skills to civilian jobs create the need for additional supportive services for this population. The National Alliance to End Homelessness found that nearly half-a-million of our Nation's veterans are severely rent-burdened and devote more than 50 percent of their income to rent.

Permanent supportive housing remains the number one unmet need of homeless veterans. Section 8 vouchers provided through HUD and VASH, a supportive housing program between Housing and Urban Development and Veterans Affairs Supportive Housing, are an effective means of getting veterans in housing, but funding increases to the program have only kept existing vouchers and not expanded program participation.

While Federal funding for a variety of supportive services directed to our homeless veterans continues to increase, many homeless veterans remain underserved, and it may be that we need to develop better methods of informing our veterans about the programs to which they are entitled.

The VA continues to support programs including healthcare for homeless veterans, domicile care of homeless veterans, compensated work therapy, and the grant and per diem program. Funding for the homeless veterans reintegration program, administered by the Department of Labor, has also steadily increased since 1998.

It also seems to me that the identification and expansion of successful local programs and community initiatives is also important. An estimated 5,000 veterans in my home State of Connecticut are homeless. A successful model that I hope we can expand upon is one undertaken by Homes for the Brave in Bridgeport, which has provided really excellent transitional housing and supportive services to our community's homeless veterans for the past 7 years.

We all care deeply about the well-being of our veterans. I look forward to hearing from our witnesses their recommendations for supporting this vulnerable population. And, again, thanks to you, Madam Chairwoman, and to Mr. Green, and to my ranking member.

Chairwoman WATERS. Thank you very much. The gentlewoman from New York, Ms. Velazquez.

Ms. VELAZQUEZ. I will ask unanimous consent that my entire opening statement be included into the record.

Chairwoman WATERS. Thank you very much. Congressman Neugebauer.

Mr. NEUGEBAUER. Well, thank you, Madam Chairwoman, and I just want to echo what my other colleagues have said. It is important as we have an all-volunteer service in our country and we are making promises and representation to the men and women who are putting their lives on the line for our country, it is important for us to make sure that we keep our promises as well as to those who have served in the past. And so I look forward to discussing this issue. It is important.

You know, I think making sure that our veterans have a safe and warm place to sleep, but more importantly also, make sure that the freedoms and the opportunities that they fought for, that they're allowed to participate in. And so along with this initiative, making sure that we have job training and making sure that as our soldiers come back from war that we are able to integrate them back into the economy and to provide jobs and opportunity for them, because it is—probably they have a greater entitlement to be able to participate and enjoy the fruits, the freedoms, and the opportunities in America than just about any of us.

So this is a very important hearing, and I look forward to our witnesses today and seeing what we can do to make sure that we do take care of America's finest. I thank you.

Chairwoman WATERS. Thank you very much. The gentleman from Missouri, Mr. Cleaver.

Mr. CLEAVER. Thank you, Madam Chairwoman. I don't need the entire 5 minutes. I'd like to express my appreciation to you and to Ms. Capito for the hearing, and to my colleague, Al Green, for his vision in putting forth legislation to deal with what I consider to be one of the major problems facing us.

I've had many veterans say to me that we seem to be supportive while they are in battle, but when they return, we seem to forget them. There are a potpourri of complaints they register, and one of them was very clear to me. As I mentioned before, in my district, we do a stand down in August of each year, and we average about 600 veterans. I don't even know how the communication gets out, but they all show up at Emanuel High School and we go through the whole process of providing a meal, shaves, haircuts, some medical attention, dental attention, and it is amazing that after this one Saturday, they return to, in many instances, the banks of the Missouri River where many of them stay.

I represent, of course, Harry Truman's district. This seat is Harry Truman's in a large sense. And the 33rd President of our country was someone who understood what our veterans experienced when they return home, and so what he did at the end of World War II was to begin the process of providing housing for veterans. The first unit was actually in our district. It was called Ridgeway Heights. It was known previous to that as Boulevard Village. But at any rate, it provided housing for homeless veterans way back after World War II. We've not done enough since then.

Today it's a housing complex for veterans as well as other citizens. There are about 200 people who still live there at Ridgeway Heights.

And I agree with our President, my leader in our congressional district, Harry Truman, that we need to take care of our veterans. I also believe that when you serve, you deserve, and that is exactly what I compliment my colleague for seeing, and I look forward to receiving the testimony of our witnesses and delving even deeper into this issue.

Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you very much. The gentleman from New Jersey, Mr. Sires.

Mr. SIRES. Thank you, Madam Chairwoman, for this important hearing. And I want to compliment my colleague, Congressman Green, for all his hard work and for always being there for the veterans.

I just have a couple of statements. I served as a local mayor, and one of the problems that we had in this community was the housing that was built, apartments that were built for veterans after the war, it was turned over to the housing authority at one stretch. And HUD was supposed to manage the people who were there, collecting the rents and everything else. But one of the problems that we encountered was that the housing authority was not allowed to invest the money in repairing and maintaining the building.

One of the things that I want to find out is if this policy is still there, because there are still houses that were built after the war, apartments, basically—I come from a very urban area—that are part of the housing authority. And somewhere along the line, these are veterans who are living there. And if we don't allow some of the investments to make their life better, I think the policy needs to be reviewed.

The other issue I think we have to look at is, before the veterans become homeless, what can we do to assist those families? Because I think that's where some of the problems can be headed off. As they serve in this army, it puts a great deal of economic pressure on the families as they come back, they're practically in debt because they just can't do it economically. So I think a combination of both things, just before they come back, and if you could address that issue on the policy or look into it, I know that is disruptive, but that's what I wanted to say. Thank you very much.

Chairwoman WATERS. Thank you very much. Next, I will recognize Mr. Donnelly.

Mr. DONNELLY. Thank you, Madam Chairwoman, and I want to thank the ranking member and Mr. Green for your tremendous work in this area. I am blessed to be a member of both the Financial Services Committee and the Veterans Affairs Committee, so this is an issue of significant importance to me.

Last week, I visited some of the homeless shelters in my district in order to see how we were dealing with the needs of our veterans and how we were appropriately taking care of them. This is not just another opportunity for the Congress to work on a program. This is an obligation that we as a country have to the people who have given us the very freedom that we have every day. And so it is critically important.

We have to get this right. This is one of those things that we cannot take a chance on getting wrong, and so, Mr. Green, your work has been extraordinarily important to all of us, and we appreciate it. I look forward to being part of this.

Thank you, Madam Chairwoman.

Chairwoman WATERS. Mr. Ellison was here, and I think he left, so we will proceed with our first panel. I'd like to introduce our first witness panel. First, we have Mr. Mark Johnston, Deputy Assistance Secretary for Special Needs, U.S. Department of Housing and Urban Development.

Next, we have Mr. Pete Dougherty, Director, Homeless Veterans Programs, U.S. Department of Veterans Affairs. I want the members to be aware that due to the short notice VA received regarding this hearing, I've extended the deadline for submission of their written testimony for the record. Mr. Dougherty will provide oral testimony and will be available for questions.

And finally, we have Mr. David Wood, Director, Financial Markets and Community Investment, U.S. Government Accountability Office.

Thank you all for appearing before the subcommittee today, and without objection, your written statements will be made a part of the record. You will now be recognized for a 5-minute summary of your testimony.

We will start with Mr. Johnston.

STATEMENT OF MARK JOHNSTON, DEPUTY ASSISTANT SECRETARY FOR SPECIAL NEEDS, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. JOHNSTON. Thank you, Chairwoman Waters, Ranking Member Capito, and members of the subcommittee. I am pleased to be here today to represent Secretary Alfonso Jackson of the U.S. Department of Housing and Urban Development. The Secretary recognizes the moral responsibility HUD has to its veterans. This is especially true for those who have served our country who now sleep on the streets of this great Nation.

The Department administers a variety of housing programs that can assist veterans. These include the Housing Choice Voucher program, the Public Housing program, the Community Development Block Grant program, and HOME Investment Partnerships. These programs, by statute, provide great flexibility so that communities can use these resources to meet their particular local needs, including the needs of their veterans.

In addition to these programs, Congress has authorized a variety of targeted programs for special needs populations, including homeless persons. Unfortunately, veterans are well-represented in the homeless population. HUD is committed to serving homeless veterans and recognizes that Congress charges HUD to serve all homeless groups. HUD provides an array of housing and supportive services to all homeless groups, including homeless veterans.

I'd like to take a moment to outline our activities that specifically relate to serving homeless veterans. In February of 2007, HUD competitively awarded a total of nearly $1.3 billion in homeless assistance. A record 5,288 projects were awarded funds. It's important to note that veterans are eligible for all of our homeless assist-

ance programs, and HUD emphasizes the importance of serving veterans in its grant application.

A total of 205 applications were submitted wherein at least half of the program clients would be veterans. Of that number, 90 percent of these veteran-focused projects were successfully awarded funding. We awarded just over $41 million to these projects. In addition, we awarded funds to projects that will be serving a smaller share of homeless veterans, but serving veterans nonetheless. When you combine all projects serving veterans, targeted and non-targeted projects, we awarded funds to more than 1,420 projects for over $342 million.

To underscore our continued commitment to serve homeless veterans, we have highlighted veterans in our annual planning and grantmaking process. In the grant application, for instance, we score applications on whether organizations that represent homeless veterans are at the planning table. Because of HUD's emphasis, over 90 percent of all communities nationwide have homeless veteran representation.

Many of those living on our streets in this country are unfortunately veterans. The Administration's goal of ending chronic homelessness is helping to meet the needs of these veterans. Because the chronically homeless face many challenges, it's imperative to involve many partners. HUD, the VA, the Department of Labor, the Department of Health and Human Services, and other agencies that make up the Interagency Council on Homelessness, have worked together to achieve the goal of ending chronic homelessness at the Federal level and work regularly with State and local partners.

With a sustained effort since 2002, we are starting to see real results. HUD just recently announced an 11.5 percent reduction in chronic homelessness nationwide between 2005 and 2006. This is the first time since the Federal homelessness programs were created in 1987 that this country has seen a reduction of homelessness of any kind. We are currently reviewing the 2007 data to see if this is a trend, and we'll be releasing that information in the next couple of months.

To further illustrate HUD's involvement in addressing the needs of veterans, I represent HUD on VA's Secretarial Advisory Committee on Homeless Veterans. In fact, I returned just yesterday, as did Mr. Dougherty, who oversees this committee, from a 2-day advisory committee meeting where we met with various Federal agencies to discuss the programs and how they can better meet the needs of homeless veterans. The Department also serves veterans by providing technical assistance. In one recent effort, we dedicated $350,000 to enhance assistance to providers serving homeless veterans, to update existing materials to help them, and to coordinate better with VA's local planning process.

In conclusion, I want to reiterate my and HUD's desire and commitment to help our veterans, including those who are homeless. We will continue to work with our Federal, State, and local partners to do so.

Madam Chairwoman, I would be glad to address any questions at the appropriate time.

[The prepared statement of Mr. Johnston can be found on page 84 of the appendix.]

Chairwoman WATERS. Okay. Thank you very much. Next we will have Mr. Peter—what is the correct pronunciation of your name?

Mr. DOUGHERTY. I pronounce it "Dougherty."

Chairwoman WATERS. Dougherty. I've heard three different pronunciations, including the one I first started off with. Thank you very much.

Mr. DOUGHERTY. Ms. Waters, actually, we've had about 10 different ways to pronounce it in my career.

STATEMENT OF PETER H. DOUGHERTY, DIRECTOR, HOMELESS VETERANS PROGRAMS, U.S. DEPARTMENT OF VETERANS AFFAIRS

Mr. DOUGHERTY. Chairwoman Waters, I'm very pleased to be here with you and the members of the subcommittee to discuss this very important issue. At the Department of Veterans Affairs, our mission is clear and consistent: to do all within our authority and ability to help those men and women readjust back successfully into civilian society after their military experience ends. This adjustment is difficult for many, particularly those who are homeless.

The Department of Veterans Affairs administers a variety of programs, many of which you have already outlined, that help to reintegrate veterans back into mainstream society. We are the Nation's largest single provider of healthcare. We provide healthcare to more than 5 million veterans each year, and we provide healthcare specifically to more than 100,000 veterans who are identified as being homeless.

We're second only to Social Security in the amount of economic benefits we provide to members of this society. We provide nearly 3 million veterans and their families with benefits, $27 billion in compensation benefits and nearly 3 billion in pension benefits annually.

Veterans who are homeless are far more likely to be eligible and receive benefits once identified and once they have claims that are brought to us. We have a single family home loan guarantee program that was originally started at the end of World War II, which was really designed to help get veterans into housing in ways that private sector non-veterans could not do. That program has been very successful over the years and has helped many of those low-income veterans who are even marginally employed to get in without having to make downpayments.

The Department's mainstream programs that we provide are also supplemented by many homeless-specific programs. We provide more than 15,000 veterans transitional housing services in virtually every State in the union. We have over 8,500 units available today. We are already approved to have 12,000, and we will soon announce funding announcements that will add housing for those veterans.

We also provide over 6,000 units of housing in our residential treatment program in VA-operated programs under our domiciliary care programs and other residential treatment programs. Madam Chairwoman, you've already mentioned the very successful HUD–

VASH program, and that provides nearly 2,000 veterans with a safe, decent place to stay.

Our efforts to reduce homelessness are in fact having success. We are tracking numbers that indicate the number of veterans who are homeless is going down similar to what HUD has reported. While that is positive, as Mr. Green indicated, far too many veterans are homeless in America.

You specifically referenced, and I will respond back about the HUD–VASH program. As you mentioned, the HUD–VASH program is a very successful program. The Appropriations Committee has at least agreed between the two Houses to support an increased number of HUD–VASH vouchers. That program is very, very successful in helping those veterans move forward.

We would look forward to the opportunity to case manage additional vouchers. We've testified in favor of additional vouchers and think that the ability to manage what we think is the best housing by HUD and supportive services by the Department of Veterans Affairs is a very successful program.

I also would be remiss if I did not mention that the Administration has put forth some legislative proposals, including one that would allow us to provide supportive services grants to veterans living in permanent housing. Senator Akaka has introduced that in the Senate as part of S. 2273. That legislation is pending and has not had any action yet.

We look forward and have continued to be an active partner with our friends at HUD and the other Federal agencies, much of which we are happy to talk about here with you. We think this is an important issue, and as always, we're willing to aid this committee's effort in any effort to make housing more available for low-income veterans.

Thank you.

Chairwoman WATERS. Thank you very much.

Mr. David Wood.

STATEMENT OF DAVID G. WOOD, DIRECTOR, FINANCIAL MARKETS AND COMMUNITY INVESTMENT, US. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. WOOD. Thank you, Chairwoman Waters. My statement today is based on a report that we issued in August 2007 in response to a congressional mandate. The conference report accompanying the Fiscal Year 2006 Quality of Life and Veterans Affairs Appropriations Act directed GAO to report on housing assistance to low-income veterans.

In consultation with the Committees on Appropriations in both Houses of Congress, we focused our work on veterans who rent their housing. We examined four topics:

First, the income and demographic characteristics of veteran renter households, including the extent to which such households were facing rent affordability problems.

Second, the extent to which the Department of Housing and Urban Development's rental assistance programs recognize veteran status when determining eligibility.

Third, the extent to which local housing agencies and private landlords that administer HUD's programs offer a veterans' pref-

erence when selecting tenants. And finally, the extent to which veterans actually received rental assistance from HUD.

To identify the characteristics of veteran rental households, we used data from the Census Bureau's 2005 American Community Survey. Among other things, we found that in 2005, there were about 4.3 million veteran renter households nationwide, and just over half were considered low income; that is, their incomes were 80 percent or less of their area's median income. About half of those low-income veteran households, or about 1.3 million in total, had housing affordability problems. That is, their rental costs exceeded 30 percent of their household incomes.

Compared with non-veteran renter households, veterans were somewhat less likely to be low income or to have a housing affordability problem. However, they were more likely to include a household member who was elderly, aged 62 or older, or who had a disability. In reviewing HUD's major rental assistance programs, we found that they're not required to take a household's veteran status into account when determining eligibility. However, veterans can benefit from HUD's programs as long as they meet the income restrictions and other eligibility criteria.

The local housing agencies that administer HUD's programs are authorized, but are not required, to offer preferences in selecting tenants. Such preferences may be offered to veterans or to others, such as the elderly, families with children, or homeless persons. Our contacts with many of the largest agencies revealed that most did not offer a preference for veterans. Specifically, of the 34 largest agencies that administer the public housing program, 14 offered a veterans preference. And 13 of the 40 largest agencies that administer the Housing Choice Voucher program did so.

In addition, our work indicated that the private landlords participating in HUD's project-based programs generally did not offer a veterans preference. To determine how many veterans were actually assisted by HUD, we matched data from the Department of Veterans Affairs with HUD's data on program tenants. We found that at least 250,000 low-income veteran households were assisted by HUD's programs in 2005. That was about 11 percent of all such households.

However, as noted previously, veteran households were less likely to receive HUD rental assistance than their non-veteran counterparts. About 19 percent of the non-veteran households were assisted through HUD programs. Our discussions with local and Federal agency officials identified some potential reasons for this difference. These included variations in housing needs, infrequent use of veterans preferences, and requirements that direct some assistance to extremely low-income households.

Chairwoman Waters, that concludes my prepared statement, and I'd be glad to respond to any questions that you or other members may have.

[The prepared statement of Mr. Wood can be found on page 97 of the appendix.]

Chairwoman WATERS. Thank you very much. We will now proceed with questions for panel one. Mr. Dougherty, I understand that permanent supportive housing providers who access HUD McKinney-Vento funds and other sources of services financing often

use those funds to pay for their own staff or that of nonprofit partners to deliver services. By contrast, I understand that under the HUD–VASH initiative, VA staff themselves deliver services.

Can you describe the pros and cons of each approach, and whether the VA currently has authority to increase the extent to which it contracts out the delivery of supportive services to homeless veterans and permanent supportive housing, or should have increased authority to do so?

Mr. DOUGHERTY. Madam Chairwoman, the HUD–VASH program operates as you have indicated. We provide clinically trained VA employees who provide case management services to those veterans who are in permanent housing under the public housing authority. As you noted in your opening statement, the success of that program has been very good. Veterans who participate in that program get the benefit of direct access.

When you're working with these veterans, many of them have long-term and chronic health problems, and having a VA case manager who can work with the Department because they're a Department employee, to help them access benefits and needed healthcare services, has been very, very beneficial.

Now we don't have any specific authority, as you know, having served on the House Veterans Affairs Committee as well. Permanent housing is a new concept for us. We, by statute, have not had the ability to do this in the past. We prefer not to be in the housing business. But we think the pilot program that I described briefly under S. 2273 would give us the ability to look at the other form of supportive housing—services grants to organizations that could provide supportive services to veterans in permanent housing.

We think that would be successful, based upon what the community and through our CHALENG assessment meetings tell us, that there is a need for supportive services and permanent housing. It is a very heavy demand at this time.

Chairwoman WATERS. Thank you very much. Mr. Johnston, HUD's homeless assistance programs clearly serve many veterans. How good are your providers at tracking the veteran status of program participants? In particular, I'm interested in how successful they are at capitalizing on opportunities to obtain income and other benefits for veteran clients.

Mr. JOHNSTON. Okay. We encourage the communities and the grantees to serve veterans in a couple of different ways. The first is, we give points in our competition for the continuum of care, which represents all of our competitive programs, and that represents about $1.3 billion. To the extent they include organizations that represent veterans at the planning table when the decisions are made for which projects will be funded, they get a higher score.

As a result of that emphasis on the score and the competitive nature of our programs, we have a high level of participation. About 90 percent of all communities in the Nation do have active veteran participation at the planning table. Moreover, when we collect information from each awarded grantee at the end of each year, what we call the annual progress report, we ask for specific information, such as veteran status for every client being served, as well as income. And we look at about eleven different income categories—veterans' benefits, SSI, SSDI, Medicaid, etc.

So we have a pretty good handle within projects the extent to which they can increase their income, and we heartily encourage that increased income. In fact, they get a higher score for that as well. If they are able to engage veterans and non-veterans in getting into mainstream programs, we give them extra points in our competition.

Chairwoman WATERS. So I suppose your answer is that you are doing everything that you can to make sure that veterans are getting their benefits and what they have, what they're eligible for? Because as I understand it, there are homeless veterans who have not been able to negotiate the system and to get disability benefits and other benefits that they're eligible for. Most of us in our offices receive many, many calls from veterans to assist them, and I have one person in my Los Angeles office who is totally dedicated to working with veterans. We have to work very, very hard to sometimes get them the disability benefits in particular that they are eligible for. And sometimes it takes us months in order to correct what we think are problems that have been made in the way the benefits are allocated. But I guess the bottom line is, do you think that your people are doing a good job with this?

Mr. JOHNSTON. Well, we could clearly always do better. One of the benefits of the program that this committee has authorized, the Supportive Housing program, which is our largest homeless program, is that it's not just for housing. We spend about $435 million a year on services to address the very issue that you've raised. Most of that money for supportive services goes to case management, which helps clients go through the system and access those various Federal benefits and State and local benefits.

So we can always do better, and we encourage increased access to the programs, and continuums that do a good job get a higher score and therefore get more funds.

Chairwoman WATERS. All right. Thank you very much, and I think I'm going to ask my staff to assist me in making sure we understand how you can identify which veterans you have actually connected with their benefits so that perhaps they can get off the streets and not have to rely on our system. With that, Ms. Capito?

Ms. CAPITO. Thank you, Madam Chairwoman. I have a question, a real life scenario. I have a veteran who returned from Iraq with very severe injuries, both physical and mental injuries—he's 100 percent disabled, I believe—and he is a single father now. When he came back, he went back to live with his parents, and he has asked for our assistance to try to help him get into a housing development or public housing situation. He said that what he has found is that his disability income exceeds any kind of help that he could possibly get.

Do some of these vouchers take into consideration that people who have very high disabilities who may need additional help, can't hold a job, and so should be able to qualify for these housing benefits?

Mr. JOHNSTON. Let me begin, and Pete may jump in as well in terms of HUD–VASH. The Section 8 program has a requirement that 30 percent of the person's income would be contributed towards rent. And so if they have a very modest income, then their

rent contribution will be very modest. If a person has no income, then they don't contribute any.

Ms. CAPITO. But is their retirement and disability from the VA considered income?

Mr. JOHNSTON. It isn't considered income.

Ms. CAPITO. Yes. Okay. I'm sorry. Go ahead.

Mr. DOUGHERTY. If I could add onto that, one of the things that is in the appropriations act gives the Department of Veterans Affairs some significant authority—if passed, it would give us the ability to waive out some of those requirements. So if we said that veteran needed that kind of housing, they would be able to be placed in that housing.

Ms. CAPITO. And that can be done through what mechanism?

Mr. DOUGHERTY. Under the appropriations bill that has been agreed to between both Houses, it gives the Department of Veterans Affairs the ability, if we make the referral of that veteran for that kind of housing—

Ms. CAPITO. From the VA?

Mr. DOUGHERTY. If the VA made the request, then that would basically trump the normal local housing authority requirements. Because income is in fact considered otherwise.

Ms. CAPITO. Yes. That's interesting. We also, in the State of West Virginia, have just opened a State veterans nursing home, which I think is another issue. I mean, I know there are different age groups that we're looking at here, and certainly our older veterans are reaching a point where they're not going to be able to stay in their own homes. They may need some assistance either that they haven't needed in the past, and because of some injuries that they may have sustained as long ago as World War II, may need that additional assistance.

Is this a growing problem or is this something that the VA—because I know there's a shortage of beds that are specifically designated for veterans.

Mr. DOUGHERTY. I'm not the technical expert. Actually, Mr. Basher, who will testify later, and is a State director of veterans affairs may be better to answer this than I am. But clearly, we look at the demographic trends. If you look at the Department of Veterans Affairs and you look at veterans generally, we're about 20 years ahead of the rest of the country when it comes to geriatrics and extended care needs. We have greatly expanded the number of nursing home State partnerships across the country as a result of that.

Ms. CAPITO. All right. Thank you.

Mr. DOUGHERTY. As well as our own internal programs.

Ms. CAPITO. Thank you. I would just like to say that I think our veterans are going to be best served when we have great coordination between agencies. And I think of course we're seeing that in the panel today, the fact that you all were in a meeting yesterday, obviously talking about this very issue I think is a step in the right direction, and I think it's something that we need to really reaffirm and more affirmatively work on so that we can maximize the resources for our veterans.

Thank you.

Mr. DOUGHERTY. You make a very good point. And if I might add, one of the things that the Department of Housing and Urban Development did is to try to make sure that the people being served were being identified, so that their accounting, if you will, is now better. And they're using a methodology now that if we can sort of crack the nut with local authorities, we allow VA to better identify who is being served.

In the City of New York, for example, if you're coming into the New York emergency services shelters, names, dates of birth, and Social Security numbers are included. What our benefits offices are now able to do is to run that information from the City against VA benefits records. That gives us an opportunity to know there may be 40 homeless veterans living in a certain location where the opportunity to get them benefits and healthcare services exists in a way that it did not exist in the past.

That coordination has been very helpful. I think it will be very helpful in the next few years in helping to make sure more of those veterans get access to healthcare and benefits from the VA.

Chairwoman WATERS. Thank you very much. Without objection, we'll continue in the order that we first gave our opening statements, giving the author, Mr. Green, who must get to the Floor, an opportunity to raise questions now. We'll recognize you, Mr. Green, for 5 minutes.

Mr. GREEN. Thank you, Madam Chairwoman. And thank you, witnesses, for your testimony. Let me start with Mr. Johnston. Mr. Johnston, sir, I see this as an opportunity for HUD and Congress to work together for the benefit of our veterans. I assume that you see a similar opportunity. Does HUD look favorably upon the position that we have articulated today?

Mr. JOHNSTON. The Administration and therefore HUD does not yet have a position on either bill, so I'm not able to discuss them at great length in terms of the Administration's position. I will observe that I think there are some very good elements in the bills. And let me just jump on one that there is a need for that and we have been addressing, and that is the special advisor who would be at HUD within the Office of the Secretary.

We do have a special advisor on a full time veteran, who is a special advisor on homelessness and veteran issues across the Department. The person doesn't report directly to the Secretary, but works directly with me on a regular basis. And I think there are some commonalities that perhaps we could even do better on that are included in your bill that we could even do administratively.

Mr. GREEN. Let's speak for just a moment about the vouchers. Mr. Dougherty indicated that additional vouchers would be welcome. Would HUD support additional Section 8 vouchers?

Mr. JOHNSTON. Traditionally, our position has been that HUD–VASH was a very well-done demonstration, and I can speak from personal experience. I was at HUD back then when we developed it and I personally helped develop the HUD–VASH program with Paul Herrera and others at the VA. So to see this connection of HUD doing housing, and another agency such as the VA doing services, I think was a great example of what can happen.

We, about a year after HUD–VASH started up, proposed—

Mr. GREEN. Mr. Johnston, if I may, my time is very limited, and pardon me for saying this: no disrespect intended, but sometimes when folks finish, I don't know whether they have said "yes" or "no." So I have to ask you: Could you kindly indicate whether HUD, yes or no, would welcome the additional vouchers that Congress would accord our veterans?

Mr. JOHNSTON. To be honest, I can't give you—I'd be glad to answer the question, but I really can't give a simple yes or no answer to that question. Could I just take two sentences?

Mr. GREEN. Of course.

Mr. JOHNSTON. We created in 1992 the Shelter Plus Care program modeled on HUD–VASH. It's our largest permanent housing program that targets disabled persons, including veterans. And that's a wonderful program that HUD has been funded from the Congress for years on.

Mr. GREEN. Well, I appreciate that, and I appreciate much of what you've said. But I'm detecting some hesitation and perhaps a degree of consternation in the way you are presenting this. It seems to me that the empirical evidence supports what we are talking about. It seems almost intuitively obvious to the most casual observer that this kind of assistance is needed. But I detect a little bit of pushback from HUD, and I'm being candid with you because it causes me some concern to think that HUD is going to have some pushback.

Now one of the things that I'm concerned about also is whether HUD is going to—perhaps next week or next month or within the foreseeable future or before Congress can finish what we're doing and try to work with HUD in a cooperative way—have some program that is going to address homeless veterans and the need for assistance that in some way would cause us not to be able to deliver as much as we can from Congress? Is there something on the horizon that HUD is about to do?

Mr. JOHNSTON. Well, our traditional approach, which continues today, is to use our mainstream housing programs, programs like Section 8, public housing, CDBG, and HOME—

Mr. GREEN. Am I to take that as a yes? That you're about to do something?

Mr. JOHNSTON. Well, I guess we'd—I guess my answer would be we've already done something, and that is we submitted a budget—

Mr. GREEN. Well, you can tell me what the something is. But in Texas, when a person talks the way you're talking, we say they are "fixing to do something." Are you fixing to do something?

Mr. JOHNSTON. Our approach is to give maximum flexibility to localities and let them make the call.

Mr. GREEN. Sir, we're talking about helping veterans. Can you kindly indicate if you're about to do something? We all want to be on the same page.

Mr. JOHNSTON. Okay.

Mr. GREEN. Are you fixing to do something?

Mr. JOHNSTON. We do not have a specific proposal to create a brand new program for—

Mr. GREEN. Are you developing a proposal in response to what we are proposing?

Mr. JOHNSTON. We are reviewing within the Administration these two bills.

Mr. GREEN. Well, I would hope that we can work together. My time is up. Madam Chairwoman, I sincerely hope that HUD will work with us so that we can work efficaciously for our veterans, and I yield back.

Chairwoman WATERS. Thank you very much. Next, we will recognize Mrs. Biggert from Illinois for questions.

Mrs. BIGGERT. Thank you, Madam Chairwoman. I'm sorry that I missed the testimony, so I hope I don't ask a question that has already been asked.

One of the panelists later on has a recommendation that all veterans, when they're exiting military service, should be assessed as to their housing status, and that the VA should have resources to assist veterans to access housing. I will start with Mr. Dougherty. Do you think that's something that should be done or can be done?

Mr. DOUGHERTY. The Department of Veterans Affairs coordinates some with the Department of Defense and with the Department of Labor on transition assistance programs. The access and availability to healthcare services from the VA and other benefits, both employment and housing benefits are reviewed.

I'm not aware that there is a determination made about how that person will specifically be housed once they leave military service. My experience would be that many people when they're first looking at discharging may not have a good answer of that in their own mind. They may have a variety of options they think may have available to them that may or may not come to pass after that.

I do think one of the things that we have said at the Department of Veterans Affairs consistently is that those veterans who are discharging, particularly who think they have a problem in their readjustment and may have some condition as a result of their military service, are encouraged to come forward. Quite frankly, when they do, we think that helps us to put them specifically in connection with both healthcare needs that they have as well as the benefits assistance that they need.

Mrs. BIGGERT. Thank you. Mr. Johnston, do you see the homeless veterans coming forward to you after they've been out of the services?

Mr. JOHNSTON. Yes. But the data suggests that it has often been 10 years or more between when they leave the service and become homeless. So there are clearly a number of factors being affected there. When you look at the demographics of veterans and—the National Alliance report did a wonderful job, I think, in sort of summarizing a lot of the census data on this—relative to non-veterans, they do pretty well in a number of different areas, income, for instance, and unemployment, lower unemployment than non-veterans, and lower poverty rates than non-veterans.

So there obviously must be some other reasons that veterans are disproportionately represented in the homeless population, and it certainly seems to be that post traumatic stress syndrome may be one of those factors that contributes to their homelessness, not immediately, but over time, and effects of substance abuse, mental health, and so forth, and then over time they, you know, more often than in the general population, fall into homelessness.

Mrs. BIGGERT. You know, in one of the other hearings that we've had recently, we've been looking at a couple of bills and looking at the definition of homeless, and between whether it should be as probably now is the priority of the single person who is homeless versus the family with children. Do you think if the definition were changed that this would cut down on the number of homeless veterans who would be able to be served, or wouldn't it make any difference?

Mr. JOHNSTON. Well, I attended one of those hearings recently, and the challenge is that HUD has about 160,000 beds for homeless people, and there are about 750,000 homeless people. We have far more homeless people than we have beds, so to expand the definition beyond 750,000 to something in the bill, for instance, which is in the range of 10 to 12 million, I don't know what impact that would have on serving more people, given the number of beds that we have.

Mrs. BIGGERT. Thank you. My time has just about expired. I'll yield back. Thank you.

Chairwoman WATERS. Thank you very much. Ms. Velazquez.

Ms. VELAZQUEZ. Thank you, Madam Chairwoman. Mr. Dougherty, it has come to my attention that the Dow Fund, a not-for-profit organization based in New York City, received a veterans grant to open a shelter in the Brooklyn part of my district. I am fully supportive of compassionate and effective programs for veterans, but I have to say that the process through which this project has been handled with the community raises many questions. And this is not a NIMBY issue, it's not a not-in-my-backyard issue. Can you describe the process and criteria used to rate different grant proposals? And do they include a community consultation component? Do you require grantees to engage the community during the planning process?

Mr. DOUGHERTY. Our program is not a local community-driven process. It's a national competition. The need in the community is one of the very serious factors that's taken into consideration. I can't tell you about the specifics without going back and looking, but I certainly would be happy to—

Ms. VELAZQUEZ. Will you do that?

Mr. DOUGHERTY. Absolutely.

Ms. VELAZQUEZ. Let me explain to you why. Yes, there is an astronomical increase in homelessness among veterans in New York City. But the same is true with low-income communities who have been forced out from their own communities. The community where this shelter is going to open has within five blocks two other shelters with 600 beds. For too long, the government in New York City neglected this community. We came together. We fought back, and there is a renaissance. What I'm asking is, go back and make it part of your rule that there must be community consultation.

Mr. DOUGHERTY. Well, although we don't have a community consultation, I think, in the phrase that you're using, we do solicit that in the application process. It strengthens the application to show that there is community partnership and agreement for the program to go forward.

Ms. VELAZQUEZ. In this case, it didn't happen. Mr. Dougherty, given the fact that there are 162,000 soldiers in Iraq as of Novem-

ber 24, 2007, and that we have not been able to solve veterans' homelessness for the soldiers of wars dating back to World War II, how is the Department preparing for the imminent surge in service demand?

Mr. DOUGHERTY. Well, we are doing a number of things differently than we did before. We make the availability to healthcare for veterans who come back from Iraq and Afghanistan much easier than it has ever been before for those veterans to access the healthcare system.

I get asked these kinds of questions fairly often. We never had, with the Vietnam generation and thereafter, any vet centers. We didn't have any place in the community where you could go talk to a combat veteran about the experience that you had and what has happened. We didn't have any homeless programs within the Department of Veterans Affairs, and we didn't have hundreds of community providers, some of whom are going to be represented in the next panel, who are out there helping to make us aware of the need.

We aggressively outreach to any veteran, particularly those who have served in Iraq and Afghanistan. I think the different, as Mr. Johnston mentioned a few moments ago, is that historically we wouldn't see many of these veterans for many, many years. Our thrust with the veterans coming back from Iraq and Afghanistan is to see them early, to get them access to healthcare and benefits assistance now so that they can, in fact, do better.

We have had over 400 veterans from Iraq and Afghanistan served in homeless specific programs already. What we can tell you is that many of them are doing better than all other veterans we see as far as getting back into independent living and getting a good job once again. That is our goal—to readjust all veterans back into society's mainstream.

So while I agree with you that it's very, very sad to see any veteran who is homeless, particularly those who have gone voluntarily to serve their Nation, we're hoping that we are going to catch many of these who have significant mental illness problems. That's the most significant issue we found among this newest group of veterans. The mental illness issue is the most significant problem, particularly combat-related PTSD. That is the major source of the problem for many of them. Their readjustment back has been blocked by that.

Coming in, getting treatment, and then getting on with their lives and getting back into independent housing and employment is significant. We think we're not going to have a surge. We're hoping that we're going to do what good healthcare ought to be able to do, and that is to address the healthcare problem as it is emerging, and address it appropriately.

Ms. VELAZQUEZ. Thank you.

Chairwoman WATERS. Thank you very much. Mr. Shays.

Mr. SHAYS. I thank you, Madam Chairwoman. I wrestle with what we do for our veterans like everyone else in Congress. It seems to me that we are concerned about their health, about their educational needs, about their housing needs, and I'd add into that, employment.

When I was in the Peace Corps, when I came home, I was unemployed for 3 months. It was the most devastating thing I've ever gone through in my life, because I thought the whole world would be waiting, and I was looking for one particular kind of job, and it didn't open up. But I was aware that my wife was aware that I didn't have a job. I began to doubt my capabilities. It had tremendous impact on, frankly, my mental state.

And I'm just wondering how much of this is job-related. In the presentation of the GAO, there is the background that about 80 percent of veterans own their own homes; 80 percent own their own homes, a significantly higher percentage than was the case for non-veterans households. So, in one case of the homeless, veterans tend to be—there's a greater rate of homelessness among veterans, but ironically, among those who own their own homes, there is a greater percent of veterans who own their own homes versus not. It's the exact opposite.

But then of those who rent, the 20 percent who rent, a good chunk of them, an estimated 2.3 million or about 53 percent, were low income. So what I'd like to do is just ask how much of the homeless problem is just veterans who come home who—and I have veterans who write me and they say, "I'm coming home. Can you help me find employment?" I find myself writing back and saying, "Well, what kind of job are you looking for and what kind of job do you think you would be qualified for?" And I get back an answer that tells me they're really wrestling with it. They really don't know.

So the irony of this is, could we be dealing with the homeless problem in a way that's less effective by focusing on housing, and could we be doing a better job of focusing in on helping them get jobs so they have income for a place and they have better self-esteem? That's what I'm wrestling with. And I'd like to start backwards and start with you, Mr. Wood, and then we'll go in the other direction.

Mr. WOOD. The issue that you raised, I think, has been raised in the broader context of the recipients of low-income housing assistance as to whether the fundamental problem is housing or income, and I don't know that it's ever been definitively decided one way or the other.

You are correct. The veterans that we looked at were more likely to be homeowners and in fact, even if you look at low-income veterans, the homeownership rate was about 68 percent, which is roughly the national average rate of homeownership for the population at large. So I don't really have a definitive answer to you other than to say that certainly the income angle has been brought up before.

Mr. SHAYS. And before I get to our other two witnesses, I'll just add for emphasis, obviously we are dealing with post-traumatic stress disorder, but I'll tell you this, if you're unemployed, if you are on the edge with post-traumatic stress disorder, being unemployed is just going to add to that.

Mr. DOUGHERTY. Mr. Shays, I think you're absolutely right. In 1994, Secretary Jesse Brown convened the first national summit on homelessness among veterans. After that summit ended, a group of experts got together, and the ultimate finding of that group of ex-

perts was that employment was the psychological barrier that made a veteran feel like they had worth—

Mr. SHAYS. Unemployment.

Mr. DOUGHERTY. That having employment changed that position.

Mr. SHAYS. Oh, I see.

Mr. DOUGHERTY. Unemployment is a very debilitating condition. The people who serve in the Nation's military are there, and particularly at this time, because they want to be there. They want to have a meaningful experience. They know what they do is important to our country and what they do is critical for the men and women they serve with.

Not having a job when they come back is obviously very, very difficult for many of them to deal with. The ability to get employment is significant. Now as you've indicated, though, many of them have health-related problems, and what we're trying to do is trying to shorten that gap so that the veteran who may not have a job and has health problems stays out of coming in and getting assistance from us in whatever form.

Because if I have severe combat-related PTSD, I'm not going to be a very good employee. I'm not going to be there. And if I get housing immediately, and I don't address the underlying healthcare issues, I'm not going to stay in that housing very long before I leave as well. So we comprehensively have to look at who that veteran is, what their needs are, and address them appropriately as quickly as possible.

Mr. SHAYS. Thank you.

Mr. JOHNSTON. I certainly agree that employment is critical. When we look at our individual grant applications and applications from an overall community to get HUD homeless funding, we have two primary performance measures. One is housing stability, obviously. We want people to be able to move into housing and stay there. And the second is employment, because we recognize they may not be eligible for other benefits or, frankly, more importantly, they want to get to work.

And so we encourage that, and we support and fund job training, because it is critical.

Mr. SHAYS. Thank you. Thank you, Madam Chairwoman.

Chairwoman WATERS. Mr. Cleaver.

Mr. CLEAVER. Thank you, Madam Chairwoman. Can any of you give me the requested amount for veterans in the Fiscal Year 2008 budget request?

Mr. DOUGHERTY. How much was requested?

Mr. CLEAVER. Yes, sir.

Mr. DOUGHERTY. In the Department of Veterans Affairs budget, we provide most of the care through our healthcare system. We estimate about $1.6 billion for healthcare for homeless veterans. That's about $100 million more than the previous year, and $287 million in homeless-specific programs, which I believe was a $24 million increase from last year.

Mr. CLEAVER. What portion of it would go specifically for housing?

Mr. DOUGHERTY. Well, we provide about $87 million to transitional housing providers, the 300-plus grantees who are operating

transitional housing. So in that sense, that would be probably the more specific number.

Mr. CLEAVER. But we don't have—I mean, we can't say, for example, that in the FY08 budget request, our goal is to provide housing for the homeless at a level of "X?"

Mr. DOUGHERTY. I'm not sure what the "X" is in—

Mr. CLEAVER. Well, that's what I'm asking for. Why?

Mr. DOUGHERTY. We would expect that we would, with the coming year's budget, be able to provide transitional housing for 20,000 homeless veterans in the grant and per diem program as well as probably 6,000 to 7,000 homeless veterans in residential treatment programs operated specifically by the VA.

Mr. CLEAVER. Now the appropriators approved 7,500 vouchers last year. Did you support that, Mr. Johnston?

Mr. DOUGHERTY. I don't know that the Administration has taken a specific position on that appropriation. I have, in previous testimony before Congress, have been authorized to support additional vouchers for veterans underneath that program.

Mr. CLEAVER. Does that mean you're hoping that we can go higher than 7,500?

Mr. DOUGHERTY. I didn't say that, Mr.—

Mr. CLEAVER. Well, you kind of said it.

Mr. DOUGHERTY. What I said is that when I—

Mr. CLEAVER. I understand.

Mr. DOUGHERTY. Before the Appropriations Committee came forward with their Act, I had spoken before authorizing committees before and had supported, on behalf of the Administration, additional vouchers specifically for homeless veterans. I did not have any specific number per se that had previously been approved.

I can tell you that we hold community meetings that assessed what the need for that kind of housing is, and the community tells us we need more than 20,000 of those units.

Mr. CLEAVER. So is it a stretch to assume that you and Mr. Johnston would support 20,000 vouchers? I'm not trying to start anything. I'm just trying to represent my constituents.

Mr. JOHNSTON. The $75 million for the 7,500 vouchers that was inserted into the conference report is a funding level that exceeds HUD's request. And—

Mr. CLEAVER. I know it exceeds HUD's request, which has been a problem we've had before, that HUD is not requesting more. And I'm not going to ask you whether or not you agree with the official request of HUD. Just like I'm not going to ask you any more whether or not you think we need 20,000 vouchers. I think that would not be nice of me to try to put you in a position—

Mr. JOHNSTON. Thank you.

Mr. CLEAVER. —of discomfort. And so I'm not going to ask you that. I think I have an answer. But my final question is, as you know, the subprime and secondary market crisis is just wreaking havoc all across the country, which means that there is no exemption to veterans.

Is there anything that you would suggest we do, or that Mr. Green could perhaps add to his legislation, that would help us to deal with the veterans who are going to wake up when their reset goes sky high and find that they are homeless?

Mr. DOUGHERTY. I'm not sure I can answer specifically about the subprime mortgage problem except that I do—

Mr. CLEAVER. Well, I mean, with regard to veterans.

Mr. DOUGHERTY. I just received information yesterday at the meeting that Mr. Johnston and I attended from one of our Deputy Under Secretaries, and on the VA side, the VA home loan guarantee side, I can tell you that the numbers are very, very positive. The numbers of veterans who have potential foreclosure is way under that subprime number and the number of veterans who are in foreclosure is at historic lows.

The problem is that obviously many veterans may not have used the VA home loan guarantee program and may still end up in that way. So I guess the—

Mr. CLEAVER. That's the whole point. That some of them have dipped into the subprime market trying to get approval of their mortgage. Is there anything that Mr. Green can add to his legislation to address that issue?

Mr. DOUGHERTY. I'm not aware of anything. I'm not knowledgeable enough to answer that question

Mr. CLEAVER. Thank you, Madam Chairwoman.

Chairwoman WATERS. Thank you very much. Mr. Garrett.

Mr. GARRETT. Thank you, Madam Chairwoman, and thank you gentlemen for being here today and also for the work your Departments do. I think one of the most critically important issues that any member works on is services for veterans, so I appreciate what you do.

Just to recap, Mr. Johnston, an earlier question was, are there any specific proposals that are coming down or out of the Department without a yes or a no, I would hope that your answer, if not specific to that point, is—and you need to tell me if I'm wrong with the assumption. I should never assume. That there is just a continual review, and Mr. Dougherty the same thing, that there is just a continual review of the situation on the ground with veterans, with veterans groups, with the housing situation to analyze it today, tomorrow, next week in perpetuity as far as whether we should be doing something, whether you should be coming back to us with additional requests or changes in the existing programs.

Mr. JOHNSTON. That's accurate. I certainly agree with you. And let me cite something that relates to the future. Just like this good committee, the Senate counterpart as well as HUD have proposed to greatly simplify HUD's various homeless programs. In so doing, HUD has proposed not the same level of funding, but frankly, a large increase. If you look at the funding level that we had at HUD in 2001 versus 2008, it's an increase of 55 percent.

I think you'll agree there are very few programs in the Federal Government where you have that kind of an increase at this time. Just between 2007 and 2008, the request made, which is the exact amount that's in the conference report, would provide a lot of additional funds to better serve homeless persons, including homeless veterans.

Mr. GARRETT. I don't know if Mr. Dougherty wants to—

Mr. DOUGHERTY. You're absolutely correct. We look at this each and every year. We have continued to expand programs. We've targeted grant proposals to make sure that some historically under-

served areas, tribal governments, and States and localities that have not had homeless-specific programs, are included.

We've had a very consistent and significant increase both in the number of veterans that we're seeing and serving and we think that's working very well as our immediate past Secretary said, Secretary Nicholson, that when you're showing you're succeeding in doing this, that's not the time to lift off the accelerator. That's the time to go forward. And I think that's the mode that we're in, to do more.

Mr. GARRETT. Okay. And in one of those areas, specifically where we may be going forward, and someone asked this question in part on HUD–VASH—correct me if I'm wrong. That's the only dedicated voucher program aligned in that area. Is there anything that you're looking at as far as the—maybe you talk with the various housing agencies, local housing agencies and the like that can work with them to increase the actual utilization by them of those voucher programs?

Mr. DOUGHERTY. I think one of the things that we can tell you, because we monitor every veteran who is in that permanent housing with case management, the original HUD–VASH Administration initiative that began many years ago, about half of those vouchers that were originally started for that purpose have gone away. The other half that has really come back to almost max the original number were because local public housing authorities came to the Department of Veterans Affairs and said we have Section 8 vouchers. If you will provide specific case management to veterans, we'll give a preference for veterans to get into that housing.

Mr. GARRETT. Why did those other ones go away?

Mr. DOUGHERTY. Well—I'm not the expert.

Mr. JOHNSTON. As the tenant leaves the unit, that Section 8 goes back to the PHA.

Mr. GARRETT. Okay. I see. Another interesting thing I learned, that's why I come here, I learned from your testimony today, Mr. Wood, as well as far as the—well the various positions, Mr. Shays addressed it in some part—the economic status of the veterans in general. It's sort of counterintuitive when you just come to these hearings, you don't hear that side of the equation. You think it's just a total negative, gloomy picture. And yet in fact if you can just reiterate some of them on the economic side, on the job employment side, and over homeownership rates, they're at the level, or in certain cases, above the level. So, first of all, correct me if I'm wrong on that. And secondly, if the problem then is—is the problem then with just a specific targeted group? And if so, and I guess part of your answer is already is you've tried to define or identify causation of that targeted group. You talked about post-traumatic stress. Economic, of course, is one, but there has to be an underlying cause of that. Another factor which you didn't raise, I just wonder is there a correlation between those individuals—we have a volunteer service at this point. Is there a correlation of the status of those individuals post being in the service and pre being in the service? In other words, we're encouraging people maybe in certain economic status and their economic status continues afterwards, or what variables do you consider may be the cause? And that's my last question.

Chairwoman WATERS. I'm sorry. We have a vote on, and I'm going to try and get Ms. Moore in with her questions before we have to leave and dismiss this panel. I would ask the gentleman to respond in writing to Mr. Garrett's question.

Ms. Moore, would you like to try and get your questions in now?

Ms. MOORE. Thank you so much, Madam Chairwoman. I have so many questions, so I'm going to have to sort of squeeze all of them in a short period of time. The GOE data seemed to indicate that we are serving homeless veterans disproportionately less than we are other homeless populations. And I certainly do understand that we don't have enough vouchers to serve all of the homeless and we don't want to necessarily pit homeless veterans against homeless families or other homeless individuals. However, I am very curious about the planning process at HUD where you invite communities to identify—to use the challenge data and to identify homeless veterans and then make it optional for those communities to provide veterans preferences. So I am curious as to whether or not any of you think, number one, that we might want to revisit the veterans preference scenario for housing, given the numbers of troops that will inevitably come back in greater numbers because of the incursions in Afghanistan and Iraq and of the multiple deployments.

Also, I know that there are 39 exclusions for income for veterans. So we talk—we've heard over and over again from members and from the panel that often veterans have a higher income. And so there's sort of a disconnect between why there are more homeless veterans if they have higher incomes. Have we ever considered that some of the recurring income that veterans receive, that portions of that ought to be excluded, too, particularly if there have been post-traumatic stress disorder diagnoses?

The gentleman from the Veterans Affairs, if there were more assessments done. And thirdly, this flexibility that we give these housing authorities where they want to get substance abusers out of the house. You can't visit your mother who lives in public housing if you've been convicted of anything.

Do you think that that particular predilection of local housing authorities, public housing authorities, do not want people with substance abuse histories in their housing, would militate against those communities really serving the needs of our veterans?

Sorry I had to squeeze it all in like that, but go for it. I guess I want to start with Mr. Johnston.

Mr. JOHNSTON. Okay. In terms of the preference, for years, as you know, instead of having Federal preferences, which we had many years ago, they are local preferences. And I think the reason that Congress and HUD thought that was a good idea was that there are so many different characteristics when you go from city to city that it gives communities much more flexibility to target the needs of their particular community.

We do recognize that veterans are a needy population, and this summer, Assistant Secretary Cabrera, who administers the Section 8 program, issued a letter to all of the executive directors of the public housing agencies urging them to consider establishing a local preference for veterans. So we'll be getting some information later, once they've had some time to think that through and consider implementing to see what effect that will have.

Ms. MOORE. If we saw, for example, like we see now, that there is a disproportionate number of homeless veterans, is that something we might want to do? Not offer that flexibility?

Mr. JOHNSTON. I can certainly bring that question back.

Ms. MOORE. Okay.

Mr. JOHNSTON. I don't administer the Section 8 program.

Ms. MOORE. All right. Go on. I would like to hear a little bit about the exclusions—I mean, if you think we ought to look at excluding, particularly when veterans are disabled, if their recurring income are disability payments, certainly I think others here on the panel have pointed out that you have higher needs, that there are more expenses related to being disabled. You can't just run out and mow your lawn if you're disabled. You have to pay somebody.

Mr. JOHNSTON. Right.

Ms. MOORE. You can't just jump in your car and go somewhere. You have to get a cab. And these expenses mount up. Should we exclude more of their income for disabilities? And then also I want somebody to address the housing flexibility issue as it relates to substance abuse.

Mr. JOHNSTON. Well, in terms of excluding the income, it's certainly a very good question, and let me take that back to Mr. Cabrera and—

Ms. MOORE. Okay.

Mr. JOHNSTON. —find out to what extent this is in the statute, to what extent it's worked, and what exclusions there are currently with income. That's a very good question.

Chairwoman WATERS. Thank you very much. The Chair notes that some members may have additional questions for this panel which they may wish to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses, and to place their responses in the record.

Before dismissing this panel, I would like to ask that you respond to Ms. Moore's questions that did not get addressed. Unfortunately, we have about 4½ minutes left to get to the Floor, and I'm going to dismiss this panel so that you won't sit here and wait, and we will convene the next panel when we return in about 30 minutes. So, thank you very much for coming today. This panel is now dismissed.

[Recess]

Chairwoman WATERS. I'm very pleased to welcome our distinguished second panel. In particular, I would like to personally welcome to the panel Dwight Radcliff, chief executive officer of U.S. Vets, headquartered in my district, with whom I have worked closely and productively. I am pleased that today the other members of the subcommittee will benefit from Dwight's comprehensive knowledge and insights in this area, as I have for some time.

So, we won't wait for other members, we'll just get started. The floor is quite busy. The committees are quite busy, and we will now have our panel: Mr. George Basher, chair, National Coalition for Homeless Veterans; Ms. Nan Roman, president, National Alliance to End Homelessness, whom we welcome back before the subcommittee; Ms. Karen M. Dale, executive vice president of operations and strategic development, Volunteers of America; Ms. Debo-

rah DeSantis, president and CEO, Corporation for Supportive Housing; and Mr. Rick Weidman—I have a card here somewhere for Mr. Weidman. He is director of government affairs for Vietnam Veterans of America. And we had thought that Sharon Hodge would be presenting today, so we're very pleased that Mr. Weidman is able to be here.

We will get started with the testimony, and I will start—oh, and also, Mr. Ron Chamrin, assistant director, National Economic Commission, The American Legion, Washington, D.C.

Mr. Basher, will you start off the testimony for us, please?

STATEMENT OF GEORGE BASHER, CHAIR, NATIONAL COALITION FOR HOMELESS VETERANS

Mr. BASHER. Thank you, Madam Chairwoman. The National Coalition for Homeless Veterans appreciates the opportunity to testify before this committee. I'd to introduce myself. My name is George Basher, and I am chairman of the board of directors for the National Coalition for Homeless Vets. I also have the honor to serve as the chairman of the Veterans Affairs Advisory Committee for Homeless Vets, which you heard referred to earlier by Mr. Dougherty. And for the past 12 years, I had the pleasure to serve as the director of the New York State Division of Veterans Affairs.

With respect to the National Coalition, NCHV was founded by a group of community-based homeless veteran service providers in 1990. It's a nonprofit organization. Our mission is ending homelessness among veterans by shaping public policy, promoting collaboration, and building the capacity of service providers. NCHV is the only national organization totally dedicated to helping end homelessness among America's veterans.

The founders were all former members of the military, and they were concerned that neither the public nor policymakers understood either the unique reasons for homelessness among veterans or appreciated the reality that so many veterans were overlooked and underserved during their period of personal crisis. In the years since its founding, NCHV's membership has grown to over 280 organizations in 48 States and the District of Columbia and Guam. As a network, NCHV members provide the full continuum of care to homeless veterans and their families, including emergency shelter, food and clothing, recuperative and hospice care, addiction and mental health services, employment support, educational assistance, legal aid, and transitional and permanent housing.

Now we heard testimony earlier from the previous panel about the degree of homelessness, and by anybody's measure and anybody's count, veterans today comprise roughly 20 to 25 percent of the total homeless population, recognizing that veterans make up about 11 percent of the population in the country, and today's military is populated by less than 1 percent of the population of this Nation.

So, clearly, veterans are overrepresented in the homeless population. We've heard a variety of the possible reasons and probable reasons discussed, whether it be issues of mental health, whether it be issues of post-traumatic stress, or issues of unemployment or unemployability, all of those factors have combined to make this population particularly vulnerable to homelessness. And with re-

spect to those who are at risk for homelessness, I would suggest to you that the percentages probably don't look too much different.

So having said that, you asked us to comment on the various programs that VA and HUD have to offer for veterans. And with respect to the Department of Veterans Affairs, I think that they do a tremendous job of clinical care for veterans. The VA spends over a quarter-of-a-billion dollars directly to support homeless programs, and their healthcare for homeless vets program is clearly the best in the Nation and probably does as much for about 100,000 vets who are homeless ever year as any organization possibly can.

The problem with all of this is that the VA has a focus on transitional housing, and so far to date, the only permanent housing program that VA has any involvement in is the HUD–VASH program, which we've heard, again, considerable testimony on. The success of this program, I don't think, can be underrated but the need to spread a program like this, I think, is something that needs to be attended to, and I believe, Mr. Green, you've done a very good job of attempting to make that happen.

Other VA programs, whether it's the domiciliary program or their compensated work therapy program or any of the other healthcare outpatient programs that the VA directly provides services for, are more than supplanted by the programs that the community-based providers represented by NCHV bring to the table. These are typically small reparations during transitional housing, averaging 20 to 40 beds. These are not large operations, but, again, their focus is primarily transitional.

When you get to the HUD side, as Mr. Johnston pointed out, we have the Shelter Plus Care program, which is HUD's most successful homeless program. While not specifically targeted for vets, it was designed to be modeled after the HUD–VASH program.

One of the difficulties that we've had, and I can speak to this particularly in my role as State director in trying to connect people who are veterans with the various services that are available to them, is always trying to be able to make sure that those veterans who are in HUD programs are identified, screened for eligibility for potential compensation or pension benefits, and then had the wherewithal to find assistance to pursue those benefits. That has always been a difficulty for those of us involved in this effort, that linkage between VA services and whatever services HUD provided.

The provision in both of those bills that we have a special assistant to link HUD and VA services, I think, is absolutely critical. There needs to be an understanding. Veterans access services just the same as every other citizen in this country, but the unique circumstances that made these veterans vulnerable can best be treated clinically by the VA, but some of those needs are better met by HUD when it comes to housing. So there has to be a way to make that crosswalk between the agencies and make sure that we don't have gaps and that we don't leave people out in the cold and unhoused.

[The prepared statement of Mr. Basher can be found on page 50 of the appendix.]

Chairwoman WATERS. Thank you very much.

Ms. Nan Roman, president, National Alliance to End Homelessness.

STATEMENT OF NAN ROMAN, PRESIDENT, NATIONAL ALLIANCE TO END HOMELESSNESS

Ms. ROMAN. Thank you so much, Chairwoman Waters, for your leadership on the housing needs of the most vulnerable people. The Homelessness Research Institute of the National Alliance to End Homelessness has just issued a report using 2005 and 2006 VA, Census Bureau, and American Community Survey data to assess the housing situation of veterans. That report has been referenced here today.

I can tell you that the report says that there are far too many homeless veterans. On any given night, one in four homeless people is a veteran. And in 2006, this meant that there were nearly 200,000 veterans homeless on a given night. Veterans also make up a disproportionate share of homeless people. They represent 26 percent of homeless people, but only 11 percent of the adult civilian population. In addition, in 2005, we estimated that at least 44,000 veterans were chronically homeless.

Are there so many homeless veterans because veterans have more housing problems? We've learned that, no, generally speaking, veterans are doing very well with respect to housing. Only about half as many veteran renters have housing costs burdens as the general population, 4 percent versus 8 percent in the general population, and 80 percent of veterans are homeowners versus 69 percent of the general population.

We did, however, find that there is a group of veterans who rent housing and who have severe housing cost burdens. In 2005, that was 468,000 veterans who were severely rent burdened. Of those veterans, 87 percent were extremely low income. The following characteristics were also overrepresented in this group: disability, female sex, living alone, and older. This goes to the question of why it is that some veterans do better than other veterans with respect to housing.

So what does this mean? It means that most veterans are well housed. That's the good news. But around half-a-million are not, and this group tends to be poor, disabled, female, alone, and older. Further, 200,000 per night are homeless. Given the veterans' housing data and what we know more generally about homelessness, we can deduce that veterans with disabilities are very vulnerable to homelessness. Veterans, then, may be homeless not only because they lack affordable housing, but because the services to support them in housing are lacking. What can be done about that?

Currently, the only housing assistance that's available to all veterans is for homeownership for higher-income people. There are some targeted VA homeless programs, but those fall far short of need. There are also general HHS and HUD homeless programs, again that don't meet the need. So, basically, unless a veteran has the money to be a homeowner or is homeless, there's nothing for them but to get in line with everybody else on the waiting list for public housing and Section 8. And we should be able to do better than that for veterans.

We have several recommendations. One is to do a better job of helping people with housing before they leave the military. This is not so much to identify people who are going to be homeless as to catch people who are likely to have housing problems. Many people

enter the military poor. They exit poor. And the people who are exiting poor, we could help with housing assistance.

We could make sure that the VA has the resources to provide rapid re-housing and transitional housing to scale, so if they see housing problems, they have some ability to address that. Currently, they have very few resources or the ability to address housing problems.

We can provide enough permanent supportive housing to address the needs of disabled veterans. A fast way to do that is through the HUD–VASH program. Other people are going to testify about the permanent supportive housing. We also support the Homes for Heroes Act and the Veterans Homelessness Prevention Act, assuming that there is money separately appropriated to support the housing vouchers in there, because we wouldn't want veterans to compete with other people for the same pool of vouchers.

These measures will do the job, but they are a piecemeal approach. A more straightforward approach would be to give low-income veterans a housing benefit, similar to Section 8, that they could use for renting or owning a home. Alternatively, such a benefit could be targeted to low-income, disabled veterans. I think that just providing a housing benefit to eligible veterans would be a less tortured way of getting to the same place.

We've learned a lot about homeless veterans. We know that they do not become homeless immediately after discharge, but that difficulties may take years to emerge, although there's some evidence that period is shortening, and that the veterans from the current conflict are showing up earlier in the system. We know that post-traumatic stress disorder, traumatic brain injuries, and other factors of war make them vulnerable to increased poverty and to housing problems. And of course current veterans, we also know, have more of those problems. We know that housing and supportive housing are a solution to these problems.

We have an opportunity before us, I think, to be bold about the solution to this. There's a lot of public will to help these returning veterans. We can prevent veterans from becoming homeless. We can house those veterans who are already homeless, and we can ensure that all veterans, including those with low incomes, have stable, decent, and affordable housing.

Thank you so much.

[The prepared statement of Ms. Roman can be found on page 88 of the appendix.]

Chairwoman WATERS. Thank you very much, Ms. Roman.

Ms. Karen M. Dale, executive vice president of operations and strategic development, Volunteers of America.

STATEMENT OF KAREN M. DALE, EXECUTIVE VICE PRESIDENT OF OPERATIONS AND STRATEGIC DEVELOPMENT, VOLUNTEERS OF AMERICA

Ms. DALE. Good afternoon, Chairwoman Waters, and thank you for this opportunity to testify. Volunteers of America is a national nonprofit, faith-based organization dedicated to helping those in need rebuild their lives and reach their full potential. It is our firm belief that veterans deserve the highest investment of our resources to have them achieve their full potential.

For 111 years, Volunteers of America has responded to community needs with compassion and consistency. In times of disaster, and in times of war, Volunteers of America has been there. When the United States entered both World War I and World War II, Volunteers of America focused its efforts on holding the homes, caring for children and housing for women, expanded and adapted services to support servicemen, as well as mothers engaged in defense work. So we have a long history of being very committed to our veterans.

Fast forward to today. Volunteers of America worked in partnership with the Corporation for Supportive Housing, the National Coalition for Homeless Veterans, and convened a cross-section of stakeholders to ensure that the dialogue remained alive and that we focused on how to deal with this emerging issue.

The leadership dialogue resulted in the release of our joint report entitled, "Ending Homelessness Among Veterans Through Permanent Supportive Housing." Volunteers of America also initiated a radio tour that reached out to millions to increase this dialogue and make the general public more aware. We also sounded an early alarm that the network of homeless services today is not prepared for the emergence of female veterans who by 2010 will account for 10 percent of all veterans.

It's important that we understand the context for this dialogue when we talk about the types of services that are needed. It needs to be accessible. It needs to be a flexible array of comprehensive services, including mental health, substance abuse management and recovery, vocational and employment training, money management, case management, and life skills. All of these things in combination are what's needed, built on the cornerstone of housing, permanent housing, not moving from shelters to transitional housing, but rather ensuring that someone has a safe place to call home.

We have substantial experience and a commitment to an array of services that we know work as solutions in meeting the needs of veterans. We have 32 grant and per diem programs with eight more in development. We have 13 homeless veterans reintegration programs, two HUD permanent supportive housing programs, service centers, a unique health mobile service center, transitional housing, grants for chronically mentally ill and frail elderly, and a program for incarcerated veterans.

And I mention this full array of services to say that each veteran's needs are unique, and we can't just talk about one type of program. We need to ensure that we provide them permanent housing and then a full array of services based on their unique needs.

We have a few recommendations that are based on our experience serving this population. First, we believe that the grant and per diem program needs to be fully funded, and that the funding should always be evaluated to match the scale of the need that we're expecting with the population to be served.

Additionally, the per diem payment program should be revised to reflect current costs of providing needed housing and services, and looking at that in the context of both urban and rural issues, be-

cause we know that there are differences in trying to serve the veterans in both places.

There are complex barriers that we experience in serving the veterans, and we believe it's important that all agencies work with the nonprofit providers who are delivering these services to ensure that there's flexible funding and ways that we work together to provide solutions.

This year for the first time, Congress included funding for additional HUD–VASH vouchers in the amount of $75 million. And we want to reiterate our support for the recommendation that 20,000 Section 8 vouchers for the HUD–VASH program be issued on an annual basis, making the program permanent. Again, we know that this is a solution that works. It simply needs to be taken to scale.

Quickly, I want to illustrate for you a story that talks about how, in the voice of a veteran, our services have helped them. Walt, a veteran of the U.S. Army, had been living on the streets and homeless. He was unemployed, alcohol-dependent, without financial support, and suffering from PTSD. Walt says after living on the street, he was quite wary of what was going to happen at the Volunteers of America of Florida program. There, under a safe roof, he was provided with referrals and linkages, as staff encouraged him to take care of his medical and mental health treatment as he desperately needed to do. To this day, Walt remains alcohol-free, has graduated the 2-year program, and has his own apartment. Walt says the Volunteers of America of Florida program "quite simply saved my life."

[The prepared statement of Ms. Dale can be found on page 68 of the appendix.]

Chairwoman WATERS. Thank you very much.

Now we will hear from Mr. Radcliff.

STATEMENT OF DWIGHT RADCLIFF, CHIEF EXECUTIVE OFFICER, UNITED STATES VETERANS INITIATIVE

Mr. RADCLIFF. Madam Chairwoman, and members of the subcommittee, thank you for allowing me to testify on a subject that I am very passionate about, and have dedicated my life to eradicating, and that is homelessness among America's veterans.

The United States Veterans Initiative, also known as U.S. Vets, is a private nonprofit corporation established in 1992 to address the unmet needs of homeless veterans. Since its inaugural facility opened in 1993 in Inglewood, U.S. Vets has become a recognized leader in the field of service delivery to homeless veterans, the largest operator of homeless veteran programs in the country.

The United States Veterans Initiative collaborates with various for-profit agencies, including Cantwell-Anderson and Century Housing for many of its projects developments. Last night, more than 2,100 formerly homeless veterans slept in our 12 facilities across the Nation. They're receiving a variety of services according to their needs, whether it be educational, counseling for benefits, mental health issues, addictions treatment, employment assistance, or rental assistance for those veterans who are disabled.

We're helping them to regain the skills that will make them self-sufficient and will give them the sense of pride that goes along

with a productive life. Since 1993, we expanded our operations to include: U.S. Vets Los Angeles, a 485-bed facility for homeless veterans; U.S. Vets Long Beach Villages at Cabrio, a 26-acre base closure project, the largest transitional housing facility for homeless veterans in the country; U.S. Vets Las Vegas, a 260-bed facility; U.S. Vets Texas, which operates 100-bed permanent housing facility and employment center at the DeGeorge Hotel, and a 300-bed housing complex component at Midtown Days Inn in Houston; U.S. Vets Arizona, which has an 80-bed facility in Phoenix, and a 58-bed facility in Prescott; U.S. Vets Hawaii, a 210-bed facility in Honolulu; U.S. Vets Washington, D.C., a 51-bed facility here at the Old Soldier's Home, at the Armed Forces Retirement Home; and U.S. Vets Riverside, Compton. As a result of our successful strategies to educate, counsel, and empower homeless veterans, the State of Hawaii recruited U.S. Vets to provide services to a family program, 300-bed family program, a brand new family shelter in Hawaii.

I do want to comment that 65 percent of the veterans we have served have made successful transitions, and we've served more than 17,000 veterans since 1993. Eleven hundred veterans get employment every year in our facilities, and we continue to maintain an 80 percent placement rate in employment.

I want to talk about the need and the scale of need. The Homeless Research Institute released a report citing that numerous findings, the findings highlighted the need to provide veterans with proper housing and supportive services in order to prevent homelessness from occurring in the first place.

I commend Nan and the group that sits here today for their services. The report also calculates to reduce chronic homelessness among veterans by half, permanent supportive housing needs to be increased by 25,000 units, and the number of housing vouchers targeted to veterans needs to be expanded to 20,000 units. Fannie Mae also released a Gallup Poll that found 24 percent of veterans have indicated that they have been concerned that they may not have a place to live.

The recent congressional hearing on foreclosure prevention and intervention held by this House subcommittee cited that 148,147 foreclosure filings in California, the proliferation of subprime interest-only adjustable rates, and other mortgage products have locked low-income individuals, including veterans, into unsustainable loans. Veterans represent a substantial number of the current foreclosure crisis.

And according to the National Low Income Housing Coalition, nationwide there are 6.2 million homes renting at prices affordable to the 9 million extremely low-income individuals, families and veterans. This indicates a shortage of 2.8 million units of housing throughout the country. Additionally, no congressional district has enough housing available to the extremely low income.

I want to go on and just talk about the cost of doing nothing, because homeless individuals who have no regular place to stay use a variety of public systems in a very inefficient and costly way. Preventing a homeless episode or ensuring a speedy transition into stable permanent housing can result in significant cost savings.

People who are homeless are more likely to access healthcare services, and according to a report in the New England Journal of

Medicine, homeless people spend more than the average of 4 days longer per hospital visit than comparable non-homeless individuals. The cost is approximately $2,400 per hospitalization.

Homelessness both causes and results from serious health issues, including addictive disorders and treating homeless people for drug—

Chairwoman WATERS. Sorry.

Mr. RADCLIFF. That's okay.

Chairwoman WATERS. You are way over your 5 minutes.

Mr. RADCLIFF. Thank you.

Chairwoman WATERS. I would like to move on to Ms. DeSantis.

STATEMENT OF DEBORAH DeSANTIS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CORPORATION FOR SUPPORTIVE HOUSING

Ms. DESANTIS. Thank you, Madam Chairwoman, and members of the subcommittee. My name is Deborah DeSantis, and I am president and CEO of the Corporation for Supportive Housing. Thank you. We are grateful the committee is focusing on the housing needs of veterans and want to first thank Representative Green for introducing the Homes for Heroes Act and the Veterans Homelessness Prevention Act, which we support.

Today I want to share with you what we know about homeless veterans and how permanent supportive housing addresses their needs. CSH has unique experience as a national organization that for the last 17 years has helped communities build permanent supportive housing to prevent and end homelessness, with particular success in serving people struggling with multiple challenges. Many homeless veterans who so often wrestle with substance use, mental health, and co-occurring disorders clearly fall into this group.

Many of the observations and recommendations in my testimony today are informed by the lessons learned during a leadership dialogue which CSH convened to discuss the Federal policy landscape for homeless veterans.

First, our observations. Without a permanent place to live and support system to help them address their underlying problems, most homeless veterans bounce from one emergency care system to the next, from streets to shelters to public and VA hospitals, to psychiatric institutions and detox centers and back to the streets endlessly.

Unfortunately, too many veterans exiting VA transitional programs experience this cycling because of the lack of permanent housing. While this is a national tragedy, our organization believes chronic homelessness can be prevented and ended through the creation of supportive housing. Supportive housing, as we know, has proven an effective and cost-efficient innovation that integrates permanent housing with high quality support services. Studies of supportive housing indicate that 80 percent of individuals who enter stay housed. Use of detox, emergency rooms, and hospital rooms lessen, and we see an increase in earned income by 50 percent and employment by 40 percent.

Some important considerations for designing services strategies within permanent supportive housing projects for homeless veterans include the following:

It's important to understand the impact of veterans' military service and designing service programming that respects values and is responsive to the impact of those life experiences, including a strong emphasis on peer-to-peer support models.

Understanding the prevalence of specific mental illnesses, such as post-traumatic stress disorder and rates of anti-social personality disorder, which has been found to 5 to 6 times higher among veterans than non-veterans.

Facilitating access to veteran-specific public benefits. Many veterans, especially those who did not serve during wartime, are not aware of, or have not accessed, VA pension or healthcare benefits. In addition, the wars in Iraq and Afghanistan highly utilize our National Guard soldiers, who may not be as geographically concentrated near existing veteran services facilities as active duty components.

Our recommendations. Given what we know about the needs of homeless veterans and the success of permanent supportive housing, CHS offers the following recommendations:

First, support the creation of additional permanent supportive housing. While I know it's not the focus of today's hearing, I would be remiss not to mention the McKinney-Vento Homelessness Assistance program and our support of the 30 percent set-aside as we see a benefit to homeless veterans.

Second, to support the funding for additional HUD–VASH vouchers, which has been referred to today. We see that as one of the most effective tools for addressing this population.

And third, to provide funding on a grant, not per diem, basis. It was the consensus of the participants in our leadership dialogue that it's not optimal to fund the services in permanent supportive housing on a per diem basis. The recommendation is based on the difficulties veteran service providers face in underwriting day-to-day operating costs. We believe that by providing funding on a grant basis, veterans housing and service providers would have greater security in providing quality care.

I thank you, Madam Chairwoman, for this opportunity to testify today.

[The prepared statement of Ms. DeSantis can be found on page 76 of the appendix.]

Chairwoman WATERS. Thank you very much.

Mr. Rick Weidman, director of government affairs, Vietnam Veterans of America.

STATEMENT OF RICK WEIDMAN, DIRECTOR OF GOVERNMENT AFFAIRS, VIETNAM VETERANS OF AMERICA

Mr. WEIDMAN. Madam Chairwoman, thank you very much for the opportunity for VVA to add its voice to the support for Mr. Green's legislation. I particularly want to commend Section 6, which would exempt pension and death and indemnity compensation for figuring income for going into public housing. It is something that has been needed for many years, and this would be an extraordinary step.

Is there a need for more permanent low-income housing? The answer is yes. It has a tremendous impact on the ability to help veterans recover and make it back from the street. Let me just say that Vietnam Veterans of America, two things. One is that our founding principle is never again shall one generation of American veterans abandon another generation. And while we are focused on the needs of the young men and women coming home, we are also not going to abandon our own generation or those older than us who continue to have problems that have led them to the state of homelessness.

There is no such thing as a homeless vet. There are only veterans whose problems have reached such a crisis proportion that they have ended up on the street. And basically, each and every one of them is a failure of the VA, and I might add, the Veterans Employment and Training Service, and of the Department of Labor. Employment is a key in a lot of this, and the supportive services that will enable people not only to get but to keep jobs.

Workforce Investment Act predecessor, JTPA, in 1990, program year 1995, we looked up how many homeless veterans they served, and it was 260 nationwide out of all of the billions of dollars. In program year 2005, they've increased that to 400 veterans nationwide. And then we wonder why we can't help veterans get jobs. The reason is that the monies that have been allocated by the Congress to the Department of Labor don't get where they're supposed to go. We still are waiting for regs for the Jobs for Veterans Act which was enacted in 2002 that would accord veterans priority of service at all federally funded employment and training programs. That is the one piece that is missing from the continuum of services that you've heard so much about today.

Let me also mention that 20,000 is probably, for VASH–HUD certificates, are probably—is a low number. But we need to get to where it is in order for us not to be spending services—precious resources on services for folks who have no permanent place to live. So that everything that is happening during the day comes unraveled at the shelter that night that does not have a clean, sober, dry and supportive services atmosphere to it.

And part of that mix out, once again, the key is employment. Because it is the flashpoint of the readjustment process which Vietnam Veterans of America has held for 29 years, is the ability to obtain and sustain meaningful employment at a decent living wage. In order to do that, you need a permanent domicile and way for employers when you leave a resume to get back to you. So the permanent domicile is in fact the crux of it.

I would just remind the committee for the record that many of the housing programs that are on the books today started post-World War II. And initially, they were designed primarily for veterans. That is true not only at the Federal level, but in many of the State-funded programs, as well. And over the years, veterans have been pushed from the center to the edge, and in many cases the epicenter, if you will, where it's even harder for veterans to get in because they believe that the VA does all things for all veterans, and that is simply not the case.

So the role of this committee in terms of breaking the chain of failure is absolutely essential. Once again, I want to commend the

committee for addressing this. Chairwoman Waters, there are some people who are players who walk onto the field and by their very presence change the nature of the game. You did that 15 years ago in the House Veterans Affairs Committee, and you are doing it on this committee, and Vietnam Veterans of America salute you and commend you for your ongoing superior performance. It is prime time performance.

Chairwoman WATERS. Thank you so very much.

Mr. Ron Chamrin.

RONALD F. CHAMRIN, ASSISTANT DIRECTOR, NATIONAL ECONOMIC COMMISSION, THE AMERICAN LEGION

Mr. CHAMRIN. Madam Chairwoman, and members of the subcommittee, I want to thank you for the opportunity to present the American Legion's view on the housing needs of low-income veterans. The American Legion commends the subcommittee for addressing this important issue.

My name is Ron Chamrin, and I am OIF veteran. Not unlike many of my other brethren, I was in my mid-twenties during my year-long combat deployment. When I came back from war, I lived in housing that severely rent-burdened me financially. And due to the GI Bill not paying anywhere close to the cost of college, I found myself in $50,000 debt to student loans.

Since 2001, approximately 300,000 service members are entering the private sector each year. This large influx of veterans, some of whom have high-risk factors of becoming homeless, is unnerving. There are numerous estimates that there are nearly 200,000 veterans who are currently homeless at any point in time. The American Legion believes that one homeless veteran is one too many.

The mistake of incorrectly failing to recognize the increase in homelessness amongst Vietnam veterans in the late 1970's and early 1980's cannot be made again. According to the Urban Institute report in relation to the 1980 spike in homelessness, some observers felt that the problem was a temporary consequence of the recession of 1981 and 1982 and would go away when the economy recovered. But here we are, 30 years later, debating whether assistance and prevention of homeless veterans is a part of the cost of war. I hope that our country does not make the same mistakes as we did to our Vietnam veterans.

Combat veterans of OEF–OIF and the global war on terrorism are at high risk of becoming homeless, and some who are in need of assistance are already beginning to trickle into our Nation's community-based veteran service providers. In order to prevent a national epidemic of homeless veterans in the upcoming years, measures must be taken to assist those veterans who are currently homeless. Steps must also be taken to prevent future homelessness of veterans and their families.

The American Legion supports additional and mandatory funding of the HUD–VASH program. A decade ago, there were approximately 2,000 vouchers earmarked for veterans in need of permanent housing. Today, less than half that amount is available for distribution. At a time when the number of homeless veterans on any given night is approximately 200,000, the need for safe, affordable, and permanent housing is imperative.

The HUD appropriations bill would provide $75 million for new vouchers for the HUD–VASH program. Funding, if enacted, should be sufficient to provide assistance for thousands of vouchers, affecting approximately upwards of 15,000 homeless veterans. The American Legion supports Congress's efforts to assist homeless veterans, and passage of these appropriations will greatly assist veterans. We would be greatly disappointed if these appropriations are not enacted into law.

I'll speak briefly on one piece of legislation discussed today, H.R. 4161, the Veterans Homelessness Prevention Act. The American Legion supports this bill. H.R. 4161 would authorize the Secretary of HUD, in coordination with the Secretary of the VA, to carry out a pilot program to prevent at-risk veterans and veteran families from falling into homelessness. In addition, the American Legion supports initiatives that will give preference to America's veterans and their families in obtaining housing through the programs of HUD.

I'd like to discuss the National Alliance to End Homelessness report. The American Legion concurs with the three major recommendations put forth in the report: Establish a risk-assessment process during the first 30 days of discharge and pilot a homelessness prevention program. Create permanent supportive housing options for veterans, and expand rental assistance for veterans.

The report states that currently over 930,000 veterans pay more than 50 percent of their income toward housing, be it renting or owning a home. The 2006 American Community Survey conducted by the U.S. Census Bureau reports that the median monthly housing cost for all mortgage owners was $1,402. This is important, because the American Legion is very concerned with the ever-growing gap of housing expenses versus veterans' income. The 2006 survey further states that the median gross income for veterans in the past 12 months is $34,000. Some quick math shows a gross income of veterans of only $2,800 a month. If a veteran were to safely only use 36 percent of an average monthly income, this would only allow them to pay $1,000 a month. However, this is $400 less than national median monthly mortgage costs for all Americans. Put simply, the average veteran cannot afford new housing within safe financial practices in today's housing market.

In conclusion, we are at a critical period in our Nation and the treatment of veterans. Funding the HUD–VASH program will greatly assist veterans. With 300,000 servicemembers entering the private sector each year, the availability of transitional housing must be increased. Veterans of all eras must be supported. Affordable housing, transition assistance, education, and employment are each a pillar of financial stability. They will prevent homelessness, afford veterans the ability to compete in the private sector, and allow this Nation's veterans to contribute their military skills and education to the civilian sector.

The American Legion looks forward to continue working with the subcommittee to assist our Nation's homeless veterans and to prevent future homelessness. Madam Chairwoman, and members of the subcommittee, thank you for this opportunity.

This concludes my testimony. I'd be happy to answer any question that you may have and provide comments on statements made earlier.

[The prepared statement of Mr. Chamrin can be found on page 57 of the appendix.]

Chairwoman WATERS. Thank you very much. I'd like to thank this panel for the very, very informative testimony that you have shared with us today. We will now move to raising a few questions that can perhaps further instruct us as we give support to this important legislation that's being presented by our colleague, Mr. Green.

Let me just say, Mr. Weidman, your comments took me back to Sonny Montgomery when I served on the Veterans Affairs Committee. I don't think Mr. Montgomery ever got ready for me, but I think he learned a lot. He learned a lot during those days.

Having said that, I don't know if I'm absolutely correct, but it seems that the Vietnam-era veterans were the veterans who have paid a terrific price and a lot of sacrifices and helped to teach the public policymakers about what had to be done for our returning veterans. It seems to me that homelessness, healthcare issues, all of these issues were brought to us in a real way by the Vietnam-era veterans, and you have been in the leadership of getting public policymakers focused on what we could do.

Having said that, as we look at homelessness now, I don't have all of the data, and I heard some of the information given to us. I don't know what percentage of Vietnam-era veterans is still out there, and whether or not they are disproportionate to the overall numbers of veterans that are out there.

If it is true, as I seem to think it may be, that we have Vietnam-era veterans who have been on the street for all of these years, does that not make a case for us really looking at what we could do about permanent housing? And if so, let me start by asking Ms. Roman, I think you mentioned, what kind of models should we be looking at for permanent housing for the homeless veterans?

Ms. ROMAN. Well, for homeless veterans with disabilities, clearly permanent supportive housing is the proven solution, and we should be going to scale there. There obviously are veterans who don't have such serious disabilities. One of the things that I thought was interesting in our veterans report was that with respect to renters with housing cost burdens, the people who had the highest rate of risk were actually older veterans. The Korean War and World War II veterans had a higher rate of rental cost burden than younger veterans, which was a little counterintuitive for us. We would have thought that the older veterans would have more protection. But the Vietnam veterans were by far the biggest group of people with rental costs burdens, and they probably are the largest homelessness group as well.

I think a lot of people just need some housing subsidy. It's an affordability issue. So of the 500,000 who are rent-burdened, there's probably a significant number who just need rent assistance, and then people who are disabled probably need supportive housing with services attached to it. Not to say that people who need subsidy don't also need services, but it doesn't necessarily need to be linked to the housing.

Chairwoman WATERS. Ms. DeSantis, would you continue that discussion about the models of permanent supportive housing and what seems to work best for veterans? I'm focused a little bit on the recent information that we have gotten about the Iraqi veterans. We just learned that there are 20,000 more brain-injured Iraqi veterans than we had been told about. So if we are looking at supportive housing, and we're looking at disabilities and understanding them better, could you talk a little bit about the kind of models we too should be looking at?

Ms. DESANTIS. Yes. First let me say I agree with Nan that we certainly do need more affordable housing. The one thing to remember about permanent supportive housing is that it's not one type fits all. And so as you say, Chairwoman Waters, it's important to note the special needs of the individuals that we're looking to house.

So some of the supportive housing that we might look to develop for this population, I think it's important to remember that it's not always the most effective to create housing that's—created it in a way that it's 100 percent serving only veterans, because certainly there is a percentage of this population that can and should be integrated into the larger community.

I would also add to that, that while there are VA services to be accessed, what we do see is that many of the veterans don't know what those services are, where those services are available to them, how to access them, and they're remote from their geographic location. So I think it's important that when we consider developing permanent supportive housing for this population, we also think about how those services should be identified in the communities that these individuals are going to be living.

I also want to note that we would ask consideration to have the clean and sober rule for VA surplus properties removed. Certainly a percentage of this population is experiencing substance use issues and alcohol abuse. Having that rule applied to the VA surplus properties makes it very difficult to utilize treatments that address their substance issues in a way that's going to, I think, solve some of their issues. And also knowing that the VA surplus properties are the most readily available properties to turn into supportive housing, I think that's also an important consideration.

Chairwoman WATERS. Thank you very much. And lastly, Mr. Radcliff, I'd like to know how the two Iraqi veterans who received some attention in our area, young men who came back from Iraq, they were homeless, you took them in over at U.S. Vet. I'd like to know how they are doing. And I'd like you, because you've been involved with transitional housing for the most part, how would you transition into more permanent supportive housing given you've been focused on helping to transition people and get them back into the workforce. You have supportive services, but the housing part of it is not permanent.

Mr. RADCLIFF. That's correct. Well, although we happen to have rental housing onsite that allows for veterans to stay for an unlimited time and access some of the groups and services and meals that are there, we do not have a "permanent housing"—under HUD's definition—model.

We've seen struggles. The two veterans, Jason and Ryan, who were recently seen on CNN, are recently separated veterans who are homeless and showed up at our facilities. They are doing well. They are adjusting. They are attending PTSD groups. One of the things that's difficult for them to do is to have time to decompress. I think coming back from fighting a war and then going right into the workforce is a key issue for them. So there's no—we've kind of given them the opportunity in our transitional housing to really decompress and focus on career and education goals.

I want to thank the Congressman for authoring the Homeless for Hero Act. We agree with Nan's premonition that we should get housing vouchers to the veterans. Because oftentimes, even if we're successful in getting these veterans employment, then they're not eligible. And we have veterans who make $11 an hour, newly employed, coming back from Iraq, who are not eligible under HUD, and tax credit housing. They make too much money, so they are income ineligible. That is probably the most fragile population that the community has made an investment in that would benefit from some additional services while in permanent housing.

Chairwoman WATERS. Thank you very much. Yes, Mr. Weidman?

Mr. WEIDMAN. If I may add to that, prior to the late 1980's—actually, it was in the 1990's—there was no VA, VASH–HUD certificate. And there was a feeling on the part of some, that's not our job. I'm talking about of the Veterans Affairs Committee and at the VA.

Today, one thing that has changed since Vietnam, is when we came home from Vietnam, and you were in the VA hospital recuperating from physical wounds, you were in the VA hospital. But that is no longer true today. The overwhelming majority of the services are delivered outpatient. So what's happening is the young people who move from Walter Reed or Bethesda or one of the other 35 military hospitals around the country, are discharged from the military and they're told to go and seek services when they go back to the VA, they have no way to get back and forth.

And everything is predicated on a nuclear, intact family with a spouse who does not have to work and so can ferry that injured veteran back and forth to multiple appointments for ongoing, long-term chronic care treatment. That just simply doesn't hold. And while we have brought this to the attention of the previous Secretary, who is now gone, and we had brought this to the attention repeatedly of the Under Secretary for Health, nobody is moving to address a new paradigm. And just as the forward-thinking folks like yourself, Madam Chairwoman, in a different committee led to creation of the VA–HUD certificates where VA got into the housing business because it was needed in order to have transitional housing to be able to treat people.

So, moving into the permanent housing business helps get construction of permanent housing that is nearby, or in some cases on excess land of VA hospitals around the country, is something that we would urge you to consider in the future. Because there are going to be people who are going to need years of treatment, and they're not going to be able to stay at Palo Alto. They're going to go, as an example, back to Los Angeles. But how are they going to get back and forth, given the fact that many of them can't drive,

to medical treatments at the various VA hospitals in the Los Angeles basin?

And we would suggest that it's time for a paradigm and would encourage you to work with Chairman Filner and others on that committee to develop that new paradigm about how are you going to provide for that ongoing treatment for these severely wounded veterans who are discharged from the military and sent back to the VA.

Chairwoman WATERS. Well, thank you very, very much. My members have been very patient with the time that I've taken, and with that, I'm going to go back to Mr. Green, the author of the legislation before us today, for his questions.

Mr. GREEN. Thank you very much, Madam Chairwoman. And Mr. Weidman, am I pronouncing it correctly?

Mr. WEIDMAN. "Weidman," sir.

Mr. GREEN. "Weidman." Mr. Weidman, I wanted to say to you that you are eminently correct when you indicate that the Chair is an impact player. She really is. And not only is she an impact player, she walks softly but she carries a huge, persuasive cudgel. That's a country boy's way of saying club.

[Laughter]

Mr. GREEN. And she ain't afraid to use it. And I say "ain't" for emphasis, for the kids who may be watching. But, really, it is a blessing to have this wonderful lady as the chair of this committee, because she has the courage to take on some of these issues. And believe me, it takes some courage, notwithstanding what people are saying, we still have great work to do to get this done.

And I have to say to myself, someone is going to say something is wrong with us if we can spend $14 million an hour on the war, $14 million an hour, and won't spend $12.5 million a year for a pilot program, somebody has to say, something's wrong with you. It really is time for us to take action, immediate action to do something about this problem.

Your testimony, friends, has convinced me that this problem merits our immediate attention. I am so grateful that you took the time to come and share with us.

Sir, you indicated to us that 20,000 vouchers is a low number. Does everyone agree? If you agree that 20,000 is a low number, raise your hand, please.

[Show of hands]

Mr. GREEN. Okay. And let the record reflect that all persons raised their hands. Twenty thousand is a low number. So, we have not decided to bankrupt the country to do this for 20,000 vouchers, $25 million over 2 years, given what we are spending. We can do this.

One more question. You said also, sir, that the money is not going where it's supposed to go. I don't want to put anybody on the spot, but I do have to ask this question. If you agree that the money's not going where it's supposed to go, would you raise your hand, please.

[Show of hands]

Mr. GREEN. Okay. Leave your hands up a little longer there. Okay, now, if you did not raise your hand then, raise your hand now.

[Laughter]

Mr. GREEN. Let the record reflect that every person on this panel has indicated that the money is not going where it's supposed to go. Now that's our challenge. We have a challenge of getting the money where it's supposed to go, and we have to make sure that the money benefits the people that it's supposed to benefit when it gets there.

One more question dealing with employment. Everybody seems to see this as the gravamen, if you will, of the problem; employment. Do we need to have some sort of program, if it doesn't exist now, that specifically deals in a much more pervasive way, in a much broader fashion, with the employment issue presented when a person goes into the military, and maybe he's in artillery, and he comes out of the military, and he can't find a job in artillery? He has served his country well, and we are honored that he did. But there ought to be some means by which persons can make that transition in an orderly, systematic fashion. Tell me, do we have a program in place now that is pervasive enough to deal with the unemployment issues? If you think so, if you think not, would you kindly raise your hand?

[Show of hands]

Mr. GREEN. Okay. Lower your hands. You may lower your hands. You really want to vote on this one I see. Now if you did not raise your hand then, raise your hand now. Let the record reflect that all members of the panel raised their hands.

You talked about a new paradigm, and my time is almost up. Would you be willing to visit with, any number of you, with my staff members? Oscar Ramirez is here. He's my legislative director. I really am now moved to try to go beyond what we're trying to do. I think this is needed now. You have caused me to have a broader vision of where we need to go, but I'm not sure that I understand all of the pieces of the puzzle, and I would dearly appreciate it if some of you would be willing to work with Mr. Ramirez so that we can look at this new paradigm. Veterans ought not to have to sleep in the streets of life in the richest country in the world.

Thank you, Madam Chairwoman. I yield back.

Chairwoman WATERS. You're so welcome. Mr. Cleaver?

Mr. CLEAVER. Madam Chairwoman, thank you. Since all of the members of this panel agree with my colleague, Mr. Green, I don't have a lot to say or ask.

I would wonder if any of you has some statistics. Our colleague, Charles Rangel of New York, has introduced a bill more for impact than for an attempt to pass it. It is a bill to restore the draft. He did so because it is his belief, and I must add the belief of probably hundreds of thousands, if not millions of other Americans, that if you demographically look at the soldiers in Iraq, that they are low-income people. Therefore, that—I mean, if you can take this further, we go to war easily when we have low-income people out in the trenches. But I'm not even going there.

Where I want to go is, do any of you have any information about the demographics? Because if in fact Charlie Rangel is accurate, it means that the people who are coming home are not just veterans with problems, physical and mental, they are veterans who are poor with mental and physical problems. And so it seems to me

that we might need to design—not only Mr. Green's legislation. This problem is herculean, I think, and we may not be looking at it holistically. So in any of the work you've done, do you have any demographics that you could share. Ms. Roman, please.

Ms. ROMAN. We did see that among the people with housing cost burdens, 87 percent were extremely low income. And that's why we suggested that part of the problem really is just poverty, and people can't be expected to get meaningful employment if they live in a shelter. One thing to consider in terms of going to scale really is some kind of housing benefit for veterans across the board, low-income veterans or disabled low-income veterans, to just address this economic piece. The question of people with disabilities who need supportive housing is different. You know, affordability is an issue there, too, but in that case, sources linked to the housing are also needed.

But, clearly, you're correct that poverty is causing a lot of these problems with respect to housing.

Mr. CLEAVER. Yes?

Mr. WEIDMAN. If I may suggest, Mr. Cleaver, we know a number of things about the people who are serving today in OIF and OEF. One of those things is that 60 percent of them come from towns of 25,000 or less. In other words, it's the most rural army we've fielded since prior to World War I, probably since the Spanish-American War, because—and the reason for that is economic.

In a lot of areas, in rural areas, in small towns, there aren't a lot of options for employment. So what do people do? To supplement their income, they have joined the National Guard and the Reserves, and it's an economic thing. Therefore, they get activated, and if they're a young person, there is no place in many parts of the country, there's no employment available in that part of Texas or that part of Iowa or whatever State, and therefore they join the military.

And when they come out on the other end, the—employment in fact is the key, and there is no—the means available through the Workforce Investment Act, if we had a Secretary of Labor who would address it with discretionary funds, but there isn't any Secretary of Labor that does address it with those billions in discretionary funds. So there is a means there, but there isn't the will to do it.

I would just add that some tools that are available for employment and for not going back to the economic circumstances that caused one to enlist either in the Guard and Reserve or in active duty in the first place, one of them is, thanks to Mr. Rangel's leadership on Ways and Means, we now have the Worker Opportunity Tax Credit for any disabled veteran of any age that is $6,000 back to the employer of the first $12,000 paid. But nobody knows it. Nobody knows it. The American Legion, VVA, and VFW have done more to publicize this to employers working with the United States Chamber than the Department of Labor has.

So, in addition to needing more tools, we need the political will to care about folks once they leave military service.

Mr. CLEAVER. Yes.

Mr. WEIDMAN. And because—instead of having people that once they get hurt or they've ended their term of service, that you throw

them away like expended war materiel. These are United States citizens who voluntarily took that step forward, pledging life and limb in defense of the Constitution, and we can and must do better by these individuals.

Mr. CLEAVER. Yes, sir, Mr. Chamrin.

Mr. CHAMRIN. If I may, thank you, sir. We have testified numerous times before the House Committee on Veterans Affairs, Subcommittee on Economic Opportunity. And our studies have shown that education leads to better employment, which can lead to financial stability. Now I can give you the demographic report, but off the top of my head, only 20 percent of enlisted members have a bachelor's degree or higher.

I have numbers here that the average median income for someone who gets a degree, of all Americans, is $55,000 a year. There are currently 400,000 veterans who have served honorably in Iraq and Afghanistan who are losing earned education benefits just because they're leaving the National Guard and Reserve. Now these are 400,000 honorably served veterans who are potentially being severely rent burdened because they are no longer going to have the means to go into college. They could end up similar to myself, $50,000 in debt for just college alone. And I have no credit card debt. The military definitely creates highly disciplined, educated, committed soldiers with integrity. They're quality citizens. So by not supporting them in just plain old education is a travesty upon our Nation. And with numbers I think we said before, 60 percent of the workforce is going to be turned over by 2020. We need competent, educated people to replace these Federal employees and private employees, and veterans are those people. At least get them an education to be competitive in the workforce.

Mr. CLEAVER. Thank you.

Chairwoman WATERS. You're certainly welcome. And I'd like to thank this panel. Listening to your testimony today while we are focused on housing, because this is the Subcommittee on Housing and Community Opportunity, I wish we could take this veterans issue and include employment and education so that we could bring it all together. But we are committed to working with the appropriate committees to do that.

One last thing before we adjourn: There used to be a time when members of the African American community would advise their sons to go to the service, because they said, you know, you can get trained. You can get some discipline. You aren't doing anything now, so go in there and you'll be a better person coming out, and you'll learn something and you'll be able to get a job when you come out. What happened to those jobs and that training? Has Halliburton taken all of the training away from our soldiers and jobs that they could be doing? Is there any training going on at all when they go into the service?

Mr. CHAMRIN. If I may, ma'am, there's a huge problem with licensing and certification of military occupational specialties and the transfer of those skills to the civilian sector. And Rick and I have testified numerous, numerous times about this, is that less than 10 percent of all jobs in the military are actually transferrable to the civilian sector using the military licensing. So that's something that could really assist the veterans, and it's not going to cost

a lot, at least have the DoD provide transferrable licensing and certification to the civilian sector.

Mr. RADCLIFF. Another piece of that, and, you know, of the 17,000 veterans we've served, all of them were poor and homeless. A key piece in that is that the job—there is no translator in the civilian world. And most employers are looking for employees. They don't want to go through the whole translation period, even the work opportunity tax credits. A lot of these employers don't want to take the time to have the burden of filling out that paperwork and getting the benefit of the work opportunity tax credit. So in the real world, it is, what it looks like is that we need to get services that are onsite, that are unique, that are not necessarily a part of just mainstream, because a lot of the WIA one-stop work source centers don't see homeless veterans, don't see necessarily low-income veterans.

Chairwoman WATERS. Well, this has been so informative and so good for us. I thank you all for being here, and I'd like to note that some members may have additional questions for this panel which they wish to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses, and to place their responses in the record.

And before we adjourn, without objection, the written statement of the National Association of Realtors will be made a part of the record. Thank you. This committee is now adjourned and the panel is dismissed. This will be the first time in all of my hearings that I will ask you to remain down there for a few minutes so that we can take some pictures with you. Thank you very much.

[Whereupon, at 1:42 p.m., the hearing was adjourned.]

A P P E N D I X

December 5, 2007

NATIONAL COALITION *for* HOMELESS VETERANS
333½ Pennsylvania Avenue, SE
Washington, DC 20003-1148
202 546-1969/ 800 VET-HELP
Website: www.nchv.org Email: nchv@nchv.org

Statement for the Record of the

National Coalition for Homeless Veterans

Before the

Subcommittee on Housing and Community Opportunity

Committee on Financial Services

United States House of Representatives

Hearing on "The Affordable Housing Needs of America's Low Income Veterans"

December 5, 2007

The National Coalition for Homeless Veterans (NCHV) appreciates the opportunity to submit testimony to the House Financial Services Subcommittee on Housing and Community Opportunity regarding the affordable housing needs of America's low income veterans. Established in 1990, NCHV is a not for profit organization with the mission of ending homelessness among veterans by shaping public policy, promoting collaboration, and building the capacity of service providers. NCHV is the only national organization wholly dedicated to helping end homelessness among America's veterans.

NCHV was founded by a group of community-based homeless veteran service providers who sought to educate the public about the extraordinarily high percentage of veterans among the homeless population and to place the needs of homeless veterans on the national public policy agenda. The founders, all former members of the military, were concerned that neither the public nor policy makers understood either the unique reasons for homelessness among veterans or appreciated the reality that so many veterans were overlooked and underserved during their periods of personal crisis.

In the years since its founding, NCHV's membership has grown to over 280 organizations in 48 states and the District of Columbia and Guam. As a network, NCHV members provide the full continuum of care to homeless veterans and their families, including emergency shelter, food and clothing, recuperative and hospice care, addiction and mental health services, employment supports, educational assistance, legal aid, and transitional and permanent housing.

Homelessness Among Veterans

The Department of Veterans Affairs (VA) reports homeless veterans are mostly males (3 percent are females) and the vast majority are single, although service providers are reporting an increased number of veterans with children seeking their assistance. About half of all homeless veterans have a mental illness and more than two thirds suffer from alcohol or other substance abuse problems. Nearly 40 percent have both psychiatric and substance abuse disorders. The VA reports the majority of women in homeless veteran programs have serious trauma histories, some

life-threatening, and many of these women have been raped and reported physical harassment while in the military.

According to the VA Northeast Program Evaluation Center (NEPEC), male veterans are 1.3 times more likely to become homeless than their non-veteran counterparts, and female veterans are 3.6 times more likely to become homeless than their non-veteran counterparts. Like their non-veteran counterparts, veterans are at high risk of homelessness due to extremely low or no livable income, extreme shortage of affordable housing, and lack of access to health care. But these factors combined with their military service put them at even greater risk of homelessness.

While most Americans believe our nation's veterans are well-supported, in fact many go without the services they require and are eligible to receive. According to a Congressional staff analysis of 2000 U.S. Census data, conducted by staff of Representative Robert Andrews (D-NJ-1st) in 2005,1.5 million veterans—nearly 6.3% of the nation's veteran population--have incomes that fall below the federal poverty level, including 634,000 with incomes below 50 percent of poverty. Neither the VA nor state and county veteran service departments are adequately funded to respond to these veterans' health, housing, and supportive services needs. Moreover, community-based and faith-based service providers also lack sufficient resources to keep up with the number of veterans needing help.

The VA reports its homeless veteran programs serve about 100,000 veterans annually. NCHV member community-based organizations (CBOs) serve 150,000 each year. With an estimated 400,000 veterans experiencing homelessness at some time during the year—about 195,000 on a given night--and the VA reaching only 25 percent and CBOs reaching 35 percent of those in need, that still leaves almost 40% of the nation's homeless veterans who do not receive the help they need. It is likely some of these veterans are receiving assistance from other community resources, but there is no way to determine how many or the nature of services being provided. Despite the reported decrease, many veterans still need help. According to the VA, the homeless veteran population in America may be experiencing significant changes. Homeless veterans receiving services today are aging and many are in need of permanent supportive housing. With the increase in the number of women serving in Iraq and Afghanistan, the percentage of women

veterans seeking services is growing. According to studies published by the New England Journal of Medicine and the VA, a growing number of combat veterans of Operation Iraqi Freedom, Operation Enduring Freedom and the Global War on Terror are returning home and suffering from war-related conditions that may put them at risk for homelessness.

Ending homelessness among veterans requires public commitment and action to ensure their access to permanent housing, livable incomes, and health security. This must be accomplished both through general responses of benefit to all homeless persons and persons at-risk of homelessness and through specialized responses targeted to homeless veterans. There is no more obvious a response to preventing homelessness among veterans than to ensure low-income veterans' access to permanent affordable housing so that they are never without a safe place to live in the first place.

Permanent Housing for Veterans

Over 60 years ago, when Congress passed the GI Bill, it provided an assurance of homeownership opportunities for veterans through the VA Home Loan Guaranty Program. However, Congress made no such comparable assurance to affordable rental housing opportunities for our nation's low-income veterans, and still has yet to do so.

The VA Home Loan Guaranty Program is the principal federal veterans' housing program. It helps veterans finance the purchase of homes with favorable loan terms and at a rate of interest competitive with the rate charged on other types of mortgage loans. The Home Loan Program – effective as it is – does not meet and was not designed to meet the housing assistance needs of all veterans, especially veterans without resources to purchase a home such as those with low incomes or experiencing homelessness.

The VA and the Department of Housing and Urban Development (HUD) funds several programs that assist homeless veterans. These include the VA Homeless Provider Grant and Per Diem, which funds community based organizations that provide supportive services and transitional housing (up to two years) to homeless veterans; HUD McKinney-Vento Homeless Assistance, which provides a broad range of supportive services and permanent housing to all homeless

people, including veterans; and the HUD-Veterans Affairs Supported Housing (HUD-VASH) Program, which provides permanent housing subsidies and case management services to the harder to serve homeless veterans with mental and addictive disorders. HUD-VASH is the only permanent housing assistance program targeted to any veteran population.

Regarding McKinney-Vento Homeless Assistance programs, NCHV believes more veterans would be served if applicants for HUD McKinney-Vento homeless assistance funding were required to develop specific plans for housing and services to homeless veterans. Additionally, organizations receiving HUD McKinney-Vento homeless assistance funds should screen all participants for military service and make referrals as appropriate to VA and mainstream homeless assistance programs for which they qualify.

Regarding HUD-VASH, the Homeless Veterans Comprehensive Assistance Act of 2001 (P.L. 107-95) codified the program (at 42 U.S.C. 1437f (o)(19), which heretofore had existed via a Memorandum of Agreement between HUD and VA. HUD-VASH sets aside a share of rental assistance vouchers for veterans with disabilities, matched with supportive services provided by the VA. HUD-VASH provides permanent housing subsidies and case management services to homeless veterans with mental and addictive disorders, by appropriating funds for additional housing vouchers targeted to homeless veterans. Rigorous evaluation of the program indicates it significantly reduces days of homelessness for veterans with mental and addictive disorders.

NCHV is pleased that for the first time in five years and without a request from HUD, both House and Senate FY08 Transportation, HUD appropriations bills included funding for incremental vouchers specifically targeted to homeless veterans. On November 14, conferees in the House and Senate agreed to include $75 million for new HUD-VA Supportive Housing (HUD-VASH) vouchers for homeless veterans in the FY 2008 Transportation-HUD Appropriations bill. These new vouchers would provide permanent supportive housing for approximately 7,500 homeless and disabled veterans. We strongly urge Congress to provide housing support for homeless veterans by passing the FY08 HUD appropriations bill, which is being considered by the House and Senate this week. The negotiated HUD conference report

represents the best of the House and Senate bills that would provide immediate assistance to the nation's homeless veterans.

Missing altogether in the federal housing continuum are affordable housing strategies targeted to low-income veterans. Congress has not yet granted HUD – or any federal department – the statutory authority to establish permanent affordable housing programs targeted to low-income veterans. Accordingly, there is no national rental housing assistance program targeted to low-income veterans. Veterans are no longer a federal priority population for federally-subsidized housing assistance. (They once were.) Veterans of working age and without disabilities are not well-served through existing rental housing assistance programs due to their program designs.

In addition to supporting the HUD-VASH program, we ask Congress to remedy this deficit in preventive and response strategies by establishing new affordable housing initiatives targeted to low-income veterans as well as increase such veterans' access to existing housing programs. The establishment of low-income veteran-specific permanent affordable housing initiatives is entirely consistent with the long history of our nation to establish programs and benefits unique to veterans in recognition of their service to the nation.

Legislation has already been introduced in the Congress to address this need. The Homes for Heroes Act of 2007 (H.R. 3329), introduced by Representative Al Green (D-TX-9th) in August, would develop and expand permanent housing opportunities for very low-income veterans and establish new programs within HUD pertaining to veterans. Additionally, the legislation would establish the position of Special Assistant for Veterans Affairs within HUD to coordinate services to homeless veterans and serve as a liaison to the VA, state and local officials, and nonprofit service organizations; establish a $200 million assistance program for supportive housing and services for low-income veterans; and expand the HUD-VASH Program, authorizing 20,000 vouchers annually and making the program permanent. H.R. 3329 would also authorize $1 million in HUD grants to assist housing and service providers with the execution of their housing projects for veterans assisted by HUD, fulfilling the planning and application process, and assisting veterans in obtaining housing or homeless assistance. Finally, the bill would require HUD to submit a comprehensive annual report to Congress on the housing

needs of homeless veterans and the steps HUD has taken under the programs provided for in the bill. All federal departments – not solely the VA – bear responsibility for supporting our nation's veterans. Passage of the Homes for Heroes Act of 2007 would give HUD the tools to do so. We are pleased that last month Representative Green also introduced the Veterans Homeless Prevention Act of 2007, H.R. 4161, which would establish a pilot program within HUD and VA to combine housing for at-risk veterans and veterans families with VA supportive services to prevent this population from becoming homeless. The legislation authorizes $26 million for pilot programs managed by nonprofits and consumer cooperatives to assist veteran families who might otherwise become homeless such as mental health counseling, financial planning and employment and training.

NCHV believes no veteran should experience homelessness. We ask Congress to authorize and appropriate funds for a targeted permanent housing assistance program for low-income veterans. Both H.R. 3329 and H.R. 4161 would serve to provide affordable housing stock or access to such housing for low-income or homeless veterans, and remove the barriers to veterans' access to affordable rental housing. We urge Congress to pass these bills.

Conclusion

Every one of our nation's military heroes deserves the opportunity for a safe, affordable, and permanent place to call home. NCHV looks forward to continuing to work with Congress, the Administration, and other stakeholders to ensure our nation does everything necessary to make this goal a reality for each veteran.

STATEMENT OF
RONALD F. CHAMRIN, ASSISTANT DIRECTOR
ECONOMIC COMMISSION
'HE AMERICAN LEGION

BEFORE THE

SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
COMMITTEE ON FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

ON

HOUSING NEEDS OF LOW INCOME VETERANS

DECEMBER 5, 2007

STATEMENT OF
RONALD F. CHAMRIN, ASSISTANT DIRECTOR
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BEFORE THE
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
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UNITED STATES HOUSE OF REPRESENTATIVES
ON
HOUSING NEEDS OF LOW INCOME VETERANS

DECEMBER 5, 2007

Madam Chairwoman and Members of the Subcommittee:

Thank you for this opportunity to submit The American Legion's view on the housing needs of low income veterans. The American Legion commends the Subcommittee for addressing this important issue.

The Fiscal Year (FY) 2006 Department of Veterans Affairs (VA) Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) report estimates that there are nearly 200,000 veterans who are homeless at any point in time. According to the February 2007 Homeless Assessment Report to Congress (U.S. Department of Housing and Urban Development 2007), veterans account for 19 percent of all homeless people in America. The National Alliance to End Homelessness reports that there are 195,827 homeless veterans on the street each night. This accounts for 26 percent of all homeless people. They also estimate that 336,627 veterans were homeless in 2006.

Since 2001, approximately 300,000 service members are becoming veterans every year. This large influx of veterans, some of whom have high risk factors of becoming homeless, is unnerving. The mistake in incorrectly failing to recognize the increase in homelessness amongst Vietnam veterans in the late 1970s and early 1980s cannot be made again.

According to the Urban Institute report in relation to the 1980s spike in homeless veterans (Homelessness: Programs and the People They Serve, Findings of the National Survey of Homeless Assistance Providers and Clients): "...some observers felt that the problem was a temporary consequence of the recession of 1981-1982, and would go away when the economy recovered, while others argued that the problem stemmed from a lack of affordable housing and that homeless clients were simply a cross section of poor Americans." This 2000 study stated that of current homeless veterans: "21 percent served before the Vietnam era (before August 1964); 47 percent served during the Vietnam era (between August 1964 and April 1975); and 57 percent served since the Vietnam era (after April 1975). Many have served in more than one time period."

Compounding these numbers with the currently 467,877 veterans with a severe housing cost burden. In order to prevent a national epidemic of homeless veterans in the upcoming years,

measures must be taken to assist those veterans who are homeless. Steps must also be taken to prevent the future homelessness of veterans and their families. The American Legion implores Congress to take action immediately.

THE AMERICAN LEGION HOMELESS VETERANS TASK FORCE

The American Legion coordinates a Homeless Veterans Task Force (HVTF) amongst its 55 departments. Our goal is to augment existing homeless veteran providers, the VA Network Homeless Coordinators, and the Department of Labor's Homeless Veterans Reintegration Program (HVRP), Veterans Workforce Investment Program (VWIP), Disabled Veterans' Outreach Personnel (DVOPs) and Local Veterans' Employment Representative (LVERs). In addition to augmentation, we then attempt to fill in the gaps where there is no coverage. Each of The American Legion's Departments contains an HVTF chairman and an employment chairman. These two individuals coordinate activities with The American Legion's local posts within their state. The three-tiered coordination of these two chairmen and numerous local posts attempt to symbiotically assist homeless veterans and prevent future homelessness.

The American Legion has conducted training with the assistance of the National Coalition for Homeless Veterans (NCHV), DOL-VETS, Project Homeless Connect, and VA on how to apply for Federal grants in various assistance programs, most notably the "Stand Down" and Grant and Per Diem programs. It is our goal to assist the Grant and Per Diem program by enabling individual posts and homeless providers to use The American Legion as a force multiplier. We may not have the job-specific expertise in the fields of social work and mental health, but we do have 2.7 million volunteers with an impressive network of resources within their communities.

The American Legion augments homeless veteran providers with transportation, food, clothing, cash and in-kind donations, technical assistance, employment placement, employment referral, claims assistance, veterans' benefits assistance, and in some cases housing for homeless veterans. The American Legion department service officers are accredited representatives that assist homeless veterans with their VA compensation and pension claims, and are fierce advocates for assuring that all VA benefits are afforded to the unfortunate homeless veterans that they may encounter.

A separate program that we operate is called "Heroes to Hometowns." "Heroes to Hometowns" is a transition program for severely injured service members returning home from Operation Enduring Freedom and Operation Iraqi Freedom. The "Heroes to Hometowns" establishes a support network and coordinates resources for severely injured service members returning home.

"Heroes To Hometowns" can provide, a welcome home celebration, temporary financial assistance, pro-bono financial planning, housing assistance, home and vehicle adaptation, government claims assistance, transportation to hospital visits, entertainment options, childcare, counseling, family support, and other benefits.

POTENTIAL HOMELESS VETERANS OF OPERATION ENDURING FREEDOM (OEF) AND OPERATION IRAQI FREEDOM (OIF)

OEF/OIF veterans are at high risk of becoming homeless. Combat veterans of OEF/OIF and the Global War on Terrorism (GWOT) in need of assistance are beginning to trickle into the nation's community-based veterans' service organizations' homeless programs. Already stressed by an increasing need for assistance by post-Vietnam Era veterans and strained budgets, homeless services providers are deeply concerned about the inevitable rising tide of combat veterans who will soon be requesting their support.

Since 9/11, over 800,000 American men and women have served or are serving in a war zone. Rotations of troops returning home from Iraq are now a common occurrence. Military analysts and government sources say the military deployments, then the reintegration of combat veterans into the civilian society, is unlike anything the nation has experienced since the end of the Vietnam War.

The signs of an impending crisis are clearly seen in VA's own numbers. Under considerable pressure to stretch dollars, VA estimates it can provide assistance to about 100,000 homeless veterans each year, only 20 percent of the more than 500,000 who will need supportive services. Hundreds of community-based organizations nationwide struggle to provide assistance to the other 80 percent, but the need far exceeds available resources.

VA's HCHV reports 1,049 OEF/OIF era homeless veterans with an average age of 33. HCHV further reports that nearly 65 percent of these homeless veterans experienced combat. Now receiving combat veterans from Iraq and Afghanistan daily, VA is reporting that a high percentage of those casualties need treatment for mental health problems. That is consistent with studies conducted by VA and other agencies that conclude anywhere from 15 to more than 35 percent of combat veterans will experience some clinical degree of PTSD, depression or other psychosocial problems.

HOMELESS WOMEN VETERANS AND CHILDREN

Homeless veteran providers' clients have historically been almost exclusively male. That is changing as more women veterans, especially those with young children, are seeking assistance. Access to gender-appropriate care for these veterans is essential.

The FY 2006 VA CHALENG (Community Housing Assessment, Local Education and Networking Group) report states, "Homeless providers continue to report increases in the number of homeless veterans with families (i.e., dependent children) being served at their programs. Ninety-four sites (68 percent of all sites) reported a total of 989 homeless veteran families seen, with Los Angeles seeing the most families (156). This was a 10 percent increase over the previous year of 896 reported families. Homeless veterans with dependents present a challenge to VA homeless programs. Many VA housing programs are veteran-specific. VA homeless workers must often find other community housing resources to place the entire family – or the dependent children separately. Separating family members can create hardship."

To assist women and veterans with families, The American Legion supports adequate funding for all domiciliary programs for all qualified veterans.

VA HOMELESS PROVIDERS GRANT AND PER DIEM PROGRAM REAUTHORIZATION AND APPROPRIATIONS

In 1992, VA was given authority to establish the Homeless Providers Grant and Per Diem Program under the Homeless Veterans Comprehensive Service Programs Act of 1992, Public Law 102-590. The Grant and Per Diem Program is offered annually (as funding permits) by VA to fund community agencies providing service to homeless veterans. VA can provide grants and per diem payments to help public and nonprofit organizations establish and operate supportive housing and/or service centers for homeless veterans. There was an initial lag in the congressional authorization and appropriations for this program that delayed the delivery of funding 2 years after the initial legislation passed and only 15 grants were awarded. We have observed that the staff of the program has been working diligently and should be commended, but VA's Central Office staff could use additional members to expand the program to reach even more participants.

The current level of 300 programs and 8,000 beds is not enough to assist 200,000 homeless veterans. Reports of an additional 3,000 beds to come into service as soon as needed construction, renovation or repairs have been completed will bring the total to 11,000 or about 5 percent capacity of all homeless veterans.

Funds are available for assistance in the form of grants to provide transitional housing (for up to 24 months) with supportive services. Funds can also be used for supportive services in a service center facility for homeless veterans not in conjunction with supportive housing, or to purchase vans. VA can provide up to $31.30 for each day of care a veteran receives in a transitional housing program approved under VA's Homeless Providers Grant and Per Diem (GPD) Program. This token amount is far too little to fully assist a single veteran. Finally, all providers must justify that their costs are attributed to veterans.

The American Legion is concerned with the ebb and flow of the homeless veteran population and assert that measures should be enacted that allows a provider to always maintain a space for a homeless veteran. Due to the transient and drifting nature of chronically homeless veterans, seasonal weather changes (allowing more homeless veterans to venture outside), and other factors, there are periods when GPD providers may have an empty bed. If a provider has an empty space dedicated for a homeless veteran under the program and (due to factors out of their control) a bed remains empty for a period of time, they have occasional difficulty justifying the grant and therefore may be penalized. However, there are many instances in which a random appearing homeless veteran requires their assistance and a bed must always be ever ready.

Unfortunately, we have observed that many homeless veteran providers choose not to apply for funding from this program due to difficult mechanisms. As stated above, the accounting process required for reimbursement is in constant flux during the year and the strain of accurately reporting is laden on small community-based providers. Additionally, there are other Federal programs that can provide monetary assistance to homeless veterans, yet the GPD does not allow

these funds to be used as a match for VA programs. This often discourages participation. However, other Federal programs do allow VA funds to be used as a match. VA's GPD program requires unique flexibility due to the nature of the funding, homeless veteran providers, and homeless veterans.

VA reports success in their performance measures to increase access and availability to both primary health care and specialty care within 30 and 60 days. Short-term assistance (30 and 60 days) is imperative in order to prevent chronic homelessness. Many times, a veteran may be in transition due to loss of a job, a medical issue, poor finances, or some other factor and only requires a short-term transitional shelter that can be provided by the GPD program. In FY 2006, VA reported that they provided transitional housing services to nearly 15,500 homeless veterans and expects to assist 18,000 veterans for FY 2007. It is imperative that the number of veterans served by transitional housing services continues to increase and be adjusted to meet the demand. The consequences of inaction will be a stagnant, steady number of homeless veterans rather than a decrease of the number of homeless veterans.

The American Legion strongly supports funding the Grant and Per Diem Program for a five-year period (instead of annually) and supports increasing the funding level to $200 million annually.

DEPARTMENTS OF HOUSING AND URBAN DEVELOPMENT - VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-VASH) HOMELESS PROGRAM

The American Legion advocates for increased funding for the Grant and Per Diem program. The American Legion adopted a resolution to require mandatory funding for the Departments of Housing and Urban Development (HUD)-Veterans Affairs (VA) Supportive Housing (HUD-VASH) Homeless Program.

The American Legion supports funding for vouchers for the HUD-VASH Program be set aside and transferred to the Secretary of the Department of Veterans Affairs from amounts made available for rental assistance under the Housing Choice Voucher program. The Homeless Veterans Comprehensive Assistance Act of 2001 (P.L. 107-95) codified the HUD-VASH Program, which provides permanent housing subsidies and case management services to homeless veterans with mental and addictive disorders. Under the HUD-VASH Program, VA screens homeless veterans for program eligibility and provides case management services to enrollees. HUD allocates rental subsidies from its Housing Choice Voucher program to VA, which then distributes them to the enrollees. A decade ago, there were approximately 2,000 vouchers earmarked for veterans in need of permanent housing. Today, less than half that amount is available for distribution.

The Veterans Benefits, Health Care, and Information Technology Act of 2006, P.L 109-461, re-authorizes appropriations for additional rental assistance vouchers for veterans. In FY 2007, there will be 500 vouchers available for veterans and increased to 2,500 by FY 2011. At a time when the number of homeless veterans on any given night is approximately 200,000, the need for safe, affordable, and permanent housing is imperative. The House and Senate recently released it conference report for the fiscal 2008 Transportation-Housing spending bill (HR 3074)

that funds programs at the Department of Transportation and the Department of Housing and Urban Development.

The House FY 2008 Transportation, Housing and Urban Development, and Related Agencies (THUD) appropriations bill would provide $75 million for new vouchers for the HUD-VASH Program. Funding, if enacted, should be sufficient to provide assistance for 6,000 vouchers affecting approximately 8,000 to 10,000 homeless veterans.

The American Legion supports Congress' efforts to assist homeless veterans.

CENSUS OF HOMELESS VETERANS

The VA CHALENG program, NCHV, HUD, The National Alliance to End Homelessness, and numerous homeless veteran providers have all collaborated to make rather accurate estimates on the number of homeless veterans on the street each night. This number, approximately 200,000 each night, is a travesty. Because of the numerous systems in place to attempt to count the number of homeless veterans, additional funding should be directed to programs assisting and preventing homeless veterans and not entirely to assist a new census program in counting homeless veterans. Funding would be better spent on programs and not just exclusively on counting.

VA HOME LOAN GUARANTEE FORECLOSURE NUMBERS

The VA Home Loan Guarantee Service reports that there are 6,900 foreclosed homes by veterans in FY 2007. The rate for foreclosed homes through the VA Home Loan Guarantee Service was 1,500 a month five years ago. This number has dropped to between 800-900 foreclosed homes each month through the VA Home Loan Guarantee Service

In the past five years there have been less origination of loans provided by the VA. Contributing factors range from the mandatory funding fee, better programs without the fee, and veterans are unable to afford a loan at this time. There are also fewer defaults and fewer foreclosures over this same time span.

Penalties for the Veteran if a Loan is Foreclosed

If a veteran defaults on a loan and finalizes with a foreclosure since 1990, the veteran is not liable for any repayment to the VA, but the GIF (Guaranteed Indemnity Fund) and Debt Forgiveness applies. Simply put, the Internal Revenue Service (IRS) accounts the total amount of the debt forgiveness as taxable income of which the veteran becomes responsible for. Therefore, if a veteran foreclosed a loan and the VA had to pay $100,000 to guarantee the loan then the veteran would be taxed $100,000 for that year. This is an incredible burden on top of an already desperate situation.

VA does not report any defaults or foreclosures to the "Big 3" credit agencies; however, the lenders generally report all instances of defaults, late payments, and foreclosures to all credit agencies and ultimately the veterans credit is damaged.

If a veteran does foreclose on a VA loan, the veteran does not remains eligible to receive another VA Home Loan, unless the veteran repays VA the amount of the defaulted payment and reapply for eligibility. Typically, the veteran's next home loan will be at a much higher loan rate from a lender due to a previous default, foreclosure, and poor credit history.

THE NATIONAL ALLIANCE TO END HOMELESSNESS (NAEH) REPORT, "VITAL MISSION, Ending Homelessness Among Veterans"

The American Legion agrees with the National Alliance to End Homelessness report and we have been advocating and will continue to advocate these recommendations and others. We implore this committee and Congress to take immediate action to prevent and end homelessness amongst veterans. The American Legion concurs with the three major recommendations put forth by NAEH:

1. Establish a risk assessment process during the first 30 days of discharge and pilot a homelessness prevention program.
2. Create permanent supportive housing options for veterans.
3. Expand rental assistance for veterans.

Housing Cost Burden Amongst Veterans

The American Legion invites this Subcommittee to focus on the report's 'Housing Cost Burden Amongst Veterans' section in reference to our next statement. NAEH reports that currently, over 930,000 veterans pay more than 50 percent of their income towards housing, be it renting or owning a home. (476,877 rent/ 453,354 own)

> "There is a subset of veterans who rent housing and have *severe* housing cost burden (paying more than 50 percent of their income towards housing costs). Of veterans who rent housing, approximately 10 percent (476,877 veterans) pay more than 50 percent of their income for rent. Of those with severe housing cost burden, 20 percent are *very* low income (have incomes at or below 50 percent of area median income) and 67 percent are *extremely* low income (have incomes at or below 30 percent of area median income). More than half of veterans with severe housing cost burden (55 percent) fall below the poverty level and 43 percent are receiving foods stamps. Using bivariate analysis, the National Alliance to End Homelessness found a number of statistically significant differences among veterans with severe housing cost burden and those paying less than 50 percent of their income for housing."

The 2006 American Community Survey (ACS) conducted by the US Census Bureau reports that the median monthly housing costs for mortgaged owners was $1,402, nonmortgaged owners $399, and renters $763. Thirty-seven percent of owners with mortgages, 16 percent of owners without mortgages, and 50 percent of renters in United States spent 30 percent or more of household income on housing.

The American Legion is very concerned with the ever-growing gap of housing expenses versus veterans' income. The 2006 ACS further states that the median income for veterans in the past 12 months is $34,437. The median monthly cost of $1,402 for housing expenses is approximately $400 greater than what the average veteran can afford.

Debt to Income Example *(28/36 qualifying ratio model)*
Yearly Gross Income = $34,437 / Divided by 12 = $2,870 per month income
$2,870 Monthly Income x .28 = $803 allowed for housing expense
$2,870 Monthly Income x .36 = $1,033 allowed for housing expense plus recurring debt

EDUCATION IN RELATION TO INCOME AND THE NEED FOR PASSAGE OF THE TOTAL FORCE GI BILL

The American Legion strongly supports passage of major enhancements to the current All-Volunteer Force Education Assistance Program, better known as the Montgomery GI Bill (MGIB).

The solution to prevent homelessness is multifaceted, but passage of the Total Force GI Bill is a proactive, forward thinking approach that will tremendously assist our nation's veterans. It is a good financial investment to better equip veterans and military members with a secondary education. In turn, highly skilled veterans with advanced degrees can be emplaced in the workforce to ensure the county's competitive edge in the global market in the not so distant future.

According to the 2006 ACS produced by the US Census Bureau in terms of all Americans over the age of 18; 'Men who completed college and received a bachelor's degree earned a median of $55,446. Women who completed a bachelor's degree had median earnings of $36,875.'

Computing the larger of the two numbers, $55,446 produces the following numbers in relation to housing expenses:

Debt to Income Example *(28/36 qualifying ratio model)*
Yearly Gross Income = $55,446 / Divided by 12 = $4,620 per month income
$4,620 Monthly Income x .28 = $1,294 allowed for housing expense
$4,620 Monthly Income x .36 = $1,663 allowed for housing expense plus recurring debt.

As you can see, even with a college degree, it is difficult to reach the national median monthly payments. This is why the passage of the Total Force GI Bill is imperative to allow for veterans to pay for college enabling them to obtain employment. In turn, higher wages will allow veterans to afford suitable housing in line with national averages without severely burdening them with a payment greater than 50 percent of their salaries.

The American Legion has testified to the House Veterans' Affairs Subcommittee on Economic Opportunity in October 2007 that out of the 850,750 members of the Reserve Components who have departed the military since 2002, we conservatively estimate that at least 407,474 veterans have lost earned education benefits. Or, at least 50 percent of the force has lost earned education

benefits that could have been used to increase their earning potential. Noting that our figures are of National Guard and Reserve service members that were deployed in support of OIF/OEF, there are additional Reservists that were called to active duty to CONUS (Continental United States) or deployed to other regions of the world. Hence, our conservative estimate of about 400,000 veterans losing earned benefits is, more likely than not, much greater.

We are in a critical period in our nation and the treatment of veterans. An ever-increasing number of 400,000, predominantly younger veterans are burdened with loss of earned education benefits, rigors of combat tours, and high risk factors of homelessness and PTSD. With the ever-rising costs of living, these veterans may begin to rely on more and more supportive services. The American Legion implores passage of the Total Force GI Bill.

H.R. 4161, THE VETERANS HOMELESSNESS PREVENTION ACT

The American Legion supports this bill. H.R. 4161 would authorize the Secretary of Housing and Urban Development, in coordination with the Secretary of Veterans Affairs, to carry out a pilot program to prevent at-risk veterans and veteran families from falling into homelessness.

In addition, The American Legion supports initiatives that will give preference to America's veterans and their families in obtaining housing through the programs of the Department Of Housing And Urban Development.

CONCLUSION

The Homeless Grant and Per Diem program is effective and should be continued but augmented with additional HUD-VASH Program vouchers. With 300,000 service members becoming veterans each year the availability of transitional housing must be increased. Our observations have shown that when the GPD program is allocated money, they are successful in distributing grants and administering their program and are only limited by the total dollar amount of funds available.

Affordable housing, transition assistance, education, and employment are each a pillar of financial stability. They will prevent homelessness, afford veterans to compete in the private sector, and allow this nation's veterans to contribute their military skills and education to the civilian sector.

The American Legion looks forward to continue working with the Subcommittee to assist the nation's homeless veterans and to prevent future homelessness. Madam Chairwoman and Members of the Subcommittee, this concludes my testimony.

BIOGRAPHY
RONALD F. CHAMRIN
ASSISTANT DIRECTOR
ECONOMIC DIVISION

Mr. Ron Chamrin began serving as Assistant Director of the Economic Division in November 2006. Prior to serving as Assistant Director, he served as a National Appeals Representative for The American Legion before the Board of Veterans' Appeals.

He attended the University of Maryland at College Park where he earned a B.S. in Biological Sciences.

In 1996 he entered the United States Army Reserves and held multiple military occupational specialties; military police, personnel administrator, and finally civil affairs. While serving with the 354th Civil Affairs Brigade, Riverdale, MD he deployed to Baghdad, Iraq in support of the 3rd Infantry Division, the 1st Armored division, and the Coalition Provisional Authority's office of Baghdad Central.

He served simultaneously as the Operations Non-Commissioned officer in charge for the Baghdad Regional office of the Coalition Provisional Authority (CPA) and as a Civil Affairs Liaison Officer for the Brigade's liaison team. (2003-2004) A member of special liaison team responsible for facilitating the synchronization and implementation of the Brigade's civil-military operations activities with CPA-Baghdad's reconstruction, civil administration, and humanitarian assistance activities. In addition, he facilitated flow of information between 354th Civil Affairs Brigade and CPA-Baghdad, specifically with detailed information, policies, data and goals of CPA. (2003-2004).

Amongst various achievements, he is most proud of implementing the first PTA program for Baghdad in the post-Saddam era. Consisting of $2M, the project created a mechanism for interaction and rehabilitation between the Ministry of Education, the Neighborhood Advisory Councils, the headmasters of each school, and the parents of those students.

Mr. Chamrin remains a member of the U.S. Army reserves and has received the Combat Action Badge, Army Commendation Medal, Global War of Terrorism Expeditionary Medal, Joint Service Commendation Medal, Iraq Service Citation Award and others.

Statement of Karen Dale
Executive Vice President Operations and Strategic Development,
Volunteers of America, Inc.

Submitted to the
U.S. Financial Services Committee
Subcommittee on Housing and Community Opportunity

Legislative Hearing on Affordable Housing Needs of America's Low Income Veterans

December 5, 2007

Testimony

Chairwoman Waters, Ranking Member Biggert, and Members of the Subcommittee thank you for inviting me to testify today on the "Affordable Housing Needs of America's Low Income Veterans." My name is Karen Dale, and I am the Executive Vice President of Operations and Strategic Development at Volunteers of America. In this capacity I am responsible for the organization's long-term care division, program services, and affordable housing development and management. I have significant experience at all levels of care delivery and management with specific expertise in program development, operational effectiveness, and financial management.

Introduction to Volunteers of America

Volunteers of America is a national, nonprofit, faith-based organization dedicated to helping those in need rebuild their lives and reach their full potential. Through thousands of human service programs, including housing and health care, Volunteers of America helps more than 2 million people in over 400 communities. Since 1896, our ministry of service has supported and empowered America's most vulnerable groups, including at-risk youth, the frail elderly, men and women returning from prison, homeless individuals and families, people with disabilities, and those recovering from addictions.

In times of disaster and in times of war Volunteers of America has been there assisting those in need. When the United States entered World War I, Volunteers of America focused its efforts on "Holding the Home Lines." Care for children and housing for women expanded, and canteens and accommodations were opened for service men. Again, in World War II, Volunteers of America expanded and adapted services to support servicemen, as well as mothers engaged in defense work. We also opened new programs to combat rising juvenile delinquency. Volunteers of America's concern for servicemen did not end with the conclusion of these wars, but continued in 1950 when we initiated a campaign against "wide spread public indifference and even hostility to men in uniform."

As homelessness reached crisis proportion in the 1980s, homeless veterans began appearing in increasing numbers in our emergency shelters. When the US Department of Veterans Affairs (VA) initiated support for homeless veteran services in 1987, Volunteers of America quickly partnered, opening new housing and support services for homeless veterans. Today, Volunteers of America is at the forefront of the issue of homelessness for veterans-as a service provider and an advocate.

Homelessness and America's Veterans

On any given night in the United States 800,000 persons experience homelessness. Nearly 195,000 of these men and women have served in the armed forces. Over the course of the year, approximately 500,000 veterans will experience homelessness. Veterans are over-represented in the homeless population.
At least 45 percent of homeless veterans suffer from mental illness, while over 50 percent have substance abuse problems. Furthermore, 33 percent were stationed in a war zone during their military service-service that lasted at least 3 years for two-thirds of homeless

veterans. According to the VA 11% of the newly homeless veterans are women- a percentage that is steadily increasing as more women are deployed in combat support roles. These female veterans report significant levels of sexual assault and trauma and a number of them have children, who may follow them into homelessness.

While most homeless veterans served during prior conflicts or peacetime, the VA reports an increase in the number of homeless following their tours of duty in Iraq and Afghanistan. In addition, these veterans returning from Afghanistan and Iraq are experiencing high levels of mental health diseases such as Post Traumatic Stress disorders (PTSD), Traumatic Brain Injury (TBI), and mental illness. Though the VA does a tremendous job in providing homeless veterans with primary care and mental health services, along with transitional housing, current resources can not match the demand for assistance, or provide for permanent supportive housing for the growing number of veterans who will need long term housing assistance. A 2005 VA report found that roughly 20,000 permanent housing beds and 10,000 transitional housing beds are needed to assist homeless veterans.

Last year Volunteers of America in partnership with the Corporation for Supportive Housing and the National Coalition for Homeless Veterans convened a unique group of government officials, non profit providers of services to veterans, and public policy advocates to participate in a leadership dialogue about the federal policy landscape for homeless veterans. This leadership dialogued resulted in the release of our joint report entitled "Ending Homelessness Among Veterans Through Permanent Supportive Housing." The report brought awareness to a situation with which you are all too familiar -- the extent of homelessness among our nation's veterans.

Volunteers of America's Housing and Supportive Services for Veterans

Volunteers of America is a national leader in providing permanent and transitional housing for veterans along with job training, case management, education, legal assistance, mental heath and substance abuse treatment for veterans. In 2006 we served over 6,000 homeless veterans, almost all of whom were honorably discharged, through housing and supportive services. Locating and connecting with homeless veterans is critical to the success of all of Volunteers of America's programs. Our activities focus on both preventing and ending homelessness among veterans. Many of the veterans we serve have not been receiving medical treatment from the VA-nor are they receiving their VA benefits to which they are entitled. Furthermore, veterans from more urban areas typically experience longer periods of homelessness, while those from rural areas have more often been living in substandard facilities. To this end, I want to highlight some of our urban and rural veterans programs that we have across the country and share some of the stories/experiences from the veterans that we serve:

California

In Los Angeles, CA we serve 102 homeless veterans each day. Responding to local needs, 20 veterans with addictions reside in a recovery home, 80 reside in a residential setting where job skills and employment are provided, and 2 veterans reside with their families in apartments. Because we were serving many frail elderly, we developed a special program for this group. Mr. Jackson is a 71 year old male who started smoking crack cocaine after his

wife died of cancer. He went into drug treatment at one of Volunteers of America's drug programs and then went to the Veteran Succeeding 65 Program (VS-65). VS-65 is a program that provides supportive services for frail homeless veteran ages 65 and over. This program assisted Mr. Jackson with obtaining all of his benefits due to him, a part-time job at the VA, an entire new set of teeth and an opportunity to save well over $4000.00. Mr. Jackson saved enough money to leave the program and move into Volunteers of America's low income housing for elderly veterans. He is doing great and still checks in with the VS-65 program staff on a regular basis. This program is important because it is part of a facility that houses 80 people that live in the Grant & Per Diem Program, named Ballington Plaza. We received a Special Needs Grant & Per Diem grant from the VA to provide extra support services for the frail elderly. There are only a few of these programs in the country. What Mr. Jackson's story illustrates is that as a veteran he has been able to move to affordable permanent housing- only because we had developed it with other non-VA funds. We need this continuum throughout the country.

Florida

Venus G. came to a Volunteers of America of Florida's transitional housing program for veterans. There she received a treatment plan, consisting of NA meetings, individual counseling through the VA, and received training on coping with health issues such as bipolar disorder, PTSD, and diabetes. Venus began her education requirements for a childhood education degree, "I want to own a child care center one day." Her gratitude is evident in her smile and tone. "If it wasn't for the staff, I have no clue what my life would be like. In not even 2 years, my life has turned 180 degrees to the better...this program really works, I'm living and enjoying the moment right now."

Walt, a veteran of the US army, had been living on the streets and hopeless. He was unemployed, alcohol dependent, without financial support and suffering from PTSD. Walt says, "After living on the street I was quite wary of what was going to happen at the Volunteers of America of Florida program." There, under a safe roof, he was provided with referrals and linkages as staff encouraged him to take care of his medical and mental health treatment as he desperately needed. To this day, Walt remains alcohol free, has graduated the two year program and has his own apartment. Walt says, "The Volunteers of America of Florida program quite simply saved my life."

Outreach to Florida veterans is achieved through street outreach programs, including our VA funded Florida Veterans Mobile Service Center, a 40-foot state-of-the-art vehicle with a fully contained medical, dental and health service facility that outreaches to homeless veterans throughout the state. When the Center finds a homeless veteran, he or she is immediately provided with food, clothing, a primary care medical examination a determination of eligibility for VA and other government benefits, and an assessment of housing needs. In addition, our Florida local office has a program entitled "Cabins in the Woods." This program places approximately 30 veterans in individual households in a rural setting. The housing facility was designed with input from veterans who participated in focus groups throughout the State. Based on the need and preferences expressed by veterans, the efficiencies will feature private entrances, residential climate control, and a private screened porch. Veterans influenced not only the qualities of the housing community; they will be part

of the construction process. Through partnerships with local contractors, veterans will be an active part of the workforce to build the housing.

Ohio

Volunteers of America of Greater Ohio responds to the needs of veterans on the street in Dayton, Columbus and Cleveland, Ohio. Veterans are served through Volunteers of America's own unique service models, and through cooperative approaches with local VA Medical Centers and other service providers in these communities. The Greater Ohio affiliate coaxes veterans from the street through veteran to veteran engagement and encouragement. Once veterans enter the veteran service center each veteran is encouraged to develop his/her own service life plan. With the implementation of the "Cleveland Model" that is intensive case management and wrap around clinical services coupled with transitional housing, vocational skills training and job placement and subsequently permanent housing placement the veterans is afforded all the tools and services and support needed to assume a productive place in society.

Volunteers of America's Collaboration with Federal Government to Assist Homeless Veterans

Advocacy for our nation's veterans is a privilege and a responsibility. As a provider of housing and services to veterans, Volunteers of America builds excellence on partnerships to address homeless veterans. At a recent national testimony before the U.S. House of Representatives, Committee on Veterans Affairs, Subcommittee on Health, Volunteers of America of Florida stressed that successful service to homeless veterans is founded in strong partnerships, the ability to network statewide, a continuum of housing options and an array of support services. The testimony also addressed the diligence needed to combine federal and local resources to get the job done.

Homeless Veterans Reintegration Program and Incarcerated Veterans Transition Program

Volunteers of America serves homeless veterans as the largest grantee of the Department of Labor's (DOL) Homeless Veteran Reintegration Program (HVRP). The purpose of this program is to reintegrate homeless veterans into meaningful employment within the workforce. As a grantee, Volunteers of America provides programs for veterans that focus on employment and job training, career counseling, and resume preparation. The supportive services we provide these veterans include providing transportation vouchers, clothing, and permanent, transitional housing and referring the veterans to medical and substance abuse treatment centers. Another program that assists veterans that is administered by the DOL and that we are a grantee is the Incarcerated Veterans Transition Program (IVTP). The program provides direct services, through a case management approach, to link incarcerated veterans with appropriate employment and life skills as they transition from a correctional facility into the community. Volunteers of America's offices in Los Angeles, California, Tampa, Florida and Louisville, Kentucky manages these programs in Los Angeles, Chicago, and nine cities in the states of Kentucky, Tennessee, West Virginia, Florida and Ohio.

Therefore, the $33/day per diem note will always fall short of paying in total for what is needed. Identification and combining of resources is essential and should be encouraged strongly. In my opinion, the VA Grant and Per Diem service center payment does not relate to operating a center.

Housing and Urban Development-Veterans Affairs Supportive Housing Program

The U.S. Department of Housing and Urban Development has only one program that is directly targeted to veterans-the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program. In 1992 HUD established this program to "provide for permanent housing and ongoing treatment from substance abuse disorders." This program uses a combination of HUD Section 8 vouchers and VA community based clinical case management. The program is intended to provide veterans with long-term assistance. Nevertheless, due to expected low turn over and funding limitations only 4600 veterans have been able participate in HUD-VASH programs. At that time the program received three rounds of commitment for a total of 1,780 vouchers worth $44.5 million. Nevertheless, the program has not received any additional vouchers since 1992 and this year for the first time Congress included funding for additional HUD-VASH vouchers in the amount of $75 million for the new vouchers which could provide assistance for up to 7500 veterans. According to the VA, the HUD-VASH program works extremely well. After both the 18 month and 2 year intervals, 95 percent of veterans remain stably housed. In addition, 40 % of veterans improved their employment status, 60 percent improved their financial status and 65 percent improved their independent living skills. HUD-VASH is a promising program that should be expanded to meet the additional needs of homeless veterans. In addition to the fact that only a remaining 2,500 vouchers are authorized up until 2011, with no additional vouchers allocated to the program since 1992, we recommend that 20,000 Section 8 Vouchers for the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program be issued on an annual basis, making the program permanent. This would provide permanent housing subsidies and case management services to homeless veterans with mental and addictive disorders, by appropriating funds for additional housing vouchers targeted to homeless veterans.

Legislation to Assist Homeless Veterans— H.R. 3329 Homes for Heroes Act and H.R. 4161 Veterans Homeless Prevention Act

Volunteers of America strongly supports both H.R. 3329, the Homes for Heroes Act and H.R. 4161 Veterans Homeless Prevention Act. The Homes for Heroes Act contains several important provisions that would assist the government and non profit agencies such as Volunteers of America in our efforts to increase the supply of affordable housing for veterans. Specifically the bill would provide shelter for homeless veterans and homeless veteran families and prevent low income families from falling into homelessness. In addition, H.R. 3329 would establish a $200 million assistance program for supportive housing and services for low income veterans as well as permanently authorizing 20,000 vouchers pursuant to the HUD-VASH program. In addition, the measure would establish a technical assistance program that would authorize $1 million in HUD grants to assist organizations like Volunteers of America with our housing development efforts for veterans. Finally, the bill would require HUD to issue on an annual basis a report on its programs and activities that would assist the federal agencies, service providers and others in ascertaining how their programs are assisting veterans.

We are pleased to see the introduction of H.R. 4161, the Homeless Prevention Act. First, we support provisions in the bill that would authorize the Secretary of Housing and Urban Development, in coordination with the Secretary of Veterans Affairs, to carry out a pilot program to prevent at-risk veterans and veteran families from falling into homelessness by expanding the availability of housing for very low income veteran families. Second, we believe it is important to provide funding to assist affordable housing developers, such as Volunteers of America in our efforts to acquire real property and rehabilitate existing housing to assist low income veteran families. This provision is especially important as it is costly for us to acquire decent property, maintain our buildings and provide supportive services to meet the demands of homeless veterans. We strongly encourage Congress to pass both H.R. 3329 and H.R. 4161.

Topics for Consideration and Recommendations to the Subcommittee:
The Need for Permanent Housing and the Homeless Condition of Women Veterans

Permanent Housing

One of the top unmet needs for veterans is the availability of affordable permanent housing. There are certain aspects of the current wars in Iraq and Afghanistan that may contribute to higher rates of homelessness among veterans including high rates of PTSD and TBI which can cause unstable behavior and substance abuse problems. These conditions coupled with multiple tours off duty could make it more difficult for these veterans to successfully reintegrate into their communities and makes it more difficult for them to maintain a stable job. In fact a recent study released by the National Alliance to End Homelessness, who I am pleased is here with us today, indicates that one millions veterans who served after the September 11 attacks, over 70,000 are paying more than half of their incomes for rent which leaves them susceptible to becoming homeless. Like their non-veteran counterparts in society, veterans become homeless when their incomes are too low for them to afford housing, when there is an inadequate supply of affordable housing to address their needs, there is a lack of adequate job skills, and if mental and emotional issues are present that result in them being unable to hold down a steady job.

The recent mortgage crisis in this country is another factor that is adversely impacting veterans that could contribute to their homeless condition. After several years of an expanding housing market and soaring housing prices, many service members returning from Iraq and Afghanistan as well as those who have already returned to the US are experiencing financial ruin in today's housing market. The subprime mortgage crisis, coupled with an increase in interest rates, and the requirement by lending institutions to insist on a sizeable down payments for first time home owners could make it more difficult for our service men and women, who have limited resources, to partake in the American dream and own their own home. To this end, we are pleased that both that you, Chairwoman Waters, and Chairman Frank are addressing this important issue. Furthermore, we wish to applaud Rep. Bob Filner (D-CA), the Chair of the Veterans Affairs Committee who held a field hearing on "The Subprime Mortgage Crisis and America's Veterans" last month in San Diego, California.

Homeless Women Veterans

Volunteers of America and other service providers are keenly aware of the unique challenges that women veterans face when they return home. There are an estimated 8,000 female veterans who are homeless in the United States and this number is expected to rise as more women return from the wars in Iraq and Afghanistan. For example, in addition to the Post Traumatic Stress Disorder (PTSD), Traumatic Brain Injury (TBI) and drug dependence that they may experience there are also elevated levels of sexual harassment and Military Sexual Trauma (MST). In fact a 2006 study, "MST rate of harassment from 55% to 70% and rates of sexual assault from 11% to 48% among women veterans.

Though, we would like to take this opportunity to compliment both HUD and the VA on their recently proposed request for $12 million in new grants for programs for female, mentally disabled, and elderly veterans – double the current funding for these "special needs" programs, I believe the VA would agree that more needs to be done. For female veterans who find themselves on the streets, the problem of finding an adequate shelter is often compounded by fear of sexual abuse. There are few veterans' services programs in the United States that are gender specific and there is a clinical need to have separate buildings and at a minimum dedicated floors for women to address their homeless condition. This feature is an important aspect for their treatment and recovery. In addition, some of these women are also mothers so there needs to be specific emphasis on how to address the multifaceted issues of homeless veterans with children. We are keenly aware of the unique challenges that women veterans face and we would like to recommend that Congress examine their unique needs and circumstances.

Conclusion

In addition to addressing the housing needs for veterans and the conditions that may result in their becoming homeless, Volunteers of America is concerned about two other significant issues facing veterans and their families. First, the current ranks of veterans are aging, placing new demands on medical services and nursing care. Second, as referenced earlier in the testimony, soldiers are surviving horrific injuries in the current conflicts (TBI and PTSD disorders) and returning home, creating unprecedented demands for rehabilitation, supportive services and accessible housing. Volunteers of America is uniquely qualified to assist with these emerging issues. As a major provider of professional long term nursing care for seniors and others coping with illness or injury, we offer a continuum of services that include assisted living, memory care, nursing care, rehabilitative therapy and home health. We also support individuals with disabilities in their own homes and accessible apartments, including ones specifically for persons with TBI and individuals with spinal cord injuries. Volunteers of America is committed to finding new approaches to address these emerging issues. Our service to veterans is based on this expertise and our excellent partnerships with federal, state and local governments. We look forward to working with Congress to end homelessness for veterans and all other Americans.

Thank you for inviting me to testify today. I look forward to answering your questions.

Testimony of
Deborah DeSantis

President and Chief Executive Officer
Corporation for Supportive Housing

Regarding
The Affordable Housing Needs of America's Low Income Veterans

Before the
United States House of Representatives
Committee on Financial Services
Subcommittee on Housing and Community Opportunity

December 5, 2007

Madam Chair Waters, Ranking Member Capito, Members of the Committee, good morning.

My name is Deborah DeSantis and I am President and Chief Executive Officer of the Corporation for Supportive Housing (CSH).

We are grateful the Committee is focusing on the housing needs of veterans.

I want to share what we know about homeless veterans and how permanent supportive housing addresses their needs.

CSH has unique experience as a national organization that, for the last 17 years, has helped communities build permanent supportive housing to prevent and end homelessness, with particular success in serving people struggling with multiple challenges. Many homeless veterans, who so often wrestle with substance use, mental illness and co-occurring disorders, clearly fall into this group.

Last year, the Corporation for Supportive Housing, in cooperation with the National Coalition for Homeless Veterans (NCHV) and Volunteers of America, convened a group of government officials, non-profit providers of services to veterans, and policy advocates to participate in a Leadership Dialogue about the federal policy landscape for homeless veterans. The day and a half event helped attendees develop a common understanding of the role of permanent supportive housing in addressing veterans' homelessness, and the policy changes that would create more housing options for homeless veterans. Many of the observations and recommendations in my testimony today are from lessons learned during this Leadership Dialogue.

Our Observations

Without a stable place to live and a support system to help them address their underlying problems, most homeless veterans bounce from one emergency care system to the next – from streets to shelters to public and VA hospitals to psychiatric institutions and detox centers and back to the streets – endlessly. Estimates are that at least 195,000 veterans are homeless on any night and more than half a million experience homelessness over the course of a year. The extremely high cost of homelessness, in human and economic terms, can be seen in the lives of many veterans.

There is a national consensus that the men and women of our military who are willing to give their lives in service of our country deserve better than to fall into a situation where they consider a park bench, underpass or abandoned building their home. While this problem is a national tragedy, our organization believes we can effectively prevent and end chronic homelessness for our veterans and others.

In addition to affordable housing, services needed by formerly homeless veterans include physical health care, substance use interventions, mental health counseling and educational and employment training.

Important considerations for designing the services strategies within permanent supportive housing projects serving formerly homeless veterans include the following:

- **Understanding the impact of veterans' military service.** For many homeless veterans, their service in the military (whether during wartime or not) and their re-entry into the civilian world are defining aspects of their life experiences. Their military service plays a powerful role in shaping their adult identity, their sense of place within the community, and therefore their experience of homelessness. It is important for housing programs serving veterans to recognize the influence of the culture of military service on the lives of the veterans. It is also important to design service programming that respects, values, and is responsive to, the impact of those life experiences. Many veterans' service organizations place a strong emphasis on incorporating peer-to-peer (veteran-to-veteran) support models within their programming to help ensure their services reflect a thorough understanding of veterans' experiences.

- **Understanding the prevalence of specific mental illnesses.** Veterans come from all walks of life, and can be expected to experience mental illnesses at rates proportional to the general population. However, the experience of military service, especially during wartime, may make veterans especially vulnerable to specific mental health issues, such as Post-Traumatic Stress Disorder. A 1994 study by Dr. Robert Rosenheck and others found the rate of Anti-Social Personality Disorder to be 5-6 times higher among veterans than among non-veterans. These mental health issues may significantly impact veterans' rates of homelessness and their experience of homelessness.

- **Facilitating access to veteran-specific public benefits.** Many veterans, especially those who did not serve during wartime, are not aware of or have not accessed VA pension or health care benefits. Only 25% of homeless veterans have used VA Homeless services. These resources can provide critical support to formerly homeless veterans living in supportive housing settings. In addition, the wars in Iraq and Afghanistan highly utilize our National Guard soldiers who may not be as geographically concentrated near existing veterans' services facilities as active duty components. While Congress and the Administration have made strides towards integrating our citizen soldiers' health care and veterans' benefits, it is important strong oversight of these programs are maintained to ensure they reach all those who serve our nation.

Supportive housing works well for people who face the most complex challenges – veterans who are not only homeless, but who also have very low incomes and serious, persistent issues that may include substance use, mental illness, and HIV/AIDS.

Research documenting the effectiveness of supportive housing has, in fact, bolstered the ever-increasing momentum of government, corporate and philanthropic investment in supportive housing. Studies reveal positive impacts on health, employment, mental health and reducing or ending substance use.

To date, studies indicate:

- More than 80% of people who enter supportive housing are still in housing a year later;
- Formerly homeless residents of supportive housing achieve decreases of more than 50% in emergency room visits and hospital inpatient days, and decreases in emergency detoxification services of more than 80%;
- Supportive housing leads to improvements in neighborhood safety and beautification that helps stabilize property values; and
- Tenants are able to increase by 50% their earned income and by 40% their employment rates when employment services are provided in supportive housing, reducing their reliance on public assistance.

Supportive housing is also cost effective. A study Dr. Dennis Culhane and colleagues at the University of Pennsylvania's Center for Mental Health Policy and Services Research, found supportive housing provides major reductions in costs across seven service systems (including hospitals, jails, and emergency shelters). The study found a 72% reduction in health care costs – a savings of $16,282 per housing unit per year. An even greater reduction of 86% is noted if the use of psychiatric, city and VA hospitals is included in the cost.

Our Recommendations

Given what we know about the needs of homeless veterans and the success of permanent supportive housing, CSH offers the following recommendations:

1. Support the creation of additional permanent supportive housing for homeless veterans and other homeless people

Supportive housing is made possible by a variety of federal government programs, including low income housing tax credits, Section 8 Housing Choice Vouchers, and the Supportive Housing Program within HUD's McKinney-Vento Homeless Assistance Program.

While I know it is not the focus of today's hearing, you will soon be considering reauthorization of the McKinney-Vento Homeless Assistance program. I would be remiss not to mention the importance, as it pertains to housing homeless veterans, of codifying the 30% set aside for permanent housing for homeless households with one or more disabled persons. CSH encourages the Committee to consider reauthorizing legislation as soon as possible and to codify the set-aside when doing so.

Congressional appropriators, on a bipartisan basis, have obligated 30 percent of McKinney Vento funds for permanent housing for the past nine fiscal years. For veterans and other individuals who confront chronic health conditions and suffer, or are at-risk of suffering, long-term and/or repeated bouts of homelessness, permanent supportive housing is the only intervention proven to end costly cycling between systems. The McKinney-Vento permanent housing programs are a critical resource for making supportive housing available and have a real impact on vulnerable households who are often ineligible or screened out of mainstream housing and services programs.

Prior to the 30% set-aside, a sharp decline in the amount of McKinney funding used for permanent housing occurred, despite well-documented need. In 1998, the year before the set aside, only 13% of McKinney money was dedicated to permanent housing, even though sound research backed the general consensus that permanent, supportive housing is an effective approach to ending homelessness, especially for veterans.

Permanent housing is a key to ending current homelessness and preventing future homelessness. In 2002, CSH and others estimated a need for approximately 150,000 units of permanent supportive housing by 2012 to reduce significantly the number of people experiencing chronic homelessness. Congress, the Millennial

Housing Commission, and the President's New Freedom Mental Health Commission have all adopted this goal.

We recognize that a significant portion of the 150,000 units of permanent supportive housing will have to come from mainstream affordable housing programs. Like all housing models funded through McKinney, nearly all supportive housing projects that rely on the McKinney-Vento programs to leverage significant capital investments from other sources, including the Low Income Housing Tax Credit program and other housing and supportive services resources controlled by states and local governments.

We also commend and congratulate Chairman Frank and the Committee for passing an affordable housing trust fund to contribute to a much-needed expansion of our nation's affordable housing stock.

2. Support the funding of additional HUD-VASH Vouchers

I understand it is not this Committee's jurisdiction to fund the HUD-VASH program, but to the degree members can make it a high-priority during this year and future years' passage of the Transportation and HUD Appropriations, we encourage Committee members to do so. The Fiscal Year 2008 T-HUD conference report wisely provides an additional $75 million for HUD-VASH to fund approximately 7,500 new vouchers. In the event of a Presidential veto of this legislation, we encourage Congress to make every effort to preserve this funding.

One of the reasons HUD-VASH has the opportunity to be so successful is because it overcomes the barrier of veterans needing to access assistance from different service agencies. HUD-VASH helps provide an integrated and coordinated approach to meeting the housing and services needs of veterans.

I would like to call the Committee's attention to an important study conducted in 2003 by Dr. Robert Rosenheck and others evaluating the effectiveness of supportive housing specifically for veterans with psychiatric and/or substance use disorders. The authors assigned homeless veterans with psychiatric and/or substance abuse disorders to 1 of 3 groups. The first received services under HUD-VASH, coupling Section 8 vouchers and intensive case management, a second group received case management only, without special access to Section 8 vouchers, and a third group received standard VA care.

Over the course of 3 years, Dr. Rosenheck and his colleagues found those in the HUD-VASH program were housed 16% more days than those who only received case management, and 25% more than those provided standard care by the Veterans' Administration.

3. Future program evaluations should determine the characteristics of veterans who succeed in different program models

As the federal government studies homeless veterans and the programs that serve this population, it would be valuable to focus on determining the characteristics of veterans for whom transitional housing is the best model and those for whom permanent supportive housing is the most effective option. A component of the study should evaluate the needs of female veterans returning from Iraq and Afghanistan.

4. Provide funding on a grant (not per diem) basis.

It was a consensus of the participants in our October 2006 Leadership Dialogue that it is not optimal to fund the services in permanent supportive housing on a per diem basis. This recommendation is based on the difficulties veteran service providers face in underwriting the day-to-day operating costs. For example, if a participant is absent for a day, the provider does not get reimbursed, but is required to hold the space for the participant. By providing funding on a grant basis that could be structured in a manner similar to the critical time intervention teams under the special needs contracts in the VA per diem program, veterans' housing and service providers would have greater security in providing quality care.

We also recommend including a mechanism to ensure that priority populations such as veterans who have been repeatedly unsuccessful in transitional housing, or those who providers have not been able to engage in transitional housing, and female veterans benefit from these funds.

5. Fund demonstration programs on homelessness prevention.

CSH urges Congress to give the VA authority to carry out demonstration programs to identify veterans who are at-risk of homelessness and provide them with appropriate prevention services. Such a program would provide the resources needed to further the development of programs and services that successfully prevent veterans from experiencing homelessness.

6. Encourage communities to identify veterans and connect them with available resources.

CSH believes more education needs to be conducted with outreach workers and communities in general. As the VA system differs considerably from other mainstream service programs, many outreach and case workers are unfamiliar with how to properly access benefits for their clients. If a worker begins the

application process for entitlement benefits when first engaging with a homeless veteran, the veteran may be able to acquire income at an earlier date. Many cities do not know who the veterans are among their homeless populations. Outreach workers and community-based organizations should routinely ask this question so that veterans can receive services for which they are eligible and entitled.

7. Consider removing the clean and sober rule for VA Surplus properties

There should be a discussion around the rule that currently requires programs utilizing surplus VA properties to forbid the use of drugs or alcohol (clean and sober rule). This rule makes it more difficult for outreach or substance use treatment programs to be implemented on such sites. If the rule is changed, these properties could be a significant resource in the effort to provide supportive housing to homeless veterans.

Our Thanks

We thank the Subcommittee for the opportunity to appear today and commend your concern for those who have given so much for our country. We all have a responsibility to ensure that every veteran receives the respect and dignity they deserve, and a safe and affordable place to live.

Madam Chair, I am happy to answer questions.

Prepared Statement of Mark Johnston

Deputy Assistant Secretary for Special Needs Assistance Programs
U.S. Department of Housing and Urban Development

Hearing before the Subcommittee on Housing and Community Opportunity
Committee on Financial Services
United States House of Representatives

"Affordable Housing Needs of America's Low Income Veterans"

December 5, 2007

Introduction

Chairwoman Waters, Ranking Member Capito, Members of the Subcommittee, I am pleased to be here today to represent Secretary Alphonso Jackson and the Department of Housing and Urban Development. The Secretary recognizes the moral responsibility America has to its veterans. This is especially true for those who have served our country who now sleep on the streets of this great nation.

The Department administers a variety of housing programs that can assist veterans. These include the Housing Choice Voucher Program, Public Housing, HOME Investment Partnerships, and the Community Development Block Grant (CDBG) program. These programs, by statute, provide great flexibility so that communities can use their federal resources to meet their particular local needs, including the needs of their veterans. In addition to these programs, Congress has authorized a variety of targeted programs for special needs populations, including homeless persons.

Unfortunately, veterans are well represented in the homeless population. HUD is committed to serving homeless veterans and recognizes that Congress charges HUD to serve all homeless groups. HUD's homeless assistance programs serve single individuals as well as families with children. Our programs serve persons who are impaired by substance abuse, mental illness and physical disabilities as well as non-disabled persons. HUD provides an array of housing and supportive services to all homeless groups, including homeless veterans. I would like to take a moment to outline our activities that specifically relate to serving homeless veterans.

Targeted HUD Homeless Assistance

In February of 2007, HUD competitively awarded a total of nearly $1.3 billion in targeted homeless assistance. A record 5,288 projects received awards. It is important to note that veterans are eligible for all of our homeless assistance programs and HUD emphasizes the importance of serving veterans in its grant application. A total of 205 applications were submitted in 2006 that stated that at least half of their proposed clients would be veterans. Of that number, we awarded funds to 185 projects, which represent 90 percent of the veteran-specific projects submitted. We awarded just over $41 million to these targeted projects. In addition, we awarded almost $301 million to 1,244 projects that will be serving at least 10% homeless veterans among the other homeless groups that they will be assisting. When you combine all projects serving veterans – targeted and non-targeted – we awarded a total of 1,429 projects for over $342 million in 2006.

To underscore our continued commitment to serve homeless veterans, we have highlighted veterans in our annual planning and application process. Approximately $1.3 billion is available in this year's Continuum of Care homeless grants competition. In the grant application we encourage organizations that represent homeless veterans to be at the planning table. Because of HUD's emphasis, over 90 percent of all communities nationwide have active homeless veteran representation. We also require that communities identify the number of homeless persons who are veterans so that each community can more effectively address their needs. To that end, in collaboration with the Department of Veterans Affairs, we also strongly encourage that

communities use the VA's CHALENG (Community Homelessness Assessment, Local Education and Networking Groups) data in assessing the needs of their homeless veterans when preparing their HUD grant application.

Interagency Initiatives

Many of those living on our nation's streets are veterans. The Administration's goal of ending chronic homelessness is helping to meet the needs of these veterans. Because the chronically homeless face many challenges, it is imperative to involve many partners. HUD, the VA, the Department of Health and Human Services, the Department of Labor and the other agencies that make up the U.S. Interagency Council on Homelessness (ICH) have worked to achieve this goal at the federal level. With a sustained effort since 2002, we are starting to see results. HUD just recently announced an 11.5 percent reduction in chronic homelessness nationwide between 2005 and 2006. This is the first time since the federal homelessness programs were created in 1987 that this country has seen a reduction in homelessness of any kind. We are currently reviewing the 2007 data and will be releasing it in the next several months.

I represent HUD on VA's Secretarial Advisory Committee on Homeless Veterans. In fact, I just returned yesterday from an Advisory Committee meeting held in Tampa, Florida – VA's home to key programs for homeless veterans. This important advisory group has specifically addressed chronic homelessness among veterans. Additionally, there are a number of initiatives that HUD has been involved in that focus on ending chronic homelessness in this country. I'd like to highlight two of them.

- The first is a joint initiative with federal interagency partners like HUD, VA, HHS and ICH. Called the Collaborative Initiative to Help End Chronic Homelessness, this was the first demonstration program to specifically focus on chronically homeless persons. HUD contributed $20 million of the initial $35 million awarded. HUD's funds provided the housing needed by this population. The VA and HHS provided the needed supportive services to help persons stabilize their lives. Hundreds of people, including veterans who formerly called the streets their home, are now living in stable housing and taking advantage of substance abuse treatment and other needed services.

- HUD and the Department of Labor awarded $13.5 million to five grantees nationwide to provide permanent housing and employment assistance to chronically homeless persons, including veterans. The local partners provided additional needed services such as health care, education, and life skills. We believe that the combination of housing and jobs has helped chronically homeless persons change their lives and become more self-sufficient.

In addition to special interagency grant initiatives, HUD regularly works with its federal program partners to address the needs of homeless persons, including homeless veterans. For example, this past August, HUD participated in the Department of Labor's DOL-VETS Grantees Training Conference held in Denver, Colorado. HUD was able to provide information on our homeless funding process to over 300 DOL grantees who received awards to help veterans overcome employment barriers. The opportunities to focus on issues involving homeless veterans extend beyond the federal agencies. For instance, HUD works with the National Coalition for Homeless

Veterans and actively participates in their conferences. These opportunities to work with organizations at all levels are very helpful as we continue to make progress in serving homeless veterans.

To coordinate veterans' efforts within HUD, to reach out to veterans organizations, and to help individual veterans, HUD established the HUD Veterans Resource Center. The Center, headed by a veteran, has a 1-800 number to take calls from veterans and to help address their individual needs. The Center has taken over 1,300 calls this year. The Resource Center works with each veteran to connect them to resources in their own community. Finally, the Center also provides information within the Department and with other agencies and veterans organizations to better address the needs of veterans.

Technical Assistance

The Department also serves homeless veterans by providing technical assistance. In one recent effort, we dedicated approximately $350,000 to enhance assistance to providers serving homeless veterans, update existing technical assistance materials, and coordinate with VA's homeless planning networks.

To enhance the capacity of organizations that want to specifically focus on serving homeless veterans, we developed two technical assistance guidebooks. The first guidebook, *Coordinating Resources and Developing Strategies to Address the Needs of Homeless Veterans*, describes programs serving veterans that are effectively coordinating HUD homeless funding with other resources. The second guidebook, *A Place at the Table: Homeless Veterans and Local Homeless Assistance Planning Networks*, describes the successful participation of ten veterans' organizations in their local Continuums of Care. Both of these guidebooks are available on HUD's website. Additionally, we have held national conference calls and workshops to provide training and assistance to organizations that are serving, or planning to serve, homeless veterans.

Conclusion

Again, I want to reiterate my and HUD's desire and commitment to help our veterans, including those who are homeless. We will continue to work with our federal, state and local partners to do so.

Madame Chairwoman, I will be glad to address any questions the Subcommittee may have.

Testimony
of
Nan Roman
President
National Alliance to End Homelessness
before the

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

Hearing on the Affordable Housing Needs of America's Low Income Veterans

December 5, 2007

Chairwoman Waters, Ranking Member Capito, and members of the Subcommittee, on behalf of our Board of Directors and partners, I am honored that you have invited the National Alliance to End Homelessness (the Alliance) to testify before you today on the affordable housing needs of America's low income veterans. We are grateful to you for holding this hearing. Certainly our nation devotes substantial federal resources to the support of veterans, and you will see from my testimony that, with respect to the effect of this support on housing status, it seems to be working. This is as it should be. But there is a group of veterans that have serious housing problems, and tragically there is a large group of veterans that is homeless. This is a serious problem that must be addressed, and the good news is that we know how to address it. Furthermore, and as deplorable as the situation is, this is a solvable problem and with good federal policy and dedicated resources, we can address it to scale. We owe our veterans no less.

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 appearance of thousands of Americans living on the streets of our nation. We have committed ourselves to finding permanent solutions to homelessness. Our bipartisan Board of Directors and our 5,000 nonprofit, faith-based, private and public sector partners across the country devote ourselves to the affordable housing, access to services, and livable incomes that will end homelessness. The Alliance is recognized for its organization and dissemination of evidence-based research to encourage best practices and high standards in the field of homelessness prevention and intervention and we wish to share our insights with you today.

As our name implies, our primary focus is ending homelessness, not simply making it easier to live with. We take this idea very seriously. There is nothing inevitable about homelessness among veterans in the United States. We know more about veteran homelessness and how to address it than we ever have before, thanks in part to extensive research. We know a great deal about the pathways into homelessness, the characteristics of veterans who experience homelessness and the interventions and program models which are effective in offering reconnection to community, and stable housing.

We have been asked today to summarize the research available on the housing needs of low income veterans and the size and characteristics of the homelessness problem among this group, as well as on the most promising strategies for solving this problem.

Homelessness among Veterans

Far too many veterans are homeless in America. The Homelessness Research Institute of the National Alliance to End Homelessness recently issued a report on the housing and homelessness situation among veterans. *Vital Mission: Ending Homelessness among Veterans* (Homelessness Research Institute, November, 2007) analyzes data from the U.S. Department of Veterans Affairs (VA) and the Census Bureau to examine homelessness and severe housing cost burden among veterans.

We began this research by using VA data to examine the extent of homelessness among veterans. We found that:

- **On any given night, one in four homeless people is a veteran.** In 2006, approximately 195,827 veterans were homeless on a given night.

- More veterans experience homelessness over the course of the year. We estimate that **336,627 spent some time homeless over the course of 2006**.

- **Veterans make up a disproportionate share of homeless people**. They represent roughly 26 percent of homeless people, but only 11 percent of the civilian population 18 years and older. This is true despite the fact that veterans are better educated, more likely to be employed, and have a lower poverty rate than the general population.

- A number of states had high rates of homelessness among veterans. They include **California, Louisiana, Nevada, and Oregon, in addition to the District of Columbia.**

- In 2005 approximately **44,000 to 64,000 veterans were chronically homeless** (i.e., homeless for long periods or repeatedly and with a disability).

Homeless veterans can be found in every state across the country and live in rural, suburban, and urban communities. Many have lived on the streets for years. Other veterans live on the edge of homelessness, struggling to pay their rent. Serious health problems and disabilities are both a cause and an effect of homelessness, and as is true of veterans generally, the homeless veteran population is aging.

Housing Status of Veterans

When we first analyzed this data, we assumed that the disproportionate representation of veterans in the homeless population must be due to the fact that veterans have housing problems, since generally speaking housing affordability is the driver in homelessness. So we looked at the housing situation of veterans more generally, examining the American

Community Survey data (for 2005 – the most recent data available at the time of the research). In fact, we found that, when viewed as a group, veterans can afford their monthly housing costs.

- **Only 4 percent of veterans pay more than 50 percent of their income for housing** (compared to 8 percent of the general population).
- Veterans are **more likely than the general population to be homeowners** (80 percent of veterans are homeowners versus 69 percent of the general population).
- Of those **with mortgages, about 2.4 percent are paying more than 50 percent of their income toward their monthly payment.**
- Nearly **half of veteran homeowners (42 percent) have paid off their mortgages** and own their homes free and clear.
- **Ten percent of renters pay more than 50 percent of their income for housing**.

So on the whole, and across all incomes, veterans are well housed. Having said this, we did find a subset of veterans who rent housing and have severe housing cost burdens, paying more than 50 percent of their income for housing.

- In 2005, **467,877 veterans were severely rent burdened and were paying more than 50 percent of their income for rent**.

- Not surprisingly, many of these veterans were **poor**. More than half (55 percent) of veterans with severe housing cost burden fell below the poverty level and 43 percent were receiving foods stamps.

- **California, Nevada, Rhode Island and Hawaii** were the states with the highest percentage of veterans with severe housing cost burden. The **District of Columbia** had the highest rate, with 6.5 percent of veterans devoting more than 50 percent of their income to rent.

We examined the characteristics of this group of people paying too much for housing and we found the following.

- Veterans with a **disability** are more likely to have severe housing cost burden. They are twice as likely to have a work disability as other veterans (18 percent versus 9 percent). Similarly, they are twice as likely to have a disability that limits their mobility (20 percent versus 10 percent).

- **Female veterans** are more likely to have housing cost burdens. Although women are only 7 percent of veterans, they represent 13.5 percent of veterans with housing cost burdens. And while 13 percent of them have housing cost burdens, only 10 percent of male veterans have such burdens.

- **Unmarried veterans** are more likely to have cost burdens by a factor of nearly two. 13 percent of veterans who do not have a spouse have severe housing cost burden versus 7 percent of those who are married.

- **Period of service** seems to matter. Recent veterans (1980 – 2003) are less likely than earlier veterans to have housing cost burden. Somewhat surprisingly, older veterans from the Korean War and World War II are more likely to have housing cost burdens. These are comparisons of rate. By sheer size, Vietnam War veterans make up the largest group of those with housing cost burdens.

- **In 2005, approximately 89,553 to 467,877 veterans were at risk of homelessness.** The lower estimate is renters with housing cost burden, living below the poverty level, disabled, living alone, and not in the labor force. The upper estimate is all renters with housing cost burden.

Communities are working to end homelessness among veterans. Across the country, thousands of stakeholders—policymakers, advocates, researchers, practitioners, former and currently homeless people, community leaders, and concerned citizens—have joined together to create 10-year plans to end homelessness. While most plans are geared toward ending homelessness among *all* people, including homeless veterans, about 20% of the plans have strategies specifically targeted to this group. These strategies include more aggressive outreach targeted to veterans, greater coordination between local VA and homeless service agencies, targeted rental subsidies for veterans who are chronically homeless, permanent supportive housing that is linked to mental health services, and other supports. While some communities are making progress, challenges remain daunting.

The Current Federal Policy Response

The current federal response to housing of veterans is inadequate for at least a half a million veterans. The primary responses of the federal government to the housing situation of veterans are or have been the following programs targeted to veterans.

- **Homeownership loan guarantees and retrofitting loans** (for disabled veterans) through the GI Bill of Rights. It should be noted that these are relatively shallow forms of assistance and are not generally adequate to assist lower income veterans to become homeowners.
- **Homeless programs** providing temporary housing including shelter and two-year transitional housing (funded through the Grant and Per Diem Program, Domiciliary Care for Homeless Veterans Program, Compensated Work Therapy/Veterans Industries program). These programs do not currently meet need. For example, Grant and Per Diem only funds 8,000 beds.
- **HUD-VASH** program providing permanent supportive housing with the housing subsidy provided via the U.S. Department of Housing and Urban Development (HUD) (this is the only HUD program targeted directly to veterans) and the services provided by the VA. This program currently funds fewer than 1,800 units; far below need.

In addition, veterans are eligible for assistance through programs not targeted to them specifically. Many veterans are served by the homeless assistance programs, for example. However, these resources are inadequate to meet the need. A recent analysis of HUD data (*Homelessness Counts*, National Alliance to End Homelessness, January 2007) found that of the 744,313 people who were homeless in January 2005, an estimated 44 percent were unsheltered. Similarly, mainstream housing subsidy programs at HUD, such as the public housing and Section 8 Housing Choice Voucher programs, serve veterans. They are, as the Committee is well aware, extremely over-subscribed and meet only a fraction of the need.

The GI Bill homeownership and loan programs are available to all who qualify for them. Of the remaining temporary and permanent housing programs, none is funded adequately to meet the housing needs of all low income or homeless veterans. **Further, if a veteran is not able or willing to become a homeowner, or is not homeless, there is no federal housing assistance targeted specifically to him or her.**

Needed Federal Policy Response

Despite the inadequacy of federal assistance, we do know what is needed to meet the housing needs of veterans. We know from research on homelessness that housing subsidy solves the housing problem (and ends homelessness) for the majority of people, notwithstanding that they may have service needs. For veterans who are disabled or disabled and elderly, another part of the solution is services designed to ensure housing stability. Housing affordability and housing/services linkages can be addressed either piecemeal through a variety of VA and HUD programs, or in a more comprehensive way by ensuring veterans a housing benefit of some type.

The National Alliance to End Homelessness proposes the following steps that the federal government could take to end the housing and homelessness crisis among veterans.

Assess housing status at discharge. Our analysis shows that a high number of veterans are at risk of homelessness. A first strategy in addressing the housing needs of veterans is to asses their housing status when they are exiting the military. This will help to smooth the transition to stable housing, and prevent homelessness.

Everyone leaving active duty should be assessed as to their housing status, including their risk of homelessness. All should receive basic information about housing and the resources available through the VA. The VA, in turn, should have housing relocation assistance available, including housing locator services and flexible financial resources (see rapid re-housing below). For those veterans who have characteristics associated with risk of homelessness (disability, previous homelessness experience, lack of discharge address, lack of income, etc.), more extensive discharge planning should be provided, including the ability to link veterans to housing subsidy programs, procure placements in supportive housing, and/or link to local VA offices with the capacity to ensure follow-up support for stable housing.

Recommendation: All veterans exiting service should be assessed as to their housing status, and the VA should have resources to assist veterans to access housing.

Rapid re-housing of homeless veterans. Procedures should be established within the VA to ensure its ability to rapidly re-house veterans who have become homeless. For many homeless veterans, a rapid re-housing approach will be all that is needed. Others may need interim housing to address treatment or other needs, but re-housing assistance should be available at discharge from these temporary housing programs. VA should be funded to go to scale with these approaches.

Rapid re-housing. The VA needs flexible resources to intervene when veterans are on the verge of homelessness or when they are already homeless and do not need intensive treatment or other services. Payment of back rent, help with employment and benefits to improve incomes, mediation with property owners or roommates, or assistance with searching for new living options are among the services that need to be available. Outreach to veterans needs to take place to ensure that they know about available resources.

Temporary housing/services and re-housing. For veterans whose disabilities are not so severe that they need permanent supportive housing, but who do need a stable living situation combined with supportive services for a period of time up to two years, transitional housing is a successful model. It is especially effective for homeless veterans who are working to overcome addiction. The Homeless Grant and Per Diem program provides VA funds to nonprofits to run transitional housing for homeless veterans. The program has achieved positive results. It is not, however, funded at a level sufficient to meet the need, as demonstrated in a recent GAO study. Congress should increase funding to $170 million for FY 2008 and $200 million for FY 2009.

Recommendation: Ensure that VA has the resources to rapidly re-house veterans who become homeless, either immediately or after transition, by providing them with adequate resources to meet this need. Increase funding for the Homeless Grant and Per Diem program to meet the need.

Permanent supportive housing. For disabled low income veterans who require on-going services in order to stay stably housed, permanent supportive housing is a proven solution. This strategy combines affordability with decent housing and services designed to ensure stability. There are many models of permanent supportive housing, both scattered-site and single-site. Some focus only on veterans; others mix veteran and non-veteran populations. Veterans should be able to choose among different models.

Permanent supportive housing can provide a housing solution for disabled veterans regardless of income. However, its success in ending homelessness for people (including veterans) who have been chronically homeless has been particularly well documented. Our report estimates that there were 44,000 to 66,000 chronically homeless veterans in 2005. Research indicates that they could be cost effectively served with permanent supportive housing, and that the investment in such housing would be offset by reduced medical and

treatment costs. Supportive housing for homeless and low income veterans requires funding for operating costs, services, and capital costs.

Operating costs. The existing HUD-VA Supportive Housing program (HUD-VASH) provides rent vouchers from HUD for homeless veterans, combined with treatment, case management and supportive services from the VA. This program has demonstrated housing stability for veterans with the most severe disabilities. The Senate T-HUD appropriation bill would provide for $75 million for this purpose next year, enough to house approximately 8,000 veterans. In addition to the HUD-VASH vouchers, additional rent subsidies will be required from HUD and the VA to go to scale with a permanent supportive housing approach.

Services. The HUD-VASH program requires that the VA have resources available to provide the case management, treatment and support services that are a key part of this intervention. Funded through VA Health Care, an amount approximately equal to the appropriation from HUD will be necessary.

Additionally, a number of bills over the past two years have sought to authorize the VA to provide grants to nonprofit community-based organizations to provide supportive services to veterans with the lowest income who are now in permanent housing (including those who have been homeless). Finally, the Services for Ending Long-Term Homelessness Act, S. 593, would provide funding for this purpose for all homeless people including veterans. VA mainstream and other service resources will be required to go to scale with this strategy.

Capital costs. To the extent that supportive housing for veterans requires the production of new housing stock or the rehabilitation of existing buildings that are not fit for habitation, there is a need for an authorized program to provide capital funds. Programs such as the National Affordable Housing Trust Fund might provide resources in this regard.

Recommendation: Provide the 44,000 to 66,000 permanent supportive housing units that are needed to meet the housing needs of chronically disabled, chronically homeless veterans. Additional permanent supportive housing units should be provided to meet the needs of disabled veterans more broadly. Capital, operating subsidies, and services funding are required to provide these units. At a minimum, 5,000 units per year over the next five years should be initiated. This would cut the number of chronically homeless veterans by half in five years.

New Initiatives. There are several new initiatives before Congress to address the housing needs of low income veterans.

Homes for Heroes Act of 2007: The Homes for Heroes Act takes several important steps to address the housing needs of low income veterans. Primarily it ensures that veterans can access HUD programs by: establishing a Special Assistant for Veterans Affairs; providing assistance to nonprofits to increase the supply of affordable housing; targeting 20,000 vouchers to veterans; excluding veterans' benefits from

income eligibility calculations for rental housing; and including veterans in the comprehensive planning process. The Alliance supports this bill as it addresses many of the issues raised above, and with the assumption that additional appropriations will be provided to support proposed activities.

Veterans Homelessness Prevention Act: This bill authorizes a pilot program to prevent veteran homelessness. It also provides 5,000 Section 8 Housing Choice Vouchers for veterans. The Alliance supports this bill which addresses both prevention and permanent housing, with the assumption that additional appropriations will be provided to support proposed activities.

More housing options. It is crucial that federal resources focus on veterans who are homeless now, and on those who are on the brink of falling into homelessness. At the same time, this problem requires a commitment that decent housing will be something that all veterans can count on. Access to permanent housing is consistently the number one service need identified by those concerned with homeless veteran issues (VA staff, community providers, local government agencies, public officials, and former and currently homeless veterans themselves). Further, reports indicate that veterans returning from Iraq and Afghanistan are seeking help with housing sooner than past cohorts of veterans.

While the strategies above are workable, they are essentially piecemeal in nature; deliver assistance in some part by setting aside resources in current HUD programs, running the risk of assisting veterans at the expense of other needy groups; and are subject to annual appropriations, sometimes from various sources.

As an alternative, Congress could provide comprehensive housing assistance to all veterans who need it, or to some subset of veterans such as those with disabilities. Such assistance could be provided through the VA or through HUD. It could be used for either rental housing or homeownership.

Recommendation: Provide all low income veterans with a means-tested housing benefit. Alternatively, provide all disabled veterans with a housing benefit.

Conclusion

I am not happy to report that our nation now has some 20 years of experience on the issue of homeless veterans. We know that veterans do not tend to become homeless immediately after discharge, but that difficulties may take years to emerge. We know that post traumatic stress disorder, traumatic brain injuries and other factors of war may make them vulnerable to increasing poverty and housing problems. And we know that housing and supportive housing are a solution to these problems.

Tens of thousands of veterans will be returning from Iraq and Afghanistan. As we would expect, they have not yet begun to become homeless in significant numbers, probably due to the delayed impact of combat service on homelessness. So while even one homeless veteran is too many, the VA reports that only 400 Iraqi veterans have used VA homeless services,

and that just over 1,500 such veterans are at risk of homelessness. Hopefully, these numbers will remain small, but we fear that they will not. If we do not take advantage of all that we have learned about solutions to homelessness, in the future we can expect to see thousands more veterans on our streets and in our shelters.

We have a tremendous opportunity before us, and one that this Committee clearly is seizing. There is unprecedented public will that the veterans of the current conflict, and by extension their colleagues from previous wars and service, should be well supported and not suffer ill effects from their service. Now is the time to be bold. We can prevent veterans from becoming homeless. We can house those veterans who are already homeless. And we can ensure that all veterans, including those with low incomes, have stable, decent and affordable housing. This is our vital mission.

Thank you for inviting us to testify before you today on this critical issue.

United States Government Accountability Office

GAO

Testimony

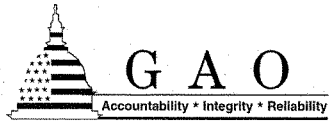
Before the Subcommittee on Housing and Community Opportunity, Committee on Financial Services, House of Representatives

For Release on Delivery
Expected at 10:00 a.m. EST
Wednesday, December 5, 2007

RENTAL HOUSING

Information on Low-Income Veterans' Housing Conditions and Participation in HUD's Programs

Statement of David G. Wood, Director
Financial Markets and Community Investment



GAO-08-324T

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Highlights

Highlights of GAO-08-324T, a testimony before the Subcommittee on Housing and Community Opportunity, Committee on Financial Services, House of Representatives

Why GAO Did This Study

Veterans returning from service in Iraq and Afghanistan could increase demand for affordable rental housing. Households with low incomes (80 percent or less of the area median income) generally are eligible to receive rental assistance from the Department of Housing and Urban Development's (HUD) housing choice voucher, public housing, and project-based programs. However, because rental assistance is not an entitlement, not all who are eligible receive assistance.

This testimony, based on a 2007 report, discusses (1) the income status and demographic and housing characteristics of veteran renter households, (2) how HUD's rental assistance programs treat veteran status (whether a person is a veteran or not) and whether they use a veteran's preference, and (3) the extent to which HUD's rental assistance programs served veterans in fiscal year 2005.

The 2007 report discussed in this testimony made no recommendations.

To view the full product, including the scope and methodology, click on GAO-08-324T. For more information, contact David G. Wood at (202) 512-8678 or woodd@gao.gov.

December 2007

RENTAL HOUSING

Information on Low-Income Veterans' Housing Conditions and Participation in HUD's Programs

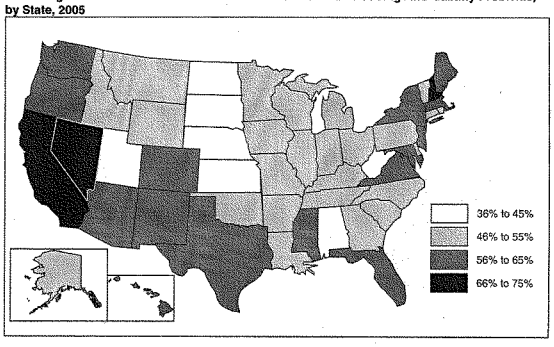
What GAO Found

In 2005, an estimated 2.3 million veteran renter households had low incomes. The proportion of veteran renter households that were low income varied by state but did not fall below 41 percent. Further, an estimated 1.3 million, or about 56 percent of these low-income veteran households nationwide, had housing affordability problems—that is, rental costs exceeding 30 percent of household income (see map for state percentages). Compared with other (nonveteran) renter households, however, veterans were somewhat less likely to be low income or have housing affordability problems.

HUD's major rental assistance programs are not required to take a household's veteran status into account when determining eligibility and calculating subsidy amounts, but eligible veterans can receive assistance. The majority of the 41 largest public housing agencies that administer the housing choice voucher or public housing programs had no veterans' preference for admission. The 13 largest performance-based contract administrators that oversaw most properties under project-based programs reported that owners generally did not adopt a veterans' preference.

In fiscal year 2005, an estimated 11 percent of all eligible low-income veteran households (at least 250,000) received assistance, compared with 19 percent of nonveteran households. Although the reasons for the difference are unclear, factors such as differing levels of need for affordable housing among veteran and other households could influence the percentages.

Percentage of Low-Income Veteran Renter Households with Housing Affordability Problems, by State, 2005



Sources: GAO analysis of sample survey data from 2005 American Community Survey; Art Explosion (map).

Madam Chairwoman and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss our work on the housing conditions of veterans with low incomes and their participation in HUD's rental assistance programs. As you know, disproportionately large numbers of military veterans have appeared among the homeless population in recent years, raising concerns about the incomes and housing conditions of veterans who rent, rather than own, their homes. According to the Department of Veterans Affairs (VA), on any given night at least 194,000 veterans were homeless in fiscal year 2005—about one-third of the adult homeless population—and many veteran renters could be on the verge of homelessness if they have low incomes or precarious living conditions in overcrowded or substandard housing.[1] The return of more veterans from service in Iraq and Afghanistan—some with significant physical and psychological challenges—could increase demand for affordable housing with supportive services such as mental health and substance abuse treatment.

The Department of Housing and Urban Development (HUD) is the primary federal provider of rental housing assistance through its housing choice voucher, public housing, and project-based programs. Vouchers assist households in paying rent for units of their choice in the private market, while public housing and project-based programs assist households by subsidizing the rents of specifically designated units. These programs generally serve low-income households—those with incomes that are 80 percent or less of their local area median incomes. However, because the rental assistance programs are not entitlement programs—the extent of assistance is limited by the amount of appropriated funds—not all renter households that are eligible receive assistance. My testimony refers to households that do not receive rental assistance as "unassisted."

My statement is based on our August 2007 report, Rental Housing: Information on Low-Income Veterans' Housing Conditions and Participation in HUD's Programs.[2] Specifically, my statement discusses (1)

[1]We use the Bureau of the Census's definition of a veteran: generally, a person who is 18 years of age or older and has served on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard in the past, but is no longer on active duty. Persons who have served in the National Guard or Military Reserves are classified as veterans only if they have been called or ordered to active duty.

[2]GAO-07-1012. This report was mandated by the conference report accompanying the Fiscal Year 2006 Military Quality of Life and Veterans Affairs Appropriations Act.

the income status and demographic and housing characteristics of veteran renter households; (2) how HUD's rental assistance programs treat veteran status (that is, whether a person is a veteran or not) and veteran-specific benefits in determining eligibility and subsidy amounts; (3) the extent to which public housing agencies and property owners—third parties who administer rental assistance programs on HUD's behalf—establish veterans' preferences in their administrative and tenant selection plans; and (4) the extent to which HUD's rental assistance programs served veteran households in fiscal year 2005.

In preparing our recent report, we analyzed data from the Bureau of the Census' (Census) 2005 American Community Survey (ACS) on the income status and demographic and housing characteristics of veteran households. Using income categories established by HUD for calendar year 2005, we estimated the number of veteran households in the ACS with incomes that were low (80 percent or less of the area median income), very low (50 percent or less of the area median income), and extremely low (30 percent or less of the area median income).[3] We also used information on veteran households in ACS to describe certain demographic characteristics, and the cost and quality of their housing.[4] To determine how HUD's rental assistance programs treat a household's veteran status (that is, whether the household includes a veteran or not) in determining eligibility and subsidy amounts, we reviewed HUD's eligibility policies and regulations on rental assistance programs and interviewed officials from HUD and VA. To determine whether public housing agencies and property owners participating in HUD's programs have established a veterans' preference for households, we interviewed officials from the 41 largest agencies that administer the public housing program and/or the voucher program, and from the 13 largest performance-based contract administrators that oversee property management under project-based rental assistance programs.[5] Information on preferences, however, is not statistically generalizable to the other public housing agencies and

[3]Not included in the 2005 ACS survey universe are individuals who live in group quarters—which include college dormitories, correctional facilities, and certain types of nursing facilities and hospitals—or homeless individuals.

[4]Unless otherwise noted, all reported numeric estimates derived from ACS are subject to sampling errors of plus or minus 10 percent or less of the value of those numeric estimates.

[5]We contacted or visited 41 different public housing agencies. Of these, 33 administered both the public housing and voucher programs, 7 administered the voucher program only, and 1 administered the public housing program only. Nationwide, there are more than 4,000 public housing agencies.

property owners. Finally, to determine the extent to which HUD's rental assistance programs served veteran households in fiscal year 2005, we matched data from HUD on program participants with data from VA on living veterans and used these matched data to estimate the percentage of low-income veteran renter households that received HUD assistance. For all of our research objectives, we consulted with officials from various housing and veteran groups. We conducted our work in Atlanta, Boston, Chicago, Los Angeles, and Washington, D.C., from March 2006 through July 2007 in accordance with generally accepted government auditing standards.

In brief, we found the following:

In 2005, an estimated 2.3 million veteran renter households, or about 53 percent of all veteran renter households nationwide, were low income (their household incomes were 80 percent or less of their areas' median household incomes), and more than half of these low-income households had problems affording their rent. The number of low-income veteran renter households varied considerably by state, from a high of 236,000 in California (representing 10 percent of all low-income veteran renters nationwide) to less than 6,000 in Wyoming. While the percentages of renter households that were low-income varied by state, in no state did the proportion fall below 41 percent. In terms of demographic characteristics, we found the following:

- More than one-third of low-income veteran renter households included a veteran who was elderly or had a disability.[6]
- An estimated 1.3 million, or about 56 percent of low-income veteran renter households, had housing affordability problems—that is, their rental costs exceeded 30 percent of their household incomes. The extent of housing affordability problems varied significantly by state. For example, Nevada had the highest percentage of low-income veteran renters with affordability problems (about 70 percent), while North Dakota had the lowest percentage (about 37 percent).
- Nationally, a small percentage (less than 3 percent) of low-income veteran renters lived in overcrowded or inadequate housing.

[6]In this testimony, we consider a veteran renter household to be elderly if at least one veteran member was 62 years or older. A veteran renter household with a disability contains at least one veteran member with a disability as defined by Census.

Finally, in general, veteran renter households were less likely to be low-income, have affordability problems, or live in overcrowded or inadequate housing than were other (nonveteran) households.

HUD's major rental assistance programs are not required to take a household's veteran status into account when determining eligibility and calculating subsidy amounts, but eligible veterans can receive assistance. HUD is not required to collect, and does not collect, any information that identifies the veteran status of assisted households. When determining income eligibility and subsidy amounts, HUD generally does not distinguish between income sources that are specific to veterans, such as VA-provided benefits, and other sources of income; rather, HUD takes into account the type of income, such as whether it is recurring or not. Finally, although HUD rental assistance programs generally do not target veterans, HUD allocated about 1,800 vouchers in the early 1990s for placing formerly homeless veterans with severe psychiatric or substance abuse disorders into affordable rental housing, but usage of these vouchers has been declining—as of the end of fiscal year 2006, about 1,000 vouchers remained in use.

The majority of the 41 largest public housing agencies we contacted have no veterans' preference for admission to their public housing or voucher programs, and all of the 13 largest performance-based contract administrators we contacted told us that owners of project-based properties that they oversee generally do not have a veterans' preference. Specifically, according to our interviews with 34 of the largest housing agencies that administer public housing programs, 14 (about 41 percent) offered a veterans' preference in fiscal year 2006, and 13 of the 40 largest agencies (about 33 percent) that administer the housing choice voucher program offered a veterans' preference. Officials from all of the 13 largest contract administrators told us that owners of project-based properties that they oversee generally do not employ a veterans' preference when selecting tenants.

Low-income veteran households were less likely to receive HUD rental assistance than other low-income households (that is, nonveteran households). Specifically, of all low-income veteran households, an estimated 11 percent received HUD rental assistance in fiscal year 2005, whereas an estimated 19 percent of other low-income households received assistance. Although the reasons for the difference are unclear, based on our analyses and discussions with HUD officials, various factors could influence the percentage of eligible veteran households that receive HUD rental assistance—for example, different levels of need for affordable

housing among veteran and other households and public housing agencies' and property owners' use of veterans' preference. In fiscal year 2005, at least 250,000 low-income veteran households received rental assistance under HUD's programs—representing about 6 percent of all households that received such assistance. Compared with other (nonveteran) assisted households, veteran assisted households were as likely to be elderly but were more likely to have a disability.

Background

According to Census data, in 2005 an estimated 21.9 million households, or 20 percent of the 111.1 million households nationwide, were "veteran households"—that is, they had at least one member who was a military veteran. Most veteran households—about 80 percent—owned their own homes, a significantly higher percentage than was the case for other (nonveteran) households (about 64 percent). About 4.3 million veteran households rented their homes. Census data also show that renter households were more likely to be low-income than were owner-occupied households; in 2005, about 66 percent of renter households were low-income while 32 percent of homeowners were low-income.

VA, through a variety of programs, provides federal assistance to veterans who are homeless, and also provides homeownership assistance, but does not provide rental assistance. One of the agency's largest programs for homeless veterans is the Homeless Providers Grant and Per Diem program, which provides funding to nonprofit and public agencies to help temporarily shelter veterans. VA also administers eight other programs for outreach and treatment of homeless veterans.[7] In addition to its homelessness programs, VA provides a variety of programs, services, and benefits to veterans and their families.[8]

HUD provides rental housing assistance through three major programs—housing choice voucher, public housing, and project-based. In fiscal year 2005, these programs provided rental assistance to about 4.8 million households and paid about $28 billion in rental subsidies. These three programs generally serve low-income households—that is, households with incomes less than or equal to 80 percent of their local area median

[7]See GAO, *Homeless Veterans Programs: Improved Communications and Follow-up Could Further Enhance the Grant and Per Diem Program*, GAO-06-859 (Washington, D.C.: Sept. 11, 2006).

[8]U.S.C. Title 38, Part II General Benefits, and Part III Readjustment and Related Benefits.

incomes. Most of these programs have targets for households with extremely low incomes—30 percent or less of their area median incomes. HUD-assisted households generally pay 30 percent of their monthly income, after certain adjustments, toward their unit's rent.[9] HUD pays the difference between the household's contribution and the unit's rent (under the voucher and project-based programs) and the difference between the public housing agencies' operating costs and rental receipts for public housing.

More Than Half of Low-Income Veteran Renter Households Had Housing Affordability Problems

According to our analysis of ACS data, of the 4.3 million veteran households that rented their homes, an estimated 2.3 million, or about 53 percent were low-income in 2005. As shown in table 1, the largest share of these 2.3 million households was concentrated in the highest low-income category—that is, 50.1 to 80 percent of the area median income—with somewhat smaller shares in the two lower categories. The table also shows that other renter households (that is, households without a veteran member) were even more likely to be low-income than veteran renter households.

Table 1: Veteran and Other Renter Households, by Income Category, 2005

	Veteran household		Other household	
Income category (as a percentage of the area median income)	**Number**	**Percentage**	**Number**	**Percentage**
All low income (80% or less)	2,282,720	53%	22,012,930	68%
50.1 to 80%	966,865	22	6,774,065	21
30.1 to 50%	674,085	16	6,101,435	19
30% or less	641,770	15	9,137,430	28
Not low income (greater than 80%)	2,023,755	47	10,452,230	32
Total renter households	**4,306,475**	**100%**	**32,465,160**	**100%**

Source: GAO analysis of sample survey data from 2005 ACS.

[9]A tenant's rent is based on a family's anticipated gross annual income—that is, income from all sources received by the family head, spouse, and each additional family member who is 18 years of age or older, less applicable exclusions and deductions. There are 44 different types of income exclusions and deductions.

The estimated numbers of low-income veteran renter households in 2005 varied greatly by state, from some 236,000 in California—the most of any state—to less than 6,000 in each of 3 states—Delaware, Vermont, and Wyoming. [10] The percentages of veteran renter households that were low-income in 2005 also varied considerably by state, from about 65 percent in Michigan to about 41 percent in Virginia. Further details on how these figures varied by state, including maps, can be found in appendix I. In addition, a significant proportion of low-income veteran renter households included a veteran who was elderly or had a disability. Specifically, an estimated 816,000 (36 percent of these veteran households) had at least one veteran who was elderly (that is, 62 years of age or older); and 887,000 (39 percent) had at least one veteran member with a disability.

More Than Half of Low-Income Veteran Renters Had Problems Affording Their Rents

According to our analysis of ACS data, an estimated 1.3 million low-income veteran households, or about 56 percent of the approximate 2.3 million such households, had rents that exceeded 30 percent of their household income in 2005 (see table 2). These veteran renter households had what HUD terms "moderate" or "severe" problems affording their rent.[11] Specifically, about 31 percent of low-income veteran renter households had moderate affordability problems, and about 26 percent had severe affordability problems. The remainder either paid 30 percent or less of their household income in rent, reported zero income, or did not pay cash rent. In comparison, a higher proportion of other low-income renter households had moderate or severe housing affordability problems.

[10]Estimates derived from the ACS, like all survey data, contain sampling errors (that is, such estimates would be different if the survey had selected another sample). Since each sample could have provided different estimates, we express our confidence in the precision of this sample's results as 90 percent confidence intervals. We express this type of error as a margin of error, which is the difference between an estimate and its upper or lower confidence interval, and we express the margin of error as a percentage. The margins of errors were larger for Vermont, Delaware, and Wyoming (exceeding plus or minus 20 percent) than those for the other states because of the relatively small sample size used to derive the estimates (see app. II in GAO-07-1012 for margins of error for each state and the District of Columbia).

[11]HUD classifies a housing affordability problem as "moderate" if housing costs are between 30.1 percent and 50 percent of household income and "severe" if housing costs are more than 50 percent.

Table 2: Housing Affordability for Low-Income Renter Households, 2005

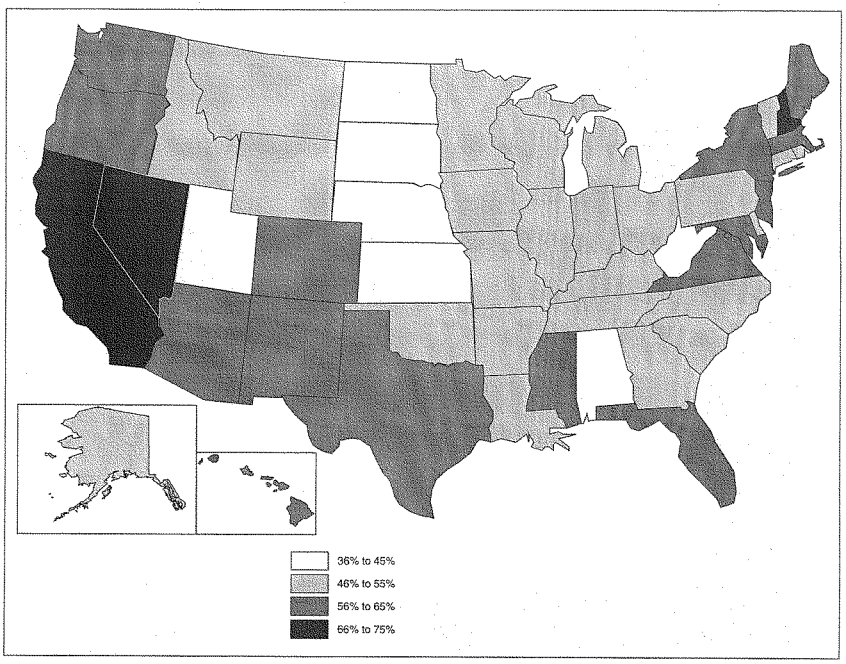
	Veteran household		Other household	
Affordability category	**Number**	**Percentage**	**Number**	**Percentage**
Affordability problem	1,284,540	56%	13,855,530	63%
Moderate	699,470	31	6,260,495	28
Severe	585,070	26	7,595,035	35
No affordability problem	763,640	33	6,264,690	28
Zero income/no cash rent	234,535	10	1,892,710	9
Total	**2,282,720**	**100%**	**22,012,930**	**100%**

Source: GAO analysis of sample survey data from 2005 ACS.

Note: Totals may not add due to rounding.

The extent of housing affordability problems among low-income veteran renter households varied significantly by state in 2005 (see fig. 1). The median percentage of low-income veteran renters with affordability problems nationwide was 54 percent. California and Nevada had the highest proportions of affordability problems among low-income veteran renter households—about 68 and 70 percent, respectively. North Dakota and Nebraska had the smallest—about 37 and 41 percent, respectively.

Figure 1: Percentage of Low-Income Veteran Renter Households with Housing Affordability Problems, by State, 2005



Sources: GAO analysis of sample survey data from 2005 ACS; Art Explosion (map).

Note: Three states and the District of Columbia had margins of error of more than 10 percentage points.

Small Percentage of Low-Income Veteran Renter Households Lived in Overcrowded or Inadequate Housing

A relatively small percentage of veteran households lived in overcrowded or inadequate housing in 2005. Specifically, an estimated 73,000, or 3 percent, of low-income veteran renter households lived in overcrowded housing—housing with more than one person per room—and less than 18,000, or about 1 percent, lived in severely overcrowded housing—housing with more than one and a half persons per room.[12] In contrast, an estimated 1.5 million, or 7 percent, of other low-income renter households lived in overcrowded housing, and about 423,000, or 2 percent, lived in severely overcrowded housing.

Finally, ACS data indicate that a very small share of low-income veteran renters lived in inadequate housing. ACS provides very limited information about the quality of the housing unit; the survey classifies a unit as inadequate if it lacks complete plumbing or kitchen facilities, or both.[13] In 2005, an estimated 53,000, or 2 percent, of low-income veteran renter households lived in inadequate housing. In comparison, an estimated 334,000, or 2 percent, of other households lived in inadequate housing.

HUD Rental Assistance Programs Do Not Take Veteran Status into Account When Determining Eligibility or Subsidy Amounts

HUD's major rental assistance programs are not required to take a household's veteran status into account when determining eligibility and calculating subsidy amounts. (Consequently, HUD does not collect any information that identifies the veteran status of assisted households.) As with other households, veterans can benefit from HUD rental assistance provided that they meet all of the programs' income and other eligibility criteria. For example, assisted households must meet U.S. citizenship requirements and, for some of the rental assistance programs, HUD's criteria for an elderly household or a household with a disability.

When determining income eligibility and subsidy amounts, HUD generally does not distinguish between income sources that are specific to veterans, such as VA-provided benefits, and other types of income. HUD policies define household income as the anticipated gross annual income of the household, which includes income from all sources received by the family

[12]HUD's regulation defines housing overcrowding as a housing unit with 1.01 or more persons per room (see 24 C.F.R. 791.402) but does not provide a definition for severe overcrowding. The measure of severe overcrowding to which we refer in this report (1.51 or more persons per room) is commonly used for statistical reporting purposes.

[13]According to ACS, a housing unit has complete plumbing if it has (1) hot and cold piped water, (2) a flush toilet, and (3) a bathtub or shower and complete kitchen facilities if it has (1) a sink with piped water, (2) a stove or range, and (3) a refrigerator.

head, spouse, and each additional family member who is 18 years of age or older. Specifically, annual income includes, but is not limited to, wages and salaries, periodic amounts from pensions or death benefits, and unemployment and disability compensation.[14] HUD policies identify 39 separate income sources and benefits that are excluded when determining eligibility and subsidy amounts. These exclusions relate to income that is nonrecurring or sporadic in nature, health care benefits, student financial aid, and assistance from certain employment training and economic self-sufficiency programs.[15]

We found that, based on HUD's policies on income exclusions, most types of income and benefits that veteran households receive from VA would be excluded when determining eligibility for HUD's programs and subsidy amounts. Many of the excluded benefits relate to payments that veteran households receive under certain economic self-sufficiency programs or nonrecurring payments such as insurance claims. Of the benefits included, most are associated with recurring or regular sources of income, such as disability compensation, pensions, and survivor death benefits.

Of the 39 exclusions, we found that two income exclusions specifically applied to certain veteran households but, according to HUD, these exclusions are rarely used. These income exclusions are (1) payments made to Vietnam War-era veterans from the Agent Orange Settlement Fund and (2) payments to children of Vietnam War-era veterans who suffer from spina bifida. The two exclusions are identified in federal statutes that are separate from those authorizing the three major rental assistance programs.[16]

HUD does provide rental assistance vouchers specifically to veterans under a small program called the Housing and Urban Development-Veterans Affairs Supportive Housing program (HUD-VASH). Established in 1992, HUD-VASH is jointly funded by HUD and VA and offers homeless veterans an opportunity to obtain permanent housing, as well as ongoing

[14]24 C.F.R. 5.609.

[15]In addition to these 39 income exclusions, program administrators must also apply five income deductions to determine the household's adjusted income—that is, the amount of income used to calculate the household's rental contribution, which include standard amounts for each dependent and for elderly family members and those with disabilities. See 24 C.F.R. 5.611.

[16]Pub. L. Nos. 101-201 and 104-204.

case management and supportive services. HUD allocated these special vouchers to selected public housing agencies that had applied for funding, and VA was responsible for identifying participants based on specific eligibility criteria, including the veteran's need for treatment of a mental illness or substance abuse disorder.[17] Under the HUD-VASH initiative, HUD allocated 1,753 vouchers from fiscal years 1992 through 1994. HUD funded these vouchers for 5 years and, if a veteran left the program during this period, the housing agency had to reissue the voucher to another eligible veteran.[18] According to VA officials, after the 5-year period ended, housing agencies had the option of continuing to use their allocation of vouchers for HUD-VASH, or could discontinue participation whenever a veteran left the program (that is, the housing agency would not provide the voucher to another eligible veteran upon turnover). VA stated that after the 5-year period ended, many housing agencies decided not to continue in HUD-VASH after assisted veterans left the program; instead, housing agencies exercised the option of providing these vouchers to other households under the housing choice voucher program.[19] As a result, the number of veterans that receive HUD-VASH vouchers has declined. Based on information from VA, about 1,000 veterans were in the program as of the end of fiscal year 2006, and absent any policy changes, this number is likely to decline to 400 because housing agencies responsible for more than 600 vouchers have decided not to continue providing these vouchers to other veterans as existing participants leave the program.

Congress statutorily authorized HUD-VASH as part of the Homeless Veterans Comprehensive Assistance Act of 2001.[20] Under the act, Congress also authorized HUD to allocate 500 vouchers each fiscal year from 2003 through 2006—a total of 2,000 additional vouchers. In December 2006, Congress extended this authorization through fiscal year 2011—allocating an additional 2,500 vouchers or 500 each year. However, HUD has not

[17]The veteran also must meet HUD's eligibility requirements for the housing choice voucher program.

[18]HUD Notices of Funding Availability for the Section 8 Set-Aside for Homeless Veterans with Severe Psychiatric or Substance Abuse Disorders, Fiscal Years 1992, 1993, and 1994.

[19]According to the VA, veterans receiving HUD-VASH vouchers may leave the program because, for example, they no longer need or qualify for assistance.

[20]Pub. L. No. 107-95.

requested, and Congress has not appropriated, funds for any of the vouchers authorized from fiscal years 2003 through 2007.[21]

Most Contacted Housing Agencies and Owners of Project-Based Properties Did Not Offer Veterans' Preference for Admission to HUD's Rental Assistance Programs

Currently, HUD's policies give public housing agencies and owners of project-based properties the discretion to establish preferences for certain groups when selecting households for housing assistance. Preferences affect only the order of applicants on a waiting list for assistance; they do not determine eligibility for housing assistance. Before 1998, federal law required housing agencies and property owners to offer a preference to eligible applicants to their subsidized housing programs who (1) had been involuntarily displaced, (2) were living in substandard housing, or (3) were paying more than half their income for rent. Public housing agencies were required by law to allocate at least 50 percent of their public housing units and 90 percent of their housing choice vouchers to applicants who met these criteria. Similarly, project-based owners had to allocate 70 percent of their units to newly admitted households that met these criteria. The Quality Housing and Work Responsibility Act of 1998 (QHWRA) gave more flexibility to housing agencies and project-based property owners to administer their programs, in part by eliminating the mandated housing preferences.[22] Although it gave housing agencies and owners more flexibility, QHWRA required that public housing agencies and owners target assistance to extremely low-income households.[23]

Under QHWRA, housing agencies and owners of project-based properties may, but are not required to, establish preferences to better direct resources to those with the greatest housing needs in their areas. Public housing agencies can select applicants on the basis of local preferences

[21]Recently, the HUD fiscal year 2008 appropriations bill, H.R. 3074, contains $75 million for the HUD-VASH program. The vouchers funded by the appropriation are to remain available for homeless veterans upon turnover. The House recently adopted the conference report accompanying H.R. 3074.

[22]The use of the federal preference requirement was temporarily suspended by the continuing resolution enacted in January 1996 through the appropriations act for fiscal year 1998.

[23]Specifically, QHWRA required that not less than 75 percent of new program participants under the voucher program and not less than 40 percent under the public housing and project-based Section 8 programs be extremely low income.

provided that their process is consistent with their administrative plan.[24] HUD policy requires housing agencies to specify their preferences in their administrative plans, and HUD reviews these preferences to ensure that they conform to nondiscrimination and equal employment opportunity requirements. Similarly, HUD policy allows owners of project-based properties to establish preferences as long as the preferences are specified in their written tenant selection plans.[25] While HUD requires housing agencies and property owners to disclose their preferences in their administrative or tenant selection plans, HUD officials said the department does not compile or systematically track this information because public housing agencies and property owners are not required to have preferences.

Most of the 41 public housing agencies we contacted used a preference system for admission to their public housing and housing choice voucher programs, but less than half offered a veterans' preference. As shown in table 3, of the 34 largest housing agencies that administered the public housing program, 29 established preferences for admission to the program and 14 used a veterans' preference. Similarly, of the 40 housing agencies that administered the housing choice voucher program, 34 used admission preferences, and 13 employed a preference for veterans. According to public housing agency officials, the most common preferences used for both programs were for working families, individuals who were unable to work because of age or disability, and individuals who had been involuntarily displaced or were homeless. Of course, veterans could benefit from these admission preferences if they met the criteria.

[24]A public housing agency's administrative plan is a comprehensive guide to the agency's policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the plan: (1) the 5-Year Plan, which each housing agency submits to HUD once every fifth public housing agency's fiscal year and (2) the Annual Plan, which is submitted to HUD every year.

[25]A tenant selection plan is a comprehensive guide that describes the owners' tenant selection policies and procedures. These plans include descriptions of the eligibility requirements and income limits for admission.

Table 3: Number of Contacted Housing Agencies That Used a Preference System in Their Public Housing and Housing Choice Voucher Programs

Public housing agency's use of preferences	Public housing	Vouchers
Agencies with a preference system	29	34
With a veterans' preference	14	13
Without a veterans' preference	15	21
Agencies with no preference system	5	6
Total public housing agencies	**34**	**40**

Source: GAO.

Note: Of the 41 housing agencies we contacted, 7 did not administer a public housing program and 1 did not administer a voucher program.

Some of the public housing agencies we contacted offered veterans' preferences because their states required them to do so. Other housing agency officials told us they offered a veterans' preference because they believed it was important to serve the needs of low-income veterans since they had done so much for the well-being of others. Public housing agencies that we contacted that did not offer a veterans' preference gave various reasons for their decisions. Some officials told us that the housing agency did not need a veterans' preference because veteran applicants generally qualified under other preference categories, such as elderly or disabled. One housing agency official we contacted said a veterans' preference was not needed because of the relatively small number of veterans in the community.

According to all of the performance-based contract administrators we contacted, owners of project-based properties that they oversee generally did not employ a veterans' preference when selecting tenants. Ten of the 13 largest contract administrators told us, based on their review of property owners' tenant selection plans, that owners of project-based properties generally did not employ preferences for any specific population.[25] Officials from the remaining three contract administrators said they were aware of some property owners offering preferences to individuals who had been involuntarily displaced, working families, or those unable to work because of age or disability. However, all the

[25]According to HUD policy, a preference for households that are involuntarily displaced by government action or natural disaster generally applies to properties that have a HUD-insured mortgage.

contract administrators we contacted either said that property owners did not use preferences or agreed that the use of preferences, including a veterans' preference, among owners of properties with project-based assistance was limited. HUD officials to whom we spoke also stated, based on their experience with tenant selection plans, that the use of preferences at project-based properties likely was infrequent.

At Least 250,000 Veteran Households Received HUD Rental Assistance, but Veterans Were Less Likely to Receive Such Assistance Than Other Low-Income Households

Low-income veteran renter households were less likely to receive HUD rental assistance than other households. As shown in table 4, of the total 2.3 million veteran renter households with low incomes, about 250,000 (or 11 percent) received HUD assistance. In comparison, of the 22 million other renter households with low incomes, 4.1 million (about 19 percent) received HUD assistance.[27] (As noted previously, although HUD is the largest provider of federal rental housing assistance to low-income households, it is not the sole source of such assistance. Thus, these percentages likely understate the actual share of all eligible veteran renter households that receive federal rental assistance.)

[27]Since a significant portion of HUD-assisted households have very low- and extremely low-incomes, we also estimated the share of veteran renter households in these two income categories and found that about 19 percent of them received HUD assistance (compared with about 27 percent of other households).

Table 4: Estimated Number of Low-Income Veteran and Other Renter Households, by HUD Assistance, 2005

Households in thousands

	Veteran household		Other household	
	Number	Percentage	Number	Percentage
HUD assisted	254	11%	4,147	19%
Unassisted	1,794	78	15,933	73
With an affordability problem	1,285	56	13,856	63
Without an affordability problem[a]	509	22	2,117	10
Other[b]	235	10	1,893	9
Total[c]	**2,283**	**100%**	**22,013**	**100%**

Sources: GAO analysis of VA's Beneficiary Identification and Records Location Subsystem (BIRLS), HUD's Public and Indian Housing Information Center (PIC) and Tenant Rental Assistance Certification System (TRACS), and sample survey data from 2005 ACS.

[a]ACS does not identify households that receive federal rental assistance. Therefore, to determine the number of unassisted low-income households without an affordability problem, we took the difference between the number of HUD-assisted households derived from HUD data systems and ACS' reported number of low-income renter households without an affordability problem. We assumed that HUD-assisted households were included in ACS data among those households that did not have an affordability problem.

[b]"Other" includes households that reported zero income or paid no cash rent.

[c]Household counts and percentages may not add due to rounding.

The reasons why other households were nearly twice as likely as veteran households to receive HUD assistance are unclear. However, based on our analyses and discussions with agency officials, we identified some potential explanations. For example:

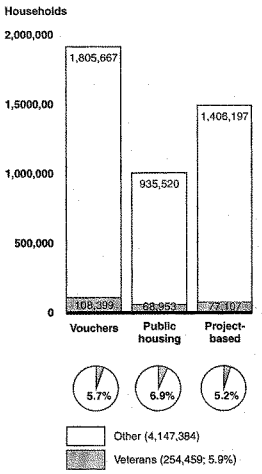
- As previously noted, although a significant proportion of low-income veteran households face affordability problems, an even larger proportion of other (nonveteran) households face more severe affordability problems. Thus, the level of veteran demand for rental assistance may be lower than that of nonveteran households.

- Also as previously noted, HUD rental assistance programs do not take veteran status into account when determining eligibility, and most public housing agencies and property owners do not offer veterans' preferences. As a result, these policy decisions likely focus resources on other types of low-income households with housing needs.

- Although low-income households generally are eligible to receive rental assistance from HUD's three programs, statutory requirements mandate that a certain percentage of new program participants must be extremely low income. These targeting requirements may lead to a higher share of HUD rental assistance going to nonveteran households because veteran households generally are less likely to fall within the extremely low-income category.

The estimated 250,000 veteran households that received HUD rental assistance in 2005 constituted about 6 percent of all HUD-assisted households. The housing choice voucher program served the largest number of veteran households, followed by the project-based program, and public housing (see fig. 3). However, a slightly higher proportion of veteran households participated in the public housing program (6.9 percent) than participated in the voucher (5.7 percent) and project-based (5.2 percent) programs.

Figure 3: Number and Percentage of Low-Income Veteran Households Assisted by the Voucher, Public Housing, and Project-Based Programs, Fiscal Year 2005



Source: GAO analysis of VA's Beneficiary Identification and Records Location Subsystem and HUD's Public Housing Information Center and Tenant Rental Assistance Certification System.

We found some similarities in the demographic characteristics of veterans and other assisted households we analyzed. For example:

- Compared with other assisted households, HUD-assisted veteran households were as likely to be elderly. Specifically, in fiscal year 2005, about 75,000, or 30 percent, of assisted veteran households were elderly, and about 1.3 million, or 31 percent, of other assisted households were elderly.

- HUD-assisted veteran households were more likely to have a disability. In fiscal year 2005, HUD provided assistance to about 88,000 veteran households with a disability, or about 34 percent of assisted veteran households. In comparison, 1.2 million or 28 percent of other assisted households had a disability.

Our August 2007 report contains additional information on the demographic and income characteristics of veteran and nonveteran households, as well as the extent to which HUD programs take veteran status into account when determining eligibility and subsidy amounts.

Madam Chairwoman, this concludes my prepared statement. I would be happy to answer any questions at this time.

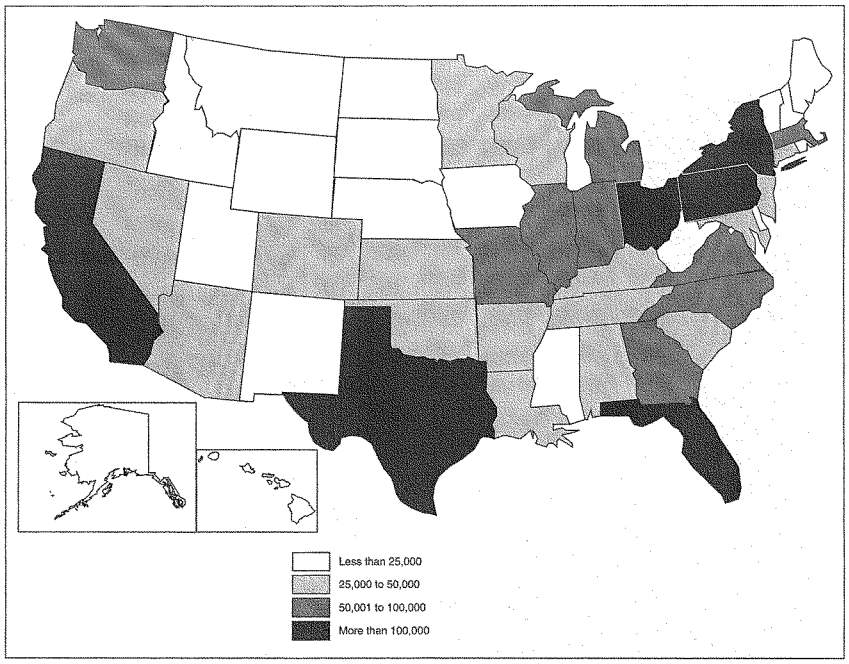
Contact and Acknowledgement

For further information on this testimony, please contact David G. Wood at (202) 512-8678 or woodd@gao.gov. Contact points from our Office of Congressional Relations may be found on the last page of this statement. Individuals making key contributions to this testimony included Marianne Anderson, Michelle Bowsky, Daniel Garcia-Diaz, John T. McGrail, Josephine Perez, and Rose Schuville.

Appendix I: Numbers and Percentages of Low-Income Veteran Renter Households by State

The estimated numbers of low-income veteran renter households in 2005 varied greatly by state, as shown in figure 4. The estimated median number of low-income veteran renters in any state was about 34,000. California had significantly more low-income veteran renter households than any other state—more than 236,000, or about 10 percent of all such households nationwide—followed by Texas with about 142,000, and New York with about 135,000. The states with the smallest number of low-income veteran households were Vermont, Delaware, and Wyoming with less than 6,000 each.

Figure 4: Number of Low-Income Veteran Renter Households, by State, 2005

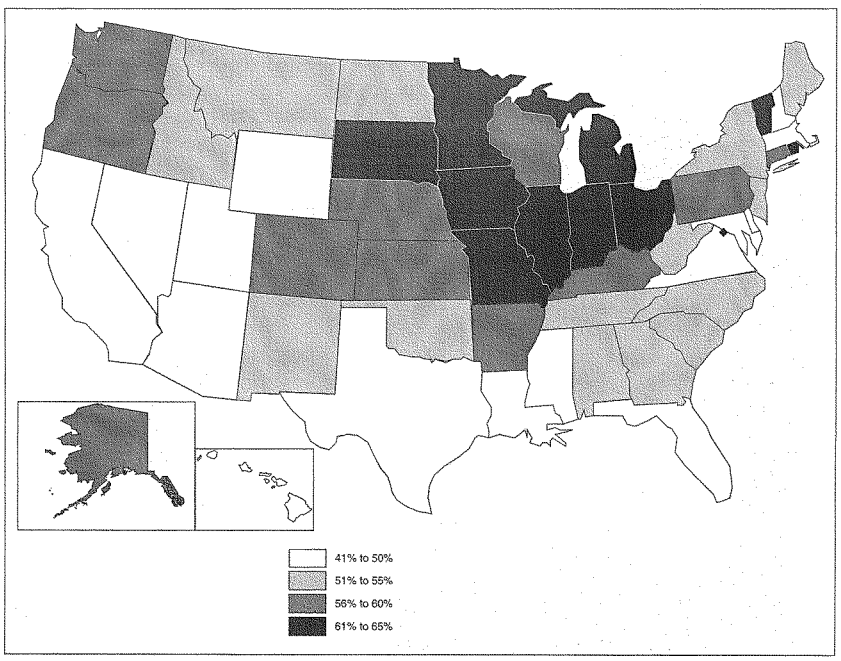


Sources: GAO analysis of sample survey data from 2005 ACS; Art Explosion (map).

Note: Twenty-two states had margins of error of more than 10 percent, and two states and the District of Columbia had margins of error that were more than 20 percent.

As shown in figure 5, the percentages of veteran renter households that were low-income in 2005 also varied considerably by state. Michigan had the highest percentage—about 65 percent of its veteran renter households were low income, while Virginia had the lowest—about 41 percent.

Figure 5: Percentage of Veteran Renter Households That Were Low-Income, by State, 2005



Sources: GAO analysis of sample survey data from 2005 ACS; Art Explosion (map).

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