

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OVERVIEW OF NEW AND CROSS-CUTTING INITIATIVES
HOUSING AND SERVICES FOR HOMELESS PERSONS DEMONSTRATION**

The Department requests \$85,000,000 for incremental voucher assistance for the new Housing and Services for Homeless Persons Demonstration. This demonstration is constructed on the premise that targeted homelessness assistance programs alone cannot end homelessness. Mainstream housing, health, and human service programs will have to be more fully engaged to prevent future homelessness and reduce the number of families and individuals currently homeless. Two separate initiatives will be funded through this demonstration. One will focus on individuals with special needs who are homeless or at risk of homelessness. The other will focus on families that are homeless or at risk of homelessness. Vouchers for both initiatives will be distributed through a competition to Public Housing Agencies that partner with health, human service and education agencies to address the needs of homeless families and individuals

The Department requests that funding for this demonstration be drawn from the Tenant-Based Rental Assistance Account. Additional detail for the Demonstration can be found in the Tenant-Based Rental Assistance justification.

Background and Program Objectives

Individuals with special needs who are homeless or at risk of homelessness:

This initiative is designed to model ways that mainstream resources across two federal agencies can be brought to bear to address the housing and service needs of chronically homeless individuals¹. The primary goal is to offer a clear alternative to the only choice some persons with disabilities currently have, which is to move to an institutional setting inappropriate to the level of their needs or wishes, or to become homeless.

Recently released data from HUD's Annual Homeless Assessment Report (AHAR), points to the fact that over 42 percent of the homeless population living in shelters in 2008 (October 2007-September 2008), had a disabling condition. A subset of this population is homeless persons who are defined as being chronically homeless. The most recent HUD Point-in-Time data estimates that on any given night there are 124,135 chronically homeless persons in shelters or on the street. A significant body of research over the past decade suggests that while chronically homeless persons represent a relatively small proportion of the overall homeless population, they consume a disproportionately large share of community resources, because they often cycle between homelessness, hospitals, jails and other institutional care, and often have complex medical problems (e.g. serious mental illness, substance use disorder).²

In recent years, a significant body of research has emerged suggesting the potential of housing to improve health outcomes of residents and reduce their high-cost use of publicly funded health and social services. A preliminary analysis of several recent studies looking at the cost of providing supportive housing versus the

¹ Chronically homeless persons are defined as an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more or has had at least four episodes of homelessness in the past 4 years. To be considered chronically homeless, a person must have been on the streets or in emergency shelter (e.g. not in transitional or permanent housing) during these stays.

² Kuhn, R. & Culhane, D.P. 1998. Applying cluster analysis to test of a typology of homelessness: Results from the analysis of administrative data. American Journal of Community Psychology, 17(1), 23-43.

current system of disconnected services and street, shelter, or transitional housing residency reveals that an increased housing expenditure of \$6,899 (on average) can result in savings, on average, in a number of other systems such as: \$3,270 in Medicaid costs, \$1,402 in emergency room services, \$4,966 in behavioral health services, and \$4,366 in substance abuse detoxification costs. While the actual savings vary widely in the different studies, the data strongly indicates that providing access to affordable permanent housing along with appropriately targeted supportive services can result in stability for homeless households which translate to reduced overall costs or, at the very least, breaking even, with significantly better long-term outcomes for the homeless household.

Two interconnected models of addressing the needs of chronically homeless persons have emerged as successful approaches. The broad model is supportive housing which provides both multifamily and scattered site housing options connected to voluntary wrap-around social services uniquely designed to meet the special needs of the individual. A subset of the supportive housing approach is the “housing first” model which uses the supportive housing model to rapidly re-house homeless persons in permanent housing as opposed to requiring stays in a shelter and/or transitional housing program.

It should be noted that until the past year’s economic downturn several cities that have recently focused on meeting the supportive housing needs of their community’s chronically homeless population had seen a significant reduction in that population (examples include: Denver and San Francisco 40 percent reduction, Philadelphia 50 percent reduction, and Portland, Oregon 38 percent reduction).³

Program Structure

The key to the success of the supportive housing approach in meeting the needs of homeless persons with special needs is access to affordable housing (often through a tenant based or project based subsidy) and, on a voluntary basis, to the array of human services needed to stabilize families and individuals in their housing. This HUD-HHS demonstration would combine Housing Choice Vouchers with health, behavioral health and other support services to move and maintain up to 4,000 chronically homeless individuals with mental and substance use disorders into permanent supportive housing. The demonstration will target low income, single childless adults who are homeless and already enrolled in Medicaid through coverage expansion under 1115 waivers or state only initiatives. Eligible individuals will receive a housing voucher from local public housing agencies (PHAs) to provide subsidized access to permanent housing and health and behavioral health services through their existing Medicaid eligibility. In addition, HHS will contribute \$16 million in fiscal year 2011 in wrap-around funding through grants administered by the Substance Abuse and Mental Health Services Administration to provide wraparound support to promote housing stability and improvements in health outcomes for this population.

The process for designing the competitive process and selecting eligible PHAs will be a joint effort between HUD and HHS. In addition, a key element of the effort will be a joint evaluation by HUD and HHS to determine: (1) the cost savings in the healthcare and housing systems of the proposed approach, (2) the efficacy of replication, and (3) the appropriate cost-sharing among Federal agencies for underwriting services that increase housing stability and improve health and other outcomes.

A. Families with children who are homeless or at risk of homelessness

³ National Alliance to End Homelessness Fact Sheet, “Chronic Homelessness,” 2007

This initiative establishes a mechanism for HUD, HHS and DOE programs to be more fully engaged in stabilizing homeless families, ultimately resulting in a reduction in the costs associated with poor school performance and poverty. This initiative strategically targets resources to: (1) identify families who are homeless or at risk of homelessness, (2) intervene with the appropriate array of housing assistance, income supports, and services to ensure that the family does not fall into the shelter system or onto the street (or if already homeless that the family is stably housed and does not return to homelessness), and (3) provide the tools necessary to assist the family to build on its resources to escape poverty and reach its highest possible level of self-sufficiency.

Recently released data from HUD's Annual Homeless Assessment Report (AHAR) shows a sharp 9 percent increase in homeless families with children living in shelters (from 473,542 to 516,724) between 2007 and 2008.⁴ The Department of Education, which has a broader statutory definition of homelessness that, among other things, includes families that are doubled up, identified 794,617 homeless students in the 2007-2008 school year.⁵ It should be noted that this number only represents school-age children. Because a very high percentage of homeless children are under 5 years of age, it is likely that the actual number of homeless children may reach as high as 1.3 million. More recent survey data suggests that the downturn in the economy is having a devastating effect on families, with some school districts reporting more homeless children in the fall of 2008 than in the entire 2007-2009 school year.

Research suggests that for many families, homelessness is a short-term, one-time occurrence, but, for other families, accessing housing is almost impossible without a subsidy. Other research has shown that homeless families that receive a housing subsidy are 21 times more likely to remain housed than their counterparts who do not receive a voucher.⁶ This initiative targets those families who need help to keep from slipping into homelessness and those who need assistance to exit homelessness rapidly.

The pay-off to such a collaborative effort could be large. Research suggests that stable housing has a large positive impact for children – when children are not forced to move from place to place and school-to-school, they are more likely to succeed academically.⁷ Additional research suggests that families that are stably housed are in a better position to prepare for, find, and retain employment. Thus, by working together, HHS, DOE and HUD can help meet the goals of reducing child homelessness, reducing poverty, and fostering employment success.

A secondary but important outcome of this initiative is that it could also be used to incent those state governments that currently do not have a state level voucher administering agency to create one in order to participate. Currently 20 states do not have state-level voucher programs and 7 more manage programs that oversee less than 10 percent of their state's total voucher allocation. This secondary outcome has the potential to assist HUD in building a platform for future voucher program reforms and changes that can focus on streamlining the administration of the voucher program and promote stronger linkages between voucher administrators and agencies that allocate Low-Income Housing Tax Credits and other housing development resources.

⁴ U.S. HUD: "The 2009 Annual Homeless Assessment Report to Congress," July 2009

⁵ U.S. DOE: "Education for Homeless Children and Youth Programs: Analysis from the 2007-2008 Federally Required State Data Collection for the McKinney-Vento Education Assistance Improvements Act of 2001 and Comparison of the 2005-06, 2007-07, and 2007-08 Data Collections," April 2009.

⁶ Shin, M., Weitzman, B.C., Stojanovic, D. Knickman, J.R., Jimenez, L., Duchon, L., James, S., and Krantz, D.H. 1998. "Predictors of homelessness among families in New York City: From shelter request to housing stability." *American Journal of Public Health*, 88 (11): 1561–1657

⁷ Lubell, J and Brennan, M, "Framing the Issues – the Positive Impacts of Affordable Housing on Education." And Lubell, J, Crain, R. and Cohen, R. "Framing the Issues-the Positive Impacts of Affordable Housing and Health," Center for Housing Policy and Enterprise Community Partners. Also, Reynolds, "School Mobility and Educational Success: A Research Synthesis and Evidence on Prevention,"

Structure

HUD will make available a minimum of 6,000 Housing Choice Vouchers on a competitive basis. Designing the competitive process and selecting eligible PHAs will be accomplished jointly by HUD, HHS and DOE. State level voucher agencies and local PHAs will submit proposals for the new vouchers. In order to ensure place-based targeting, winning proposals will have to show that the new vouchers are being targeted to communities with high concentrations of homeless families.

In addition, to qualify for the new rental assistance vouchers, applicants will need to show that they have designed a well-coordinated and collaborative program with the TANF agency, the local public schools, and other community partners (e.g., Head Start, child welfare, substance abuse treatment, etc.). With guidance from HHS, states will need to demonstrate how they will integrate HUD housing assistance with other supports these families will need to stabilize their housing situation, foster healthy child development, and prepare for, find, and retain employment. States will need to show how the HUD housing assistance will be integrated with the Temporary Assistance for Needy Families (TANF) program as well as child care, child welfare, health care, employment/job training, substance abuse treatment and other services that can be critical to helping families support children and make ends meet. HHS will provide guidance to state TANF agencies and other relevant programs to explain this initiative and their role in both the application for the vouchers and the implementation of the program. The guidance will also address the ways in which PHAs, states and communities can integrate housing assistance and other supports for families at risk of homelessness even in the absence of being awarded additional housing vouchers through this project.

DOE will assist with identifying at-risk families with children through their network of school based homelessness liaisons, and providing basic academic and related supports for the children.

