



**STATEMENT OF NANCY CARTER
NAMI URBAN LOS ANGELES
ON BEHALF OF THE NATIONAL ALLIANCE ON
MENTAL ILLNESS**

**REAUTHORIZATION OF THE MCKINNEY-VENTO
HOMELESS ASSISTANCE ACT**

**SUBCOMMITTEE ON HOUSING AND COMMUNITY
OPPORTUNITY
COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES**

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Chairwoman Waters and Representative Capito, I am Nancy Carter, President of NAMI Urban Los Angeles, an affiliate of the National Alliance on Mental Illness (NAMI). I also serve on the Board of Directors of the NAMI National organization. NAMI is the nation's largest organization representing individuals living with mental illnesses and their families. NAMI is pleased to offer its views on the McKinney-Vento Homeless Assistance Act and the critical role the program is playing in improving the lives of homeless people living with mental illness and other co-morbidities such as substance abuse, HIV-AIDS and other chronic medical conditions.

In NAMI's view, the story of McKinney-Vento Homeless Assistance Act is that of an extremely effective government intervention that is making a real difference in the lives of our most vulnerable citizens. This is especially the case with respect to the permanent housing programs that are central to McKinney-Vento's mission – Shelter Plus Care and SHP. These programs have consistently received the highest ratings of any program at HUD, based on overall performance and effectiveness in reaching specific defined outcomes. In NAMI's view it is critical that any reauthorization of McKinney-Vento maintain and expand the focus on these proven and effective solutions that bring us closer to the shared goal of ending chronic homelessness.

Homelessness and Mental Illness

The prevalence of individuals with mental illness in the homeless population has been a black mark on our society ever since we undertook the social experiment known as "deinstitutionalization" back in the 1960s and 1970s. As NAMI members know from personal experience, the community-based housing and supportive services promised to

so many people with serious mental illness as an alternative to placement in long-term state psychiatric hospitals never materialized.

As studies by Dennis Culhane and colleagues at the University of Pennsylvania have demonstrated over and over again, when individuals with serious mental illness, co-occurring substance abuse disorders and other co-morbid chronic health conditions (including HIV-AIDS and hepatitis) fall into homelessness, they tend to stay homeless much longer. These studies show that a significant sub-population of about 200,000 homeless individuals experience extended or repeated episodes of homelessness. Most bounce between the streets, emergency shelters, emergency rooms, inpatient general and psychiatric hospitals and the criminal justice system.

This tragic cycle is extremely costly, both in terms dollars and wrecked human lives. Dr. Culhane's data demonstrates that it costs the City of New York on average \$40,500 a year to keep people with mental illness homeless; 86% of those costs are borne by the mental health and public systems. In NAMI's view, individuals with untreated (or poorly treated) severe mental illness and co-occurring substance abuse disorders are the predominant population who experience chronic homelessness.

Permanent Supportive Housing – An Effective Solution That Works

Fortunately, there are proven solutions to address chronic homelessness and break the costly cycle associated with keeping individuals homeless over an extended period of time. We now have substantial research demonstrating the efficacy of permanent supportive housing as a proven, effective model. Formerly homeless residents of supportive housing achieve decreases of more than 50% in emergency room visits and inpatient hospital days and an 80% drop in emergency detoxification services. This translates into savings of \$16,282 in health care costs per unit per year. Further, more than 80% of people who enter supportive housing are still in housing a year later.

McKinney-Vento Programs Alone Cannot Resolve the Affordable Housing Crisis

As you know, the HEARTH Act (HR 840) proposes a significant expansion of eligibility for programs under McKinney-Vento, specifically to include individuals and families that are doubled up for economic reasons, residing in motels and living in substandard housing. Such an expansion would be based on the definition of homeless established by the Department of Education, despite the fact that the Education Department's programs have a very different purpose than McKinney-Vento.

Such a dramatic expansion of eligibility for McKinney-Vento programs would significantly dilute the effectiveness of a program that is funded in FY 2007 at only \$1.44 billion. It is simply not possible to double or triple McKinney-Vento appropriations over a short period of time to keep pace with an expansion on this scale.

However, a more important consideration is the role that McKinney-Vento plays in our overall affordable housing system. When Congress enacted McKinney-Vento in 1987, it was not intended to address all of the complicated challenges related to achieving adequate access to affordable housing for low-income individuals and families. Rather,

McKinney-Vento has always been about addressing the complicated and diverse needs of individuals and families that are both homeless and unsheltered.

Instead, NAMI believes that the housing needs of individuals and families that are doubled up, living in motels, stuck in substandard housing are most appropriately addressed by the larger affordable housing system that has failed these individuals and families. This system, including a wide variety of HUD programs such as public housing, Section 8, HOME, CDBG, Section 202, Section 811 and others, has been consistently underfunded, and in many instances neglected, by Congress in recent years.

Fortunately, this is now changing. In just the past 9 months, you and Chairman Frank have brought forward from this Subcommittee an impressive array of legislation to make vast improvements and new investments in these programs. The Section 8 voucher reform legislation, the GSE and FHA reform bills and most importantly, the National Housing Trust Fund (HR 2895) that passed the House just last week, mark the most important reforms and investments in expanded affordable housing opportunities in a generation. You are to be congratulated for your leadership in expanding access to affordable rental housing. It is these resources that can, and should, assist the individuals and families that the HEARTH seeks to target.

Focus of McKinney-Vento Must Stay on Permanent Housing Needs of the Most Difficult to Serve Experiencing Chronic Homelessness

Since the late 1990s, Congress has used the annual appropriation for McKinney-Vento to require HUD to set aside no less than 30% of overall funding to go toward permanent housing targeted to individuals and families with a head of household with a disability. This 30% set aside has been accompanied by a 25% local match requirement for services. NAMI has supported this permanent housing set aside since its inception. As the Subcommittee moves forward to consider McKinney-Vento reauthorization, NAMI would urge retention of this 30% permanent housing set aside, as well as additional incentives through bonus funding to further encourage investment in permanent supportive housing.

Prior to enactment of the 30% set aside in FY 1998, only 13% of McKinney funds went toward permanent housing, with the vast majority of funding going toward shelters and services. In effect, we were using the McKinney program to build a service system that would depend on keeping people homeless to sustain itself. Investment in permanent supportive housing offers a different policy objective, that of ending chronic homelessness.

NAMI is troubled that HR 840 as currently drafted excludes a permanent housing set aside. We are extremely concerned that without a minimum national requirement for development of new permanent housing, many local Continuums of Care would face strong incentives to spread limited dollars among as many local homeless programs as possible. This is especially the case in communities where existing grantees have strong influence over a Continuum's competitive process.

Further, given the very nature of the population served by permanent supportive housing – individuals with severe mental illness, co-occurring substance abuse disorders and other co-morbidities such as HIV-AIDS, hepatitis, etc. – there is often community resistance to development and citing of permanent housing. NIMBYism still exists in many parts of the country. The 30% permanent housing set aside ensures that a critical housing resource will be available for a vulnerable population that many communities would not otherwise serve unless incentivized to do so.

It is important to note that people who experience chronic homelessness are more likely than other McKinney-Vento eligible populations to be categorically excluded or screened out of other affordable housing programs. Those with disabilities, especially mental illness and co-occurring substance abuse, face the most substantial barriers in accessing permanent housing. These include restrictions on eligibility for both Section 8 and public housing based previous history of substance abuse or involvement in the criminal justice system.

In addition, there is also the issue of affordability. The most recent *Priced Out* study, published by the Consortium for Citizens With Disabilities (CCD) Housing Task Force (of which NAMI is a member) and the Technical Assistance Collaborative (TAC), reveals that for 2006, individuals living on Supplemental Security Income (SSI) are (on average) at only 18.5% area median income and must pay 109% of their monthly income to afford a modest 1-bedroom apartment.

It therefore makes perfect sense for federal policy governing allocation of limited McKinney-Vento funding to provide this population with priority status. Likewise, it is both appropriate and necessary for Congress to insist on linking funding to specific outcomes – including development of permanent supportive housing that moves us toward ending chronic homelessness.

NAMI Supports S 1518

NAMI recommends that the Subcommittee begin its efforts to reauthorize McKinney-Vento by taking up the Community Partnership to End Homelessness Act (S 1518). It is a bipartisan bill that retains most of what has made McKinney-Vento an effective program, most importantly the current 30% permanent housing set aside. The version of S 1518 reported by the Banking Committee last month also includes important improvements including:

- Coordination with Low-Income Housing Tax Credit – Clarifying rental or leasing assistance or supportive services as exempt from counting toward eligible basis under the LIHTC.
- Creation of a new Special Assistant for Veterans Affairs at HUD – It is critical that McKinney-Vento programs coordinate more effectively with VA's programs to address the needs of the large number of veterans in the chronic homeless population.
- Establishment of a separate pool of funding with a separate competitive process for rural communities.
- New emphasis on homelessness prevention and rapid rehousing.

NAMI also supports using reauthorization of McKinney-Vento to shift the burden for renewing rent subsidies associated with permanent housing, especially Shelter Plus Care, to the Section 8 program. This would eliminate the current process of renewing different permanent housing programs from different sources, provide greater security to the tenants of permanent housing and most importantly, enhance the ability of these projects to attract private capital.

Modifying the Definition of Homelessness

As noted above, NAMI feels strongly that McKinney-Vento needs to stay focused on where it is achieving the most progress, i.e. eliminating chronic homelessness experienced by individuals with disabilities. In order to build on this progress it is necessary to make some changes to the definition of homelessness. These adjustments are needed to more effectively target individuals that are either homeless, or cycling in and out of institutions over an extended period of time.

S 1518 accommodates these individuals by amending the definition of chronic homelessness to include unaccompanied youth and individuals in safe havens and temporarily in institutional care – so long as they meet the other requirements for homelessness (i.e. homelessness in a place not meant for human habitation, or an emergency shelter for one year continuously or for four times in the past three years or having a disability). This would include people who were chronically homeless prior to entering an institutional facility such as psychiatric hospital, jail or treatment program for less than 90 days. NAMI supports this modification to the definition of chronic homelessness.

At the same time, NAMI would urge caution against any further expansion of the definition to include “couch surfers” or persons doubled up in housing with others. As noted above, we believe that the needs of these individuals are more appropriately met by the larger affordable housing system that is current failing them – Section 8, public housing, etc. Here both HR 840 and S 1518 take federal policy in the wrong direction. As noted above, the vast expansion of the definition envisioned in HR 840 would both dilute the effectiveness of McKinney-Vento in addressing chronic homelessness and overwhelm the program’s limited resources.

Further, the changes made to S 1518 by the Senate Banking Committee last month would create needless complication and would likely place homeless individuals with severe mental illness and co-occurring substance abuse disorders at a disadvantage. These changes attempt to extend eligibility to “couch surfers” that are:

- living in someone else’s home,
- living in a hotel or motel,
- have been notified that the arrangement is short-term,
- have moved either 3 times in the past year or twice within 3 weeks, and
- are not contributing significantly to the cost of housing.

Again, it should be noted that not all people who are doubled up for economic reasons are homeless. While some may have housing and service needs, most are stably housed, though the housing may not be optimum. The assistance they need should most appropriately come from other sources – Section 8, TANF, child welfare, etc. In fact, the homeless system has few resources that would benefit the broad range of these families. Fortunately, S 1518 does address the needs of these families by authorizing initiatives for homeless prevention and rapid rehousing. However, making this amorphous category of “couch surfers” eligible for McKinney-Vento’s permanent housing programs would be a mistake. Calling more people homeless will not solve this problem and will likely only make it worse.

Finally, NAMI would urge the Subcommittee to not lose sight of the lessons learned from public housing, Section 8, HOME and other HUD programs in recent years. As income eligibility requirements were increased, we have seen more and more targeting of limited resources to higher income households – whether intentional or not. This is typically justified on the basis of seeking to serve more people with limited funding. At the same time, this inevitably leaves the most vulnerable behind. In the case of McKinney-Vento this means leaving homeless people with mental illness stuck on the streets and in shelters. In short, federal leadership is needed to protect the most vulnerable.

Conclusion

Madam Chair, thank you again for the opportunity to offer NAMI’s views on reauthorization of McKinney-Vento. We look forward to working with you and the Subcommittee on producing a bill that will continue to move us toward ending chronic homelessness.