

## FEDERAL ISSUES BRIEF

### **The Crisis and the Opportunity**

While the new Stimulus Act will bring desperately needed emergency funding to our communities, those funds only address the immediate need created by the most recent economic crisis. This new money is not intended to solve the larger context in which homelessness occurs. Indeed the need for policy solutions to end homelessness has never been greater. Despite strengthened collaboration between service providers, advocates, and government agencies; the development of new and innovative programs; and years of hard work, there are still thousands of people unhoused, living in emergency shelter, doubled-up in untenable conditions, or living on the streets.

The recent economic crisis has revealed with painful clarity the number of American households who have been living just one or two steps away from homelessness and are now in critical need of shelter and assistance. Faced with budget cuts from all sources and the burgeoning demand for help, service providers are being forced to stretch their limited resources further and further.

#### **Local Snapshot of the Need: Silicon Valley**

At the December 2008 Food and Shelter Summit hosted by the Silicon Valley Foundation, one agency in Santa Clara County reported that the demand for their food pantry services increased by over 30% in October 2008 alone; in the same month, their individual and corporate donations decreased by 40% and 75%, respectively. At the same meeting, providers reported that many of the families to which they provide food assistance designed to last roughly 3 days are forced to make those resources stretch for 5-7 days, meaning that more and more families are making do with much less.

#### **Local Snapshot of the Need: Sacramento**

Providers of emergency assistance reported at a recent meeting of the Sacramento County Interagency Council on Homelessness that they are distributing what used to be a month's worth of assistance in two weeks or less in order to meet the growing demand.

#### **Local Snapshot of the Need: San Francisco**

In San Francisco, the need for emergency shelter among families nearly doubled between October 2007 and October 2008. As many as 140 – 150 families are on the waitlist, many of whom will wait as long as 130 days for housing they can only occupy for 90 days. Unlike in previous years, the majority (63%) of the families on the waitlist are accessing the shelter system for the first time; for many, it is possibly their first experience of homelessness. A critical portion of those placed into emergency shelter are unable to identify affordable housing into which they can successfully transition. Instead, they cycle in and out of emergency shelter, continually homeless and at considerable expense to the City.

Despite the ominous economic circumstances, we see reason for hope; we view the transition to the presidential administration of Barack Obama as an unprecedented opportunity to leverage our collective

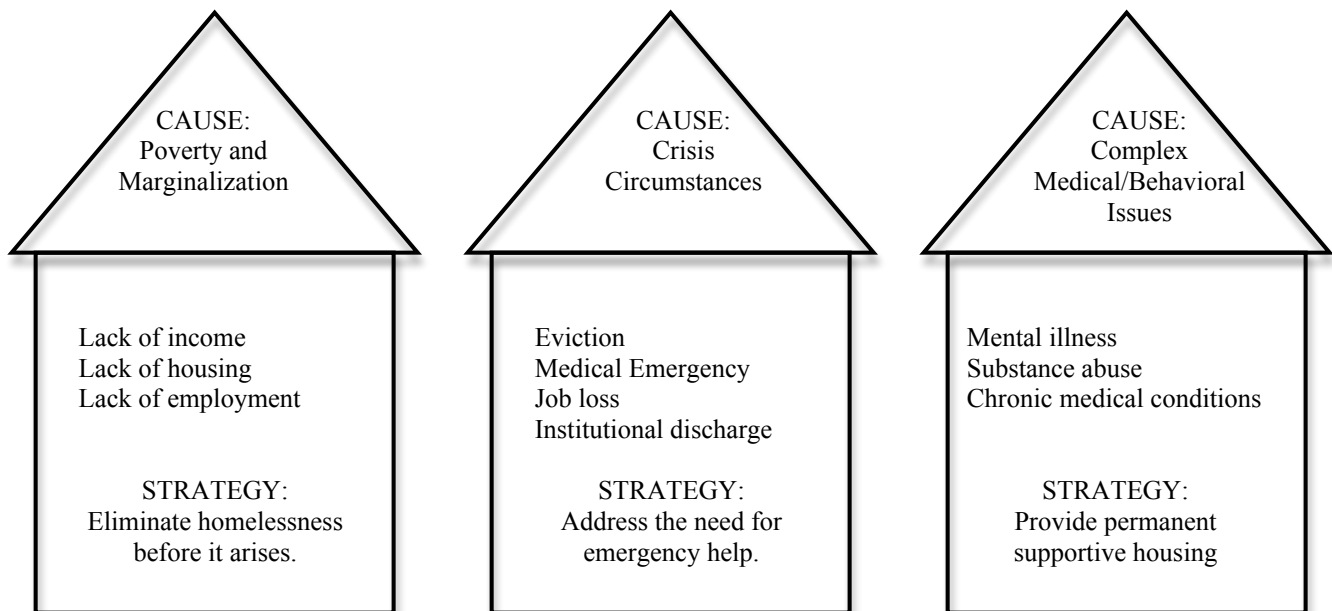
experience as providers, advocates, and policymakers in the Bay Area into concrete and far-reaching strategies to end homelessness.

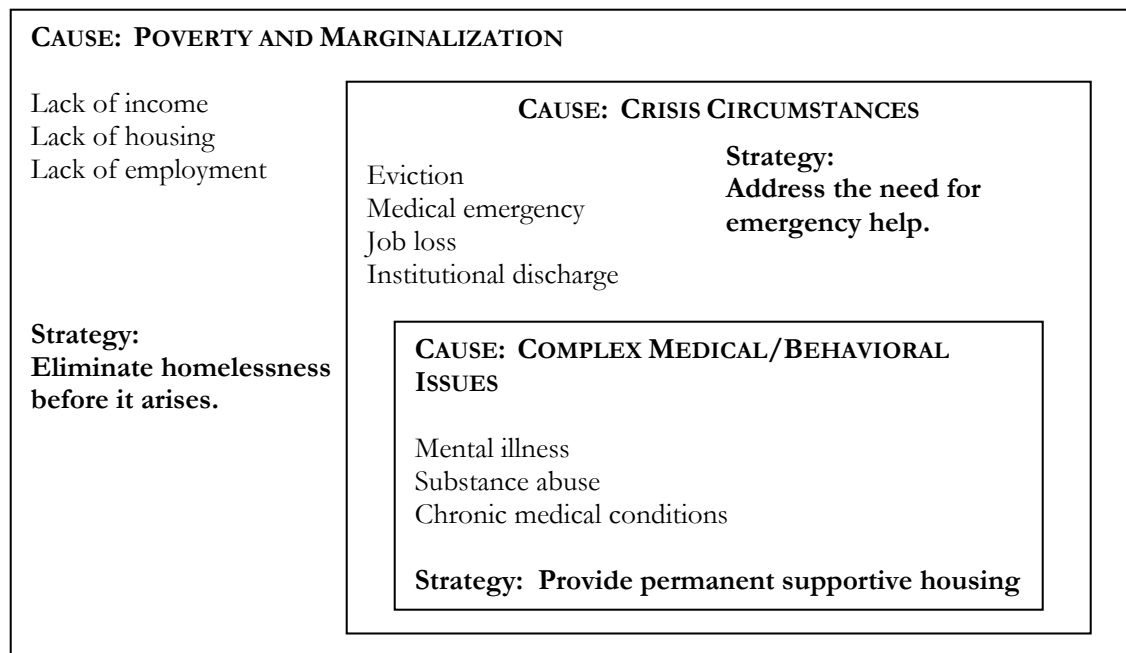
### **THREE STRATEGIES TO END HOMELESSNESS**

There are many national-level policy groups advocating for solutions to homelessness and we stand behind their hard work and good ideas. We endorse the proposals set forth by our colleagues at the national organizations. Yet our on-the-ground experiences as service providers, local policymakers, advocates, and formerly homeless people give us a slightly different perspective that we believe is crucial for a realistic and effective plan to end homelessness. Our recommendations consist of three broad, inter-related strategies:

- **Eliminate homelessness before it arises.**
- **Stem the tide of people in need of emergency shelter and assistance.**
- **Target enriched resources for those with the most complex needs.**

The issue of homelessness is complex and multi-faceted. There is no single “homeless population” whose needs can be easily identified and met. In our communities, there are people who have been homeless for more that fifteen years, struggling with mental illness and substance abuse; families who are doubled-up in substandard housing units; young people who are aging out of foster care; migrant workers living in encampments; formerly incarcerated individuals adjusting to life outside jail or prison; and many others. People are homeless for very different reasons, and each set of circumstances calls for a different response. For some, homelessness boils down to poverty, marginalization and the basic inability to make ends meet. For others, poverty is intensified by a crisis – a medical emergency or a lost job – that requires an immediate response. For still others, complex medical and behavioral health conditions create a situation of chronic homelessness and near-constant crisis that together require ongoing, intensive supportive services.





Of course, these factors are inter-related, but they translate into different policy approaches. Along these lines, we have organized our policy recommendations into three key strategies, as reflected in schematic above.

**ELIMINATE HOMELESSNESS BEFORE IT ARISES.**

The lack of safe, permanent, affordable housing is at the heart of the problem of homelessness.

**Local Snapshot of the Need: The Bay Area**  
 The lack of affordable housing in San Francisco is widely acknowledged. Less attention is given to the shortage in other Bay Area Counties, which can be equally severe. According to the National Low Income Housing Coalition, the 2008 Fair Market Rent for a 1-bedroom apartment in Marin County is only affordable to a household earning the equivalent of 3.1 full-time minimum wage jobs. In Santa Cruz County, 2.8 minimum-wage positions are required to afford the 1-bedroom Fair Market Rent; 2.5 positions in Alameda and Contra Costa County; 2.6 positions in Santa Clara County; 2.2 positions in Napa and Solano Counties; and 1.9 positions in Yolo County. Any household earning less than this is paying more than 30% of their income on rent and, in many cases, families pay over 50% of their income just to remain housed.

**Local Snapshot of the Need: Solano County**  
 In December 2008, the estimated monthly rate of home foreclosures in Solano County was deemed the highest in the State of California. Foreclosures contribute to homelessness in at least two ways: many homeowners who lose their homes enter the local rental housing market, intensifying competition, increasing rents, and making affordable housing even more difficult to find for lower-income households. In addition, renters in foreclosed properties often receive little notice when their landlords are foreclosed upon. Even if they have paid rent, many face sudden eviction with few alternative housing options.

Despite the critical lack of affordable housing, the past thirty years of Federal housing policy have been characterized by a steady decline in resources. Homeless housing and service providers have stretched

their precious McKinney-Vento funding dollars to the limit, but those efforts cannot counter the effect of the \$50 billion reduction in Federal funding for affordable housing that has unfolded since 1974.

#### **The Federal Context**

As illustrated most recently by the Western Regional Advocacy Project, annual Federal funding dedicated to the construction, operation, and preservation of deeply affordable housing has declined by \$54 billion in the past 30 years. The \$1.6 billion in McKinney-Vento funding dedicated to homelessness cannot fill this gap, irrespective of how efficiently it is targeted and utilized.

And housing affordability is just one dimension of the income shortfall. Child care, transportation, health care, and other costs of living add up and can even serve as barriers to work if wages are too low. A commitment to getting households back to work requires a commitment to addressing the challenges of finding and maintaining employment. In our experience, there are actually many people for whom an immediate, seamless transition to permanent employment is not feasible. Vocational training and adult education have demonstrated effectiveness and should be seen as crucial investments in our workforce. And in times of economic hardship, even the most motivated and determined workers face a job market with few opportunities.

#### **Local Snapshot of the Need: Employment Programs**

The Bay Area is home to numerous innovative and effective service providers, many of whom offer employment and vocational training for homeless and formerly homeless individuals. Numerous jurisdictions, including San Francisco, Contra Costa County, and Alameda County have developed innovative training programs targeting chronically homeless individuals, all of which have yielded impressive outcomes. Yet many local providers are growing increasingly concerned as job placement options for successful graduates are drying up, making it harder for participants to utilize their new skills for generating income.

Further, for many disabled Americans, returning to work may not be feasible at all. Yet the difficulty of securing and living off of disability benefits is well documented. In order to ensure that lack of income does not lead to homelessness, these challenges must be addressed.

#### **We endorse the following strategies to end homelessness before it starts:**

- Increase the Federal commitment to public housing and Housing Choice vouchers.
- Increase the Federal funding commitment to the National Housing Trust Fund
- Create more incentives for the production of deeply affordable housing, and make Federal funding sources more compatible with one another.
- Expand training opportunities for lesser-skilled workers.
- Increase funding for child care, transportation, and other costs that can serve as barriers to employment.
- Extend or eliminate term limits on income benefits for recipients who cannot obtain work despite their best efforts.
- Institute regulatory changes to CRA, Fannie Mae, and Freddie Mac to stabilize and standardize lending practices.
- Increase funding levels for General Assistance, Social Security, and Temporary Assistance for Needy Families to allow for recipients to fund more of their actual living expenses.
- Define chronic homelessness as a presumptively eligible category for the recipient of SSI/SSDI benefits.

## **STEM THE TIDE OF PEOPLE IN NEED OF EMERGENCY SHELTER AND ASSISTANCE.**

Job loss, medical emergencies, eviction and other crises can lead directly to homelessness for individuals and households faced with economic insecurity. Some studies have shown that this is a crucial point of intervention: once a household “enters the system,” and the more time they spend receiving emergency services, the greater their likelihood of having multiple homeless episodes. First, we need to prevent as many people as possible from touching the system, especially “at-risk” populations like foster care youth and formerly incarcerated people. Second, among those who do enter the emergency services system, we need to prevent as many as possible from staying there by providing exits to permanent housing.

### **Local Snapshot: Leaving Incarceration at Risk of Homelessness**

At a recent event sponsored by the Santa Clara Department of Correction, service providers were invited to the local women’s correctional facility to disseminate information about services available upon release. One provider reported that roughly 80% of the women they spoke with that day sought housing information and assistance, since they were not certain where they would live upon their release.

Much attention has been paid to the passage of the stimulus package, and with good reason. We are particularly appreciative of the increased support for homeless assistance through HUD’s Homelessness Prevention and Rapid Re-Housing Program, as well as the support for emergency food and shelter under the FEMA Emergency Food and Shelter Program. We see these interventions as crucial support for our work in addressing the critical shortage of food, shelter, and income in these difficult economic times.

Yet our work has a longer horizon than the current economic downturn. We have provided housing, services, and other critical interventions for homeless individuals and families even during times of great prosperity and we believe that we still have much work ahead of us. The foundation for much of this work has been laid, and much of it explicitly spelled out in the Ten-Year Plans to End Homelessness that communities across the country have carefully and thoughtfully prepared.

### **Local Snapshot: San Luis Obispo County**

Citing the tremendous cost of incarceration, emergency medical services, and other crisis interventions associated with homelessness, San Luis Obispo County developed a Ten Year Plan to End Homelessness, which was accepted in 2008 by all of the County’s seven City Councils. The central emphasis of the plan is the creation of affordable and supportive housing to provide permanent exits from homelessness.

## **We support the following strategies for stemming the tide of people in need of emergency assistance:**

- Implement the Federal interagency plan to end homelessness and dedicate the resources necessary to enact the plan.
- Institute and enforce requirements for States and local jurisdictions to approve and implement their Ten-Year Plans to End Homelessness, and invest the Federal resources to bolster this effort.
- Provide universal health care coverage.
- Advance alternatives to incarceration, such as substance abuse and mental health treatment, whenever appropriate.
- Mandate comprehensive re-entry planning from all correctional facilities, from Federal prisons to local jails, to minimize exits to homelessness.
- Mandate comprehensive transition planning for transition-aged youth.
- Support interagency collaborations between correctional systems and mental health care providers.

- Bolster McKinney-Vento Act funding targeting homeless students to maximize their ability to remain in school
- Convene meetings and collaborate closely with the HPRP and FEMA representatives to ensure that any homeless-specific stimulus funding is distributed in ways that are consistent with local Ten-Year Plans to End Homelessness.

**TARGET ENRICHED RESOURCES TO THOSE WITH THE MOST COMPLEX NEEDS.**

Due in no small part to the steady shrinkage of safety net services, the problem of homelessness has become inextricable from the issues of substance abuse, mental illness, and medical challenges. With insufficient access to critical medical care, limited availability of substance abuse treatment programs, and a critical shortage of inpatient mental health services, the system of homeless services has been called upon to address all of these needs. Despite the best efforts of homeless service providers, and the high-quality programs that provide comprehensive services to homeless people, the work cannot all be done here. Multiply-diagnosed homeless people must have access to mainstream medical, mental health, and substance abuse services.

**Local Snapshot: Targeting Frequent Users**

The Frequent Users of Health Services Initiative (FUHSI), jointly funded by the California Endowment and the California HealthCare Foundation, was a six-year project mandated to test new models designed to serve the “frequent users” population more effectively. The Initiative defines “frequent users” as group of individuals whose complex needs are inefficiently addressed in the high-cost acute care settings of emergency departments. This population faces barriers in accessing housing, medical, mental health, and substance abuse resources, all of which can contribute to frequent emergency department (ED) visits; this trend is extremely costly to communities. As such, the primary goal of the Initiative was to discover ways to avoid the overuse of these ED facilities, particularly by the homeless constituent. To reduce the “revolving door” phenomenon, the Initiative funded programs implementing coordinated, multi-disciplinary care. The Initiative provided one-year planning grants and three-year implementation grants to six California counties, including Alameda, Sacramento, Santa Clara and Santa Cruz, beginning in 2003.

Supportive housing is one of the most important innovations to emerge from the hard work of homeless service providers. Combining safe, permanent, deeply affordable housing with comprehensive supportive services has yielded a range of positive outcomes for some of the homeless populations that were long considered “difficult to serve.” Different models of supportive housing have produced increased employment opportunities, improved health outcomes, and overall reductions in rates of hospitalization, overdose, and incarceration. In light of the fact that a critical portion of the American homeless population experiences the need for supportive services, supportive housing is a critical piece of ending homelessness among people with complex, multi-faceted needs.

**The Case for Supportive Housing**

There are many ways of demonstrating the effectiveness of supportive housing in meeting the needs of homeless individuals and families. One of the most frequently cited studies was conducted by researchers from the University of Pennsylvania’s Center for Mental Health Policy and Services Research, who tracked the cost of close to 5,000 mentally ill New Yorkers while they were homeless and after they were housed. They concluded that supportive housing could result in annual cost savings of more than \$16,000 per person by reducing the use of emergency shelters, public health services, and correctional facilities. In this way, supportive housing can be a win-win: an end to chronic homelessness for people with complex needs and a cost savings for jurisdictions who no longer “manage” the problem.

Yet developing supportive housing is no easy task. Developers have to align multiple sources of capital, operating, and services funding, ensure regulatory compatibility between those sources, overcome neighborhood opposition, and regularly face the prospect of budget cuts that could compromise the integrity of their programs.

**The Context: Making Supportive Housing Happen**

Supportive Housing developers have made tremendous strides in the past ten to fifteen years but their task remains difficult. One of the biggest challenges is lining up the necessary capital, operating, and supportive services funding. Few projects can rely upon a single source of capital funding and instead must line up a variety, which can include low-income housing tax credits, State bond funding, local capital dollars, donations from private sources, and more. At times, these sources are not compatible: they might have differing regulatory terms, use restrictions, eligibility thresholds, and other characteristics that make them hard to combine. Similar challenges arise for operating and services funding. And some sources only provide one type of cost, such that they will fund the development of a building but not its operation, or vice versa. The availability of high-quality technical assistance has made it easier to overcome these barriers, but a longer-term solution would be to eliminate the barriers altogether.

**Local Snapshot: Marin County**

With what many estimate to be the most expensive housing costs in the nation, Marin County has worked hard to meet the needs of its homeless population for years. The county is home to a dedicated and experienced group of housing and service providers but progress on meeting their housing production goals has been slow. In addition to the challenges faced by all Bay Area developers – aligning financial regulations, identifying sites, and securing sufficient capital, operating, and services funding – Marin developers contend with intense community opposition, astronomical land costs, and an allocation of new McKinney funding whose size – roughly the amount needed to operate one unit of housing per year -- makes it difficult to transfer into new housing opportunities.

**We support the following strategies to target enriched resources to those with the most complex needs:**

- Create a Supportive Housing Block Grant program for use by nonprofit housing developers and public housing authorities to support the development of supportive housing; rather than wasting resources on the administration of programs that already work, reform housing finance to reduce the administrative burden.
- Under Healthcare reform, expand federal support for substance abuse treatment and mental health care, as co-occurring disorders.
- Foster interagency collaboration between HRSA, SAMHSA, HUD, Veterans Affairs, and other Federal agencies overseeing Federal programs that relate to homelessness.
- Fund what works. Take the lessons learned from the various HUD-sponsored initiatives, such as the Chronically Homeless Initiative, Homeless Families Initiative, the Homeless Veterans Reintegration Demonstration, Treatment for the Homeless, Housing for Serial Inebriates, and allow for further dissemination of those models by expanding funding opportunities.
- Build upon the current infrastructure. Expand McKinney-Vento program funding and maintain the local Continuum of Care process for prioritizing and allocating those funds. Use a 5-year (not 1-year) grant cycle to minimize the administrative burden on agencies.
- Eliminate match requirements (or allow increased flexibility to meet them) that jeopardize the funding during times of budget reductions.

## **CONCLUSION**

This is a critical moment in the arena of homeless policy. The need for integrated, effective service delivery has never been greater as homelessness increases in our communities and housing and service providers have fewer and fewer resources to meet the demand. At the same time, there is considerable momentum moving us toward ending homelessness and, with the support of the new presidential administration, we believe that this time of crisis can also be a moment of opportunity. With these recommendations, we envision the opportunity to address the structural poverty and marginalization that constitute the persistent backdrop for homelessness, to prevent short-term crises like medical emergencies or unemployment from jeopardizing one's housing, and to end the cycles of chronic homelessness faced by individuals and households with multiple, complex needs.

We set forth these recommendations with the understanding that it is also our responsibility to guide in their design and implementation as programs. We know that there is a lot of hard work ahead and we look forward to our collaboration.

## **WHO WE ARE**

### **The Regional Steering Committee on Homelessness and Housing**

The Regional Steering Committee on Homelessness and Housing (RSC) is an eleven-county body composed of representatives of local government, non-profit homeless service and housing providers, academics, advocates, volunteers, and those who have experienced homelessness. We meet quarterly to collaborate on homelessness and poverty issues. For over two decades, we have advocated our concerns regarding federal and state policy issues, conducted research and trainings, designed programs, and supported the work of those in our community to serve homeless people while seeking an end to homelessness.

### **The Northern/Central Valley Homeless Roundtable**

The Northern California/Central Valley Homeless Roundtable is led by leaders in homeless continuums of care in the California Northern and Central Valley communities. The Roundtable's goal is to create regular opportunities for homeless continuum participants to foster an exchange of information and resources across communities.

### **HomeBase/The Center for Common Concerns**

HomeBase is California's public policy law firm on homelessness. HomeBase's mission is to end homelessness, prevent its recurrence, and decrease its effect on communities. Our approach is twofold: identifying and analyzing the causes of homelessness and developing and implementing long-term solutions that remove these causes. We work with service providers, local communities, public and nonprofit sectors, and homeless people to implement these solutions.

*For more information, please contact HomeBase Executive Director, Marty Fleetwood, at (415) 788-7961 x312 or at [Marty@homebaseccc.org](mailto:Marty@homebaseccc.org) OR Stacey Murphy, HomeBase Policy Analyst, at (415) 788-7961 x302 or at [Stacey@homebaseccc.org](mailto:Stacey@homebaseccc.org).*