

Permanent Supportive Housing Block Grant Development Proposal

Background

In 1986, Bay Area counties spoke up in support of proposals being presented to Congress to fund a national response to homelessness. Our needs were chronicled in *Avenues Out of Despair*, a profile of homelessness programs in the SF Bay Area that pointed to the need for well-planned coordinated solutions well-funded by government. Those people, who became the first members of the Regional Steering Committee, spoke up on behalf of the omnibus legislation that included a right to housing for poor people in this country.

As enacted, the stripped-down legislation that has since been named in honor of the lead Congressional sponsors, “McKinney-Vento Homeless Assistance Act” was an emergency response to the rapid rise in numbers of Americans becoming homeless. The enacted bill was designed to incubate various strategies to respond to the growing problem of homelessness in the U.S. “Model demonstration” programs were seen as 5 years in length.

One of those “demonstrations”, for example was the employment program run through the Department of Labor. Agencies in Contra Costa County and Alameda County each received those original funds (as did others...) and participated in the evaluation and research components that led to “special needs” programs within the new One-Stop Centers design. Since then, the McKinney portion of DOL funding faded (e.g. covered at the March 21, 1997 and May 17, 1996 RSC meetings).

Differently, the Department of Education continued to secure funding and strengthened the response to homelessness through school districts, including through additional targeted legislative provisions (e.g. covered at the July 8, 1994 and September 9, 1994 RSC meetings).

Overall, McKinney-Vento programs have found some solutions that work, including Permanent Supportive Housing (PSH), but the same small pot of money has been constantly rearranged to do the same work, without the dramatic effect that would be possible with increased funding.

The bulk of McKinney-Vento funding is funneled through HUD, and by HUD out to communities through the SuperNOFA CoC process.

Since 1987, every 3- 5 years, the RSC has put substantial time into visioning an improved response to homelessness from Washington. We have drafted legislative proposals, provisions, edited legislation, reviewed ideas that others have floated, and participated in introducing draft bills (there are numerous memos on each step of the way, if you ever need to look back). At each juncture, we have conveyed our perspective and needs to Congress, the Administration, and our colleagues around the state and nation. This has

not always been in reference to McKinney, though this bill consumes the bulk of our time.

Throughout our consideration, there are some principles on which we remain consistent. Those are contained in a chart doing a side-by-side analysis of legislative proposals. We have also convened special meetings to spend adequate time with everyone in the community affected by these resources, reviewing proposals that may be taken seriously in Washington. The past two years, we have reviewed with you the Reed bill (Community Partnership to End Homelessness Act), the Carson bill (Homeless Emergency Assistance and Rapid Transition to Housing Act), and the current legislation (McKinney-Vento appropriations). Our side-by-side chart is being used in several communities to re-think their local structure, and to consider on a city and county basis, what voice to lend to the legislative efforts.

The RSC review of these materials and perspectives is the basis for the *Issues Brief* distributed at our last meeting in January (let us know if you need a copy).

Status

At each dialog, the collective frustration finds voice as “why can’t we just ask for what we want”, rather than responding to a hodge-podge of ideas. At the state-wide Reed bill meetings last year, several side conversations began framing this as “a pot of money that we can do housing out of, especially permanent supportive housing”. This struck a chord, as it was an idea the RSC had debated 10 years ago, and begun discussing with Congressional staff in DC when the balance of power shifted.

HomeBase recently met with Speaker Pelosi’s staff in relation to the reauthorization of the McKinney-Vento Act and raised the possibility of additional legislation, outside of McKinney, in the form of a permanent supportive housing block grant, and the staff member requested a “development proposal” explaining this idea. This memorandum includes a version of that draft proposal.

The Rest Of This Memo is NOT about Reauthorizing McKinney. It is About a “NEW” Idea, “Having What We Really Want”.

Congress: who handles our ideas, beyond our elected representatives?

The Housing and Community Opportunity Subcommittee¹ of the Financial Services Committee of the House of Representatives² oversees the Department of Housing and

¹ Chairwoman Maxine Waters (CA) leads the Housing and Community Opportunity Subcommittee. Members of the Housing and Community Opportunity Subcommittee include Rep. Nydia Velázquez (NY), Rep. Julia Carson (IN), Rep. Stephen F. Lynch (MA), Rep. Emanuel Cleaver (MO), Rep. Al Green (TX), Rep. William Lacy Clay (MO), Rep. Carolyn B. Maloney (NY), Rep. Gwen Moore (WI), Rep. Albio Sires (NJ), Rep. Keith Ellison (MN), Rep. Charles A. Wilson (OH), Rep. Christopher S. Murphy (CT), Rep. Joe Donnelly (IN), Rep. Judy Biggert (IL), Rep. Stevan Pearce (NM), Rep. Peter King (NY), Rep. Paul E. Gillmor (OH), Rep. Christopher Shays (CT), Rep. Gary G. Miller (CA), Rep. Shelley Moore Capito (WV), Rep. Scott Garrett (NJ), Rep. Rick Renzi (AZ), Rep. Randy Neugebauer (TX), Rep. Geoff Davis (KY), Rep. John Campbell (CA).

Urban Development. The subcommittee also handles matters related to public, affordable, and rural housing, as well as community development.

Current Democratic initiatives of the Financial Services Committee include: (1) Initiative to Protect Shareholders from Abuses of Executive Compensation, (2) Retailers Purchasing Industrial Loan Corporations, and (3) Response to the Gulf Coast Hurricanes. Housing and homelessness are not currently priorities of the Committee. The Housing Subcommittee webpage refers to FY2004 goals.

Block Grants: the likely form for a pot of housing money to take

- Another NOTE: The RSC has repeatedly been clear that we do not favor turning the McKinney Act into a block grant. This is a discussion about something MORE than McKinney.

Block grants have positive and negative qualities from the perspective of grantees and communities.

On the positive side:

- Block grant money imposes a familiar administrative burden
- A PSH block grant would take OUTSIDE of the McKinney Act the funding of this much needed form of housing.

Thus, it would allow McKinney funding to be available for the full range of other forms of housing and supportive services, without also needing to support capital development.

² Chairman Barney Frank chairs the Financial Services Committee. The other Democratic members of the Committee are: Rep. Paul E. Kanjorski, PA, Rep. Maxine Waters, CA, Rep. Carolyn B. Maloney, NY, Rep. Luis V. Gutierrez, IL, Rep. Nydia M. Velázquez, NY, Rep. Melvin L. Watt, NC, Rep. Gary L. Ackerman, NY, Rep. Julia Carson, IN, Rep. Brad Sherman, CA, Rep. Gregory W. Meeks, NY, Rep. Dennis Moore, KS, Rep. Michael E. Capuano, MA, Rep. Rubén Hinojosa, TX, Rep. William Lacy Clay, MO, Rep. Carolyn McCarthy, NY, Rep. Joe Baca, CA, Rep. Stephen F. Lynch, MA, Rep. Brad Miller, NC, Rep. David Scott, GA, Rep. Al Green, TX, Rep. Emanuel Cleaver, MO, Rep. Melissa L. Bean, IL, Rep. Gwen Moore, WI, Rep. Lincoln Davis, TN, Rep. Albio Sires, NJ, Rep. Paul W. Hodes, NH, Rep. Keith Ellison, MN, Rep. Ron Klein, FL, Rep. Tim Mahoney, FL, Rep. Charles Wilson, OH, Rep. Ed Perlmutter, CO, Rep. Christopher S. Murphy, CT, Rep. Joe Donnelly, IN, Rep. Robert Wexler, FL, Rep. Jim Marshall, GA, and Rep. Dan Boren, OK. The Republican members of the Committee are: Rep. Spencer Bachus, AL, Rep. Richard H. Baker, LA, Rep. Deborah Pryce, OH, Rep. Michael N. Castle, DE, Rep. Peter King, NY, Rep. Edward R. Royce, CA, Rep. Frank D. Lucas, OK, Rep. Ron Paul, TX, Rep. Paul E. Gillmor, OH, Rep. Steven C. LaTourette, OH, Rep. Donald A. Manzullo, IL, Rep. Walter B. Jones, NC, Rep. Judy Biggert, IL, Rep. Christopher Shays, CT, Rep. Gary G. Miller, CA, Rep. Shelley Moore Capito, WV, Rep. Tom Feeney, FL, Rep. Jeb Hensarling, TX, Rep. Scott Garrett, NJ, Rep. Ginny Brown-Waite, FL, Rep. J. Gresham Barrett, SC, Rep. Rick Renzi, AZ, Rep. Jim Gerlach, PA, Rep. Stevan Pearce, NM, Rep. Randy Neugebauer, TX, Rep. Tom Price, GA, Rep. Geoff Davis, KY, Rep. Patrick T. McHenry, NC, Rep. John Campbell, CA, Rep. Adam Putnam, FL, Rep. Michele Bachmann, MN, Rep. Peter J. Roskam, IL, and Rep. Kenny Marchant, TX.

The RSC has stated, regarding McKinney reauthorization efforts that it is imperative to fund services related to self-sufficiency and health that broadly support housing retention and to have all the services available that consumers need. The RSC has also stated that capital development activities should *not* receive increased federal preference over other activities in a McKinney reauthorization, as proposed in the Reed bill, to control against those extremely limited funds being used disproportionately for high-cost, one-time expenses such as development. Thus, we can stop being pitted against ourselves each year with these tight dollars.

- Block grants allow for more local control over the distribution of the funds.

Through the McKinney reauthorization discussions, RSC has stated a preference for local flexibility and control of funding. We have learned from the McKinney Act the value of local, inclusive, collaborative planning process to end homelessness and the value of the diverse array of interventions to prevent and end homelessness.

We have also said that we do not want a CDBG-style block grant, where too much control is left in the hands of local elected officials swayed by factors beyond the needs of the people meant to be helped by these resources.

- Through the process of developing Continuums of Care, local communities have built capacity and knowledge about how to end homelessness. Block grants have been found to work best when administrative capacities already exist to distribute them, but they are “married” to the knowledge of what to do.

Some problems with block grants may include that:

- We are Talking New Money in Tight Times. Some might try to break up the McKinney grant to fund this PSH block grant, which would be counter-productive. We would need to advocate for a separate pool of money from McKinney to fund only permanent supportive housing, leaving the McKinney money and its flexibility intact. We want win-win.
- The efficacy and cost-effectiveness of supportive housing has resulted in strong support from politicians of the McKinney program, who have not been provided a comprehensive perspective of all the work communities do with these resources. If permanent supportive housing, like Section 8 or PHA’s, became a mainstream HUD program, we would have to work to align the funds effectively and portray the comprehensive inter-connectedness of the program solutions.
- When the possibility of a block grant for funding all McKinney programs for homeless people has been raised in the past, the RSC encouraged Congressional

Democrats to actively squash the proposals because we saw it as unfavorable. We will need to be very clear that we want BOTH/and, not either/or.

- Generally, under block grants, large cities do not get the level of resources they need, because if the proposed formula weighs need too heavily, the competing needs of states become at issue. Many block grants have a minimum amount that is to be awarded to each state. We will have to strive for the funding levels we need.
- Finally, block grants are often the first place for Congress to cut funding. The Congressional Research Service completed a report that detailed the history of block grants and they have historically received less money each year, on average, after passage.³

Development Proposal

This proposal outlines the design of a block grant to fund permanent supportive housing.

Definition: Permanent supportive housing (PSH) is permanent, affordable housing with a large range of flexible supportive services available to residents, but residents are not required to make use of them, so that they can stay housed as their service needs decrease.

Justification: PSH has been shown to be an efficient, cost-effective and humane way to help people who have experienced long bouts of homelessness and have certain disabling conditions become housed and maintain housing. Repeated studies have found that the cost of housing and unhoused person is either less expensive or roughly the equivalent cost as not housing that person because of the decreased use of public services like hospitals and corrections facilities by people who are housed.⁴ PSH should no longer be supported solely by the McKinney-Vento Act, which is not structured or funded to support capital development and is needed to support other housing and housing-related activities, but should be supported by its own funding structure.

Distribution of Grant: We propose that this block grant use an existing formula, possibly the HOME formula, to distribute the block grant funds to jurisdictions that would then distribute funds to local developers, either for-profit or non-profit, and partner

³ Thanks to Sharon Rapport at Corporation for Supportive Housing who generated this list of ideas.

⁴ E.g., Culhane, D.P., Metraux, S., & Hadley, T. (2002.) Public service reductions associate with placement of homeless persons with severe mental illness in supportive housing. *Housing Policy Debate*, 13(1), 107-263. See also, http://www.hrsa.gov/homeless/main_pages/pa2_materials.htm; Rosenheck, R., Kaspro, W. Frisman, L., & Mares, W-L. (2003.) Cost-effectiveness of supportive housing for homeless persons with mental illness. *Archive of General Psychiatry*, 60, 940-951; Malcolm Gladwell, "Million-Dollar Murray", *The New Yorker*, from issues of 2/13/2006 and 2/20, 2006; Impact of a Multi-disciplinary, Community Serial Inebriate Program on ED Visits by Chronic Alcoholics to Three Urban Emergency Departments, by Peter Jenson, Theodore C Chan, Gary M Vilke, J Leining, Richard Schnell, Ramona Chester, Jack Berthelet, Anne Marcotte, Charles Simmons, Donna Kelly and James Dunford, *Acad Emerg Med* Volume 9, Number 5 389, 2002; and The Lewin Group Staff, *Costs of Serving Homeless Individuals in Nine Cities*, November 19, 2004, available at: www.csh.org.

agencies that operate the housing and provide services. The funds should be flexible and should be available to fund pre-development costs, capital costs, operations, administrative costs, and services, as determined by local community need. Targets that favor housing over services would be more appropriate here than lodged in the McKinney-Vento Act process at HUD, where it has been distended from its original design and intent.

Number served: The grant should support the creation of 150,000 units of permanent supportive housing in the next ten years targeted to families and individuals who are homeless, have been homeless for a long period of time, and need supportive services to remain housed.⁵ The draft California plan to end chronic homelessness refers to building 10,000 units of supportive housing in the next ten years.

Cost: The amount estimated to support this block grant is \$1.3 billion per year at the end of ten years.⁶ The cost-savings in homeless services, hospital services, corrections facilities and the like should be kept in mind.

⁵ The source of this number is the Compact of the Corporation for Supportive Housing.

⁶ National Alliance to End Homelessness, Ten Year Plan: Opening the Back Door, available at: <http://www.endhomelessness.org/section/tools/tenyearplan>.