

**Testimony Before The
House of Representatives
Committee on Financial Services
Sub-Committee on Housing and Community Opportunity**

**Regarding the
“Affordable Housing Needs of
America’s Low Income Veterans”**

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Of

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Also Known As
U.S. VETS**

United States Veterans Initiative (aka 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, U.S. VETS has become a recognized leader in the field of service delivery to homeless veterans and the largest operator of homeless veteran programs in the country. United States Veterans Initiative collaborates with Cantwell-Anderson and Century Housing for many of its project developments.

Last night, more than 2,100 formerly homeless veterans slept in our 12 facilities. They are receiving a variety of services according to their need, whether it be educational counseling for benefits and mental health issues, addictions treatment, employment assistance, or rental assistance for those veterans who are disabled. We are helping them regain the skills that will make them self sufficient and give them the sense of pride that goes along with a productive life.

All of our programs are collaborative efforts with local area providers, VA Medical Centers, and local government agencies, bringing the community as a whole into the solution for homeless veterans.

Since 1993, U.S. VETS has expanded and currently operates:

- U.S. VETS Los Angeles, Westside Residence Hall, our inaugural site with 485 beds
- U.S. VETS Long Beach, Villages at Cabrillo, a 26-acre base closure project, the largest transitional housing facility for homeless veterans in the country, which partners 9 agencies and presently houses over 700 homeless veterans, families and youth
- U.S. VETS Las Vegas, a 260-bed facility
- U.S. VETS Texas which operates a 100-bed permanent housing facility and employment center, the DeGeorge Hotel, and a 300-bed housing complex component at Mid-Town Days Inn in Houston, Texas
- U.S. VETS Arizona, which operates a 80 bed facility in Phoenix, AZ, and a 58 bed facility in Prescott, AZ
- U.S. VETS Hawaii, a 210 bed facility in Honolulu, HI
- U.S. VETS Washington DC, Ignatia House, a 51-bed facility
- U.S. VETS Riverside, a 119 bed facility at March ARB
- U.S. VETS Compton, a 80-bed program in Compton, California

As a result of our successful strategies to educate, counsel and empower homeless veterans, the State of Hawaii recruited U.S. VETS to coordinate and provide services at the new 300 bed Waianae Family Shelter in Oahu.

During its first 14 years of operation, U.S. VETS programs have served more than 17,000 homeless veterans. Sixty-five percent have made successful transitions into permanent housing in the community and achievement of self-sufficiency. U.S. VETS also operates its highly successful Veterans in Progress (employment re-entry) programs in 7 locations that consistently average an 80% employment rate for participants and help more than 1,100 veterans find full time employment each year. U.S. VETS has received national recognition and numerous awards for their efforts on behalf of homeless veterans.

Barriers to Housing

The Homeless Research Institute released a report on Homeless Veterans citing numerous findings. These findings highlighted the need to provide veterans with the **proper housing** and **supportive services** in order to prevent homelessness from occurring in the first place. The report also calculates that in order 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 indicated they have been concerned that they may not have a place to live.

A recent Congressional Hearing “Foreclosure Prevention and Intervention” held by the House Sub-Committee on Housing and Community Opportunity cited a total of 148,147 foreclosure filings in California. The proliferation of sub-prime, interest only, adjustable rate, no-doc and other mortgage products have locked low income individuals and veterans into unsustainable loans. Veterans represent a substantial number of the current foreclosure crisis.

According to the National Low Income Housing Coalition: Nationwide there are only 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. Additionally, no congressional district has enough housing available to extremely low income families.

The Cost of Doing Nothing

Because they have no regular place to stay, people who are homeless use a variety of public systems in an inefficient and costly way. Preventing a homeless episode, or ensuring a speedy transition into stable permanent housing can result in a significant cost savings.

People who are homeless are more likely to access costly health care services.

- According to a report in the New England Journal of Medicine, homeless people spent an average **of four days longer per hospital visit** than did comparable non-homeless people. This extra cost, approximately \$2,414 per hospitalization, is attributable to homelessness.¹
- A study of hospital admissions of homeless people in Hawaii revealed that 1,751 adults were responsible for 564 hospitalizations and \$4 million in admission cost. Their rate of psychiatric hospitalization was over 100 times their non-homeless cohort. The

researchers conducting the study estimate that the **excess cost for treating these homeless individuals was \$3.5 million** or about \$2,000 per person.²

Homelessness both causes and results from serious health care issues, including addictive disorders³. Treating homeless people for drug and alcohol related illnesses in less than optimal conditions is expensive. Substance abuse increases the risk of incarceration and HIV exposure, and it is itself a substantial cost to our medical system.

The California Drug and Alcohol Treatment Assessment, a study conducted in the early 1990's, found that the costs of treatment for 150,000 participants was \$209 million, while the benefits received during treatment and in the first year afterwards were worth approximately \$1.5 *billion* in savings to taxpaying citizens, due mostly to reductions in crime.

People who are homeless spend more time in jail or prison -- sometimes for crimes such as loitering -- which is tremendously costly.

- According to a University of Texas two-year survey of homeless individuals, each person **cost the taxpayers \$14,480** per year, primarily for overnight jail.⁵
- A typical cost of a prison bed in a state or federal prison is **\$20,000** per year⁶

Emergency shelter is a costly alternative to permanent housing. While it is sometimes necessary for short-term crisis, it too often serves as long-term housing. The cost of an emergency shelter bed funded by HUD's Emergency Shelter Grants program is approximately **\$8,067,⁷ more than the average annual cost of a federal housing subsidy** (Section 8 Housing Certificate).

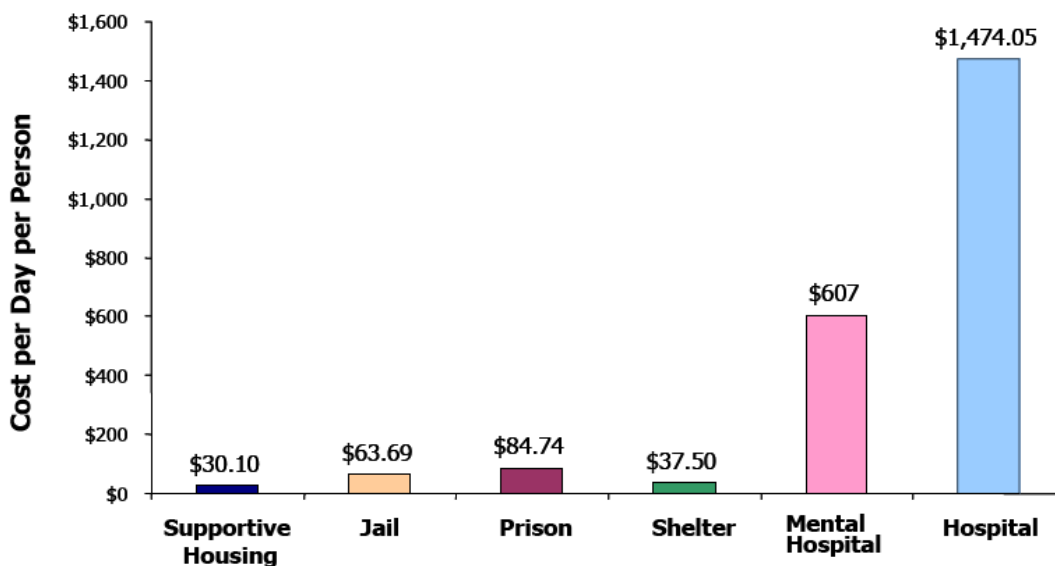
Homeless people do not pay taxes. Each year at its 12 sites across the country, U.S. VETS helps 1,100 veterans find full time employment at an average wage of \$9.69 per hour. Calculated over one year of employment, these formerly homeless veterans pay more than \$6.5 million dollars in taxes to the community. In L.A. County we put 320 vets a year back to work, at an average wage of \$11 an hour. Over the course of one year, they will pay approximately \$2.2 million in taxes.

The Los Angeles Homeless Services Authority's (LAHSA) 2005 Greater Los Angeles Homeless Count, released in January, 2006, indicates that there are more than 88,000 homeless people in Los Angeles County each night. This number is up from an estimated 80,000 a decade earlier. During this same period, the number of homeless veterans was reduced from 27,000 to 18,000. We feel this reduction is partially due to the increase in housing and services for homeless veterans. Of the 1,500 beds for homeless veterans now in Los Angeles County, nearly 1,000 are operated by U.S. VETS. We are having an impact.

The costs of having homeless people in any community can be measured first in terms of the cost of human life itself, as well as the diminished health and well-being of homeless people, the burden on businesses through impaired access to their goods and services, and the detriment to the general community due to fear and restricted access to our streets and parks. It is a cost measured by the huge expense of health care, incarceration and shelter now dedicated to responding to and containing the problem.

The accompanying chart shows the comparative cost of supportive housing compared with sheltering, hospitalizing, or incarcerating a person in Los Angeles. Hospitalization is 49 times more costly than supportive housing; and jail is 47 percent more costly. One month's stay in a mental hospital could pay for about 20 months in supportive housing. One day in a hospital could pay for more than 45 days in supportive housing. There are also expenditures that aim to support people, but effectively keep them in homelessness. For example, the County administers public benefits to help families and individuals, but these payments are so low that the recipient cannot afford to pay rent on a monthly basis.

Los Angeles Cost Estimates



Source: The Lewin Group

Sources

¹Salit S.A., Kuhn E.M., Hartz A.J., Vu J.M., Mosso A.L. Hospitalization costs associated with homelessness in New York City. *New England Journal of Medicine* 1998; 338: 1734-1740.

²Martell J.V., Seitz R.S., Harada J.K., Kobayashi J., Sasaki V.K., Wong C. Hospitalization in an urban homeless population: the Honolulu Urban Homeless Project. *Annals of Internal Medicine* 1992; 116:299-303.

³Rosenheck, R., Bassuk, E., Salomon, A., Special Populations of Homeless Americans, *Practical Lessons: The 1998 National Symposium on Homelessness Research*, US Department of Housing and Urban Development, US Department of Health and Human Services, August, 1999.

⁴From the website of the National Law Center on Homelessness and Poverty, May 8, 2000.

⁵Diamond, Pamela and Steven B. Schneid, *Lives in the Shadows: Some of the Costs and Consequences of a "Non-System" of Care*. Hogg Foundation for Mental Health, University of Texas, Austin, TX, 1991.

⁶Slevin, Peter, *Life After Prison: Lack of Services Has High Price*. *The Washington Post*, April 24, 2000.

⁷Office of Policy Development and Research, U.S. Department of Housing and Urban Development, *Evaluation of the Emergency Shelter Grants Program, Volume 1: Findings* September 1994. p 91.

⁸Rafferty, Yvonne *The Legal Rights and Educational Problems of Homeless Children and Youth* pp 42-45. As reported on the website of the National Law Center on Homelessness and Poverty, May 8, 2000.

Solutions

- Approve and appropriate funding for the Homes for Hero's Act of 2007. H.R. 3329 S.1084
 - There are approximately 90,000 applicants awaiting section 8 vouchers from the Housing Authority of the City of Los Angeles. Many of these applicants are veterans. An increase in VASH vouchers through the Departments of Housing and Urban Development and Veterans Affairs would help to relieve the burden on a system that is already strained and increase housing inventory for veterans.
- Modify HUD eligibility requirements for Permanent Housing to include low-income veterans with employment.
 - Homeless Veterans who are entering the program including those recently separated from Iraq and Afghanistan, are excluded from entering HUD Permanent Housing once they have been successful in obtaining employment. Often times their wages exceed affordable housing requirements. Currently HUD Permanent Housing projects are for individuals with disabilities only.
- Increase volume caps to existing tax credit projects within states.
 - The Tax Credit model is the most efficient system for delivering affordable housing. In many states the ratio of available allocations is less than one third of requesting projects. Veterans' projects suffer along with others in competing for this scarce allocation.
- Allow veterans preference for tax credit projects
 - The collaboration of U.S. VETS currently has 250 units in Arizona, 180 units in Hawaii and 196 units of Permanent Housing has been awaiting tax credit allocation for several years. These projects have land, zoning entitlements, local community investment, bank financing commitment for construction and adequate tax credit investors to deliver the project to veterans, but do not score high enough to win and to be awarded the allocation.