

# MEETING THE HOUSING NEEDS OF VETERANS

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON HOUSING AND  
TRANSPORTATION  
OF THE  
COMMITTEE ON  
BANKING, HOUSING, AND URBAN AFFAIRS  
UNITED STATES SENATE  
ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON

BETTER UNDERSTANDING OF THE EXISTING VETERANS HOUSING PRO-  
GRAMS, VETERANS HOMEOWNERSHIP, AND EXAMINING THE PRO-  
GRAMS THAT SERVICE THE UNIQUE NEEDS OF HOMELESS VETERANS

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WEDNESDAY, AUGUST 2, 2006

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## **MEETING THE HOUSING NEEDS OF VETERANS**

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**WEDNESDAY, AUGUST 2, 2006**

U.S. SENATE,  
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,  
SUBCOMMITTEE ON HOUSING AND TRANSPORTATION,  
*Washington, DC.*

The Subcommittee met at 2:31 p.m., in Room 538, Dirksen Senate Office Building, Hon. Wayne Allard, Chairman of the Subcommittee, presiding.

### **OPENING STATEMENT OF SENATOR ALLARD**

Senator ALLARD. Today the Housing and Transportation Subcommittee convenes to hold a hearing on meeting the housing needs of veterans.

While every member of the Senate has veteran constituents, this is particularly important to Colorado. The Fifth Congressional District, located in Colorado Springs, has the Nation's highest concentration of veterans.

Veterans embody some of America's highest ideals, including duty, honor, courage, commitment and self-sacrifice.

In recognition of their service to our nation, we have provided them with certain benefits such as education and home ownership opportunities. These benefits have been important for veterans and their families.

Many families might not own a home today but it has not been for the VA Home Loan Guaranty Program.

The Federal Government also operates programs designed to meet the housing needs of homeless veterans. While these programs are not created specifically as a benefit for military service, they have evolved as a more effective and efficient way to prevent and end homelessness among veterans. Homelessness is tragic, but particularly so among those who nobly served their country.

This Committee has not conducted a hearing on veterans housing issues in some time and I believe it is long overdue. Under Rule 25 of the Standing Rules of the Senate, the Committee on Banking, Housing and Urban Affairs has jurisdiction of public and private housing, including veterans housing. While this jurisdiction may come as a surprise to some, I believe that veterans housing is a very important area and as Subcommittee Chairmen, I intend to become active on the matter.

Today's hearing is intended as an opportunity for members to better understand the existing veterans housing programs.

On the first panel, we will hear from the individuals who administer these very important programs. Our first witness on that panel will be Mr. Mark Johnston, Deputy Assistant Secretary for Special Needs Assistance Programs at the Department of Housing and Urban Development. In this capacity, he runs the homeless assistance programs at HUD, which serve many veterans. He is also active in HUD's interagency efforts on homelessness.

Mr. Johnston has been a friend of this Subcommittee and I would like to publicly acknowledge him for the technical assistance he has provided to me and to the Subcommittee staff, particularly on homeless consolidation.

Our second witness will be Mr. Keith Pedigo, Director of Loan Guaranty at the Department of Veterans Affairs. This important program has allowed millions of veterans to become homeowners. Given the recent focus of the Subcommittee on the FHA Loan Guaranty Programs, we will be interested to hear about the ways in which the VA program is similar and different from VHA.

Our final witness on the panel will be Mr. Peter Dougherty, Director of Homeless Veterans Programs at the Department of Veterans Affairs. Mr. Dougherty administers a number of different programs designed to meet the unique needs of homeless veterans.

The Subcommittee will be eager to understand the improved outcomes that can be obtained through specialty veteran targeted programs.

Before I turn to the second panel, I would like also to acknowledge the work of a number of other Government agencies. Homelessness is a multifaceted problem requiring multiple solutions. Many agencies, including the Department of Education, the Department of Health and Human Services and others are working to prevent and end homelessness. Some departments, such as the Department of Labor, even has specific programs designed to meet the needs of homeless veterans.

While these programs might not be under our jurisdiction, I would like to take this opportunity to commend them for their work. Clearly, their programs have an important nexus with the homeless veteran housing programs as we are discussing today.

On our second panel, we will hear from two individuals who run nonprofits that utilize the Federal Government programs to assist veterans. First, we will hear from Ms. Cheryl Beversdorf, who is the Chief Executive Officer of the National Coalition for Homeless Veterans. The coalition represents over 250 member organizations and is active in the effort to end homelessness among our Nation's veterans.

Finally, we will hear testimony from Ms. Barbara Banaszynski, who is Director of Program Development for the Volunteers of America. Volunteers of America is a faith-based nonprofit that provides a range of services including housing, mental and physical health services and case management to veterans in need.

I would like to thank both panels of witnesses for being here today. Your testimony will help us better understand the existing program for meeting veterans housing needs, as well as ways in which these programs might be improved.

Finally, I would like to note that I have had the good fortune to also work with Senator Reed, my ranking member, on the Armed

Services Committee. In fact, we also used to share an Armed Services Subcommittee as chairman and ranking member.

Through our service together on the Armed Services Committee, I know that Senator Reed shares my strong commitment to our men and women in uniform. I am confident that we will carry that over to our Nation's veterans as we examine ways to meet their housing needs.

I look forward to working with Senator Reed and my other colleagues as we delve into this issue.

As I mentioned—okay.

Senator Reed will be joining us later. He may have an opening statement that he would like to make. We will go ahead and give him an opportunity to do that when he shows up.

In the meantime, I am going to go ahead and proceed with the panel. There might be other members that will show up this afternoon. We will start with panel Number 1.

Mr. Johnston, we will have you go first from HUD and then we will go to Keith Pedigo of VA Loan Guaranty, and then Peter Dougherty of VA Homeless Programs, if you would. And then we will go through a question and answer period right after the panel, and then go on to the second panel. We will probably spend most of the afternoon working with the first panel before we go to the second panel.

Mr. Mark Johnston, would you like to start off your testimony?

**STATEMENT OF MARK JOHNSTON, DEPUTY ASSISTANT SECRETARY FOR SPECIAL NEEDS ASSISTANCE PROGRAMS, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. JOHNSTON. Thank you. Chairman Allard, I am pleased to be here on the behalf of Secretary Alphonso Jackson and the U.S. Department of Housing and Urban Development.

The Secretary recognizes the responsibility America has to its veterans, especially to those who are homeless. It is estimated that veterans account for approximately one-quarter of the homeless population.

For the past 20 years, HUD has served homeless veterans, as well as other homeless subgroups. To better serve the homeless, in 1994 HUD developed the Continuum of Care Planning and Grant Process, which calls for communities to develop local plans to solve homelessness. Continuum of Care is a community led effort that involves a diverse group of organizations, including State and local Governments, public housing agencies, nonprofit providers, foundations, and homeless and formerly homeless persons.

Continuums have been proven to be effective in coordinating the effort to fight homelessness. Among the reasons for their effectiveness are the broad-based partnerships they have forged at the local level. HUD is committed, through continuum of care, to ending chronic homelessness.

To underscore HUD's continued commitment to serve homeless veterans, this year's Continuum of Care application encourages organizations that represent homeless veterans to be at the planning table and require that communities identify the number of homeless persons who are veterans so that each community can more effectively address their needs.

In 2005, HUD awarded nearly \$1.3 billion in targeted homeless assistance. Homeless veterans are eligible for all of the Department's homeless assistance programs. HUD awarded funding to 90 percent of all of the veteran specific applications received. HUD has also established a veteran resource center in consultation with National Veterans Service Organizations. HUDVET's goal is to provide veterans and their family members with information on HUD's community-based programs and services.

HUD is also involved with a number of interagency initiatives that focus on solving homelessness, including for homeless veterans. One of these initiatives in which HUD is involved is the VA's Secretarial Advisory Committee on Homeless Veterans, an important advisory group that has addressed chronic homelessness among veterans.

HUD is also involved with the Collaborative Initiative to Help End Chronic Homelessness, a joint initiative with HUD, VA and the Department of Health and Human Services. HUD provided the housing needed for homeless persons, while the VA and HHS provided the needed supportive services to help them stabilize their lives.

In consultation with the U.S. Interagency Council on Homelessness, chaired by Secretary Jackson, HUD developed a special initiative to help persons who have been homeless for years and are also chronically inebriated. HUD provided funding for permanent housing and community partners provided the needed supportive services. Homeless veterans are among those served by these homeless initiatives.

In addition to these initiatives, HUD participates in various national homeless conferences. For instance, as the director of HUD's homeless programs, I was in Denver this week speaking at the Department of Labor's national conference for grantees serving homeless veterans along with my colleagues from the VA, including Pete Dougherty, and the Department of Labor. These conferences provide an opportunity to collaborate with other organizations that share the same goal of solving homelessness.

HUD has also developed technical assistance to benefit homeless veterans. For instance, a guide book called Coordinating Resources and Developing Strategies to Address the Needs of Homeless Veterans describes programs serving veterans that are effectively coordinating HUD homeless funding with other resources.

In closing, the administration is committed, through the Continuum of Care process, to ending chronic homelessness, as well as solving homelessness among veterans and all Americans. HUD will continue to work with its Federal, State and local partners to meet this commitment.

Mr. Chairman, I will be happy to address any questions that the Subcommittee may have at a later point.

Senator ALLARD. Mr. Johnston, thank you for your testimony.

As I indicated to the panel, as members showed up on the Committee we will give them an opportunity to make an opening statement if they wanted to. I will turn to Mr. Reed, my ranking member, to see if he has an opening statement.



**STATEMENT OF SENATOR REED**

Senator REED. Thank you very much, Mr. Chairman. And this is one of those issues where our participation both on this Committee and on the Armed Services Committee comes in handy. I know of your great service on the Committee and your sincere and profound interest in veterans, so I look forward to working with you.

Senator ALLARD. I am looking forward to working with you, too. I also am on the Appropriations Committee, I am on Military Construction. And underneath that Subcommittee we now deal with veterans issues there, also.

Senator REED. Thank you, Mr. Chairman.

We all understand the contributions that veterans are making to our safety today, and we all understand also that we have a profound obligation to help them. The Department of Veterans Affairs currently provides services to 100,000 homeless veterans and guarantees 300,000 to 400,000 VA loans every year. The Department of Housing and Urban Development also provides services to veterans through the Section 8, Section 202 and Section 811 programs and other homeless assistance programs.

Some veterans, however, seem to be falling through the cracks despite these efforts. I am particularly concerned about the disproportionate number of veterans who experience repeated episodes of homelessness. Though veterans make up less than 10 percent of the population as a whole, they make up 25 percent of the homeless population, and 400,000 vets are homeless in any given year.

I think I express the sentiment of all of us here, to have any veteran who serves his country without a home in his country is a shocking and condemning fact.

High housing costs, unemployment, poor education and mental and physical impairment seem to be the most oft-cited causes for veteran homelessness. Researchers, however, have also reported that homeless women vets, who are 3.5 times more likely to be homeless than their non-veteran counterparts, do not necessarily possess these risk factors. So there is something else at work with homeless vets.

Similarly, while the VA Loan Guaranty Program has allowed millions of veterans to obtain home ownership, in an era when veterans tend to have low incomes, many cannot take advantage of the full range of home ownership benefits for which they are eligible.

Additionally, as with people with disabilities in general, 700,000 poor disabled veterans face significant obstacles in finding accessible housing they can afford.

No single agency is capable of fully addressing the housing challenges that our veterans face.

I believe that how we decide to deal with the housing of veterans, just as we determine how to address the housing needs of all Americans, reflects our values and priorities as a nation.

This hearing will, I hope, illuminate some of the reasons why tackling the issue of affordable housing is of paramount importance to the American people. I believe that measures that I and others have offered, such as the Fannie Mae and Freddie Mac Affordable Housing Fund, the Services to End Long-Term Homelessness Act,

and the Community Partnership to End Homelessness Act, also can aid in these efforts.

Again, I look forward to working with the Chairman. Thank you, Mr. Chairman, for convening this hearing.

Senator ALLARD. Thank you very much. I look forward to continuing to work with you, Senator Reed.

Mr. Pedigo, continue if you would, please.

**STATEMENT OF KEITH PEDIGO, DIRECTOR OF LOAN  
GUARANTY, DEPARTMENT OF VETERANS AFFAIRS**

Mr. PEDIGO. Thank you. Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the VA Loan Guaranty Program.

In my testimony I would like to highlight VA's commitment to meeting the housing needs of our Nation's veterans. I am pleased to be accompanied by Mr. Peter Dougherty, Director of Homeless Veterans Programs. Mr. Dougherty will discuss issues pertaining to homeless veterans.

The VA Loan Program serves a clientele which is diverse in many ways. The only common denominator of this clientele is their service in the armed forces of our Nation.

Since the inception of the program, the objective has been to assist eligible veterans to become homeowners. Veterans are assisted by making them more competitive in the mortgage marketplace. The program is intended to benefit men and women because of their service to the country.

The VA Loan Program provides a guarantee to lenders who make loans to veterans and service members. The program's most distinguishing feature is that it allows veterans to purchase a home without the need to make a down payment. Ninety-one percent of the loans that VA guaranteed last year were made without a down payment.

Other important program benefits include making direct loans to Native American veterans living on Trust lands and providing specially adapted housing grants to severely disabled veterans.

Since the Loan Guaranty Program was established as part of the Servicemen's Readjustment Act of 1944, more commonly known as the GI Bill, VA has guaranteed over 18 million loans to veterans totaling almost \$900 billion. The VA Loan Program has made mortgage credit available to many veterans who would not have been able to purchase a home otherwise.

VA guaranteed loans are made to veterans by lenders such as banks, savings and loans and mortgage companies for the purpose of purchasing a home which must be for the veterans' own personal occupancy. Lenders must follow VA credit underwriting regulations and other VA requirements in approving and closing these loans.

In return, VA issues a partial guarantee to the lender, protecting them against loss. There is no maximum VA loan but lenders will generally make no down payment loans up to \$417,000. This is because lenders sell loans in the secondary market which currently places a \$417,000 maximum on these loans.

In certain high-cost areas such as Hawaii, Alaska, Guam and the U.S. Virgin Islands, the secondary market will buy no down payment loans for up to \$625,000. Each January the maximum VA

loan that a veteran can obtain is adjusted to be consistent with the Freddie Mac Conventional Conforming Loan Limit. This is nearly always an upward adjustment.

Currently eligible veterans and service personnel may obtain a VA loan to buy, build or renovate a single-family home, a townhome, a condominium unit as well as buy a new or used manufactured home and/or lot. VA loans are also available to refinance an existing VA loan for the purpose of reducing the interest rate or to obtain cash from the equity in the home.

During fiscal years 2001 through 2005 VA guaranteed 1.6 million loans totaling \$202 billion.

VA considers that it has a twofold purpose in administering the program. Number one, to help veterans purchase the home of their choice; and Number two, to help them keep their home when they encounter financial difficulty.

Like other homeowners, some veterans experience financial hardships that affect their ability to make loan payments. When this occurs, we help veterans retain their homes through supplemental servicing efforts. VA offers financial counseling and may even intervene directly with the loan servicer on behalf of the veteran to work out a repayment plan.

When this assistance results in a veterans' loan being saved, we call this a successful intervention. Successful interventions help veterans avoid foreclosure and reduce the amounts VA is obligated to pay under guarantee.

In fiscal year 2005, there were 8,963 instances where a VA intervention brought a foreclosure-bound loan current. If VA had not successfully intervened, \$175 million in claim payments would have been made to lenders under the guarantee. More importantly, however, 8,963 veterans whose loans were in jeopardy of being foreclosed were able to continue living in their homes.

The savings exceeds the total Government operating expense money requested to sustain operation to the program in fiscal year 2006.

Mr. Chairman, this concludes my testimony. I appreciate the opportunity to be here today and look forward to answering any questions.

Senator ALLARD. Thank you very much for your testimony. Now we will go to Mr. Dougherty.

**STATEMENT OF PETER DOUGHERTY, DIRECTOR OF HOMELESS VETERANS PROGRAMS, DEPARTMENT OF VETERANS AFFAIRS**

Mr. DOUGHERTY. Thank you, Mr. Chairman. It is certainly my pleasure, on behalf of Secretary Nicholson, to be here with you today and discuss the Department of Veterans Affairs programs and services that help homeless veterans achieve their housing needs. We thank you for inviting us.

The VA's commitment is and remains to end chronic homelessness among veterans. To meet that goal, VA has and continues to create opportunities to bring together those veterans in need of assistance with a wide range of services and treatment that VA and others provide.

VA provides health care services to more than 100,000 homeless veterans each year. We provide about 12,000 residential treatment beds of services each night. About 8,000 of those that are currently operating are run by nonprofit groups and organizations in communities across the country, and about 4,000 of them are run by VA programs on VA grounds.

For veterans who are homeless, our efforts involve a significant amount of health care services. Veterans are somewhat different than others in the homeless population both by age, by disease, by mental health and substance abuse. They are much more likely to be older than nonveterans. They are much more likely to be sicker than nonveterans. And they are much more likely to have been homeless longer than nonveterans have been.

With that being said, let us talk a little bit about the prevention aspects of it. As the Committee is aware, we believe that the best strategy to prevent homelessness is early intervention. And that includes those returning from the present conflicts in Iraq and Afghanistan. We think this kind of policy of early treatment and the opportunity to get those veterans in and seen and served is, in fact, the best option that remains available to us.

VA has worked closely over the last three years with our friends at HUD and HHS to work with the chronically homeless in the collaborative initiative that Mark Johnston mentioned. There are 600 chronically homeless individuals who have been housed underneath that initiative and 30 percent of them are veterans.

During the past five years VA, HUD and HHS have sponsored a series of policy academies that bring together a broad group who work with the homeless populations in their respective states to improve the coordination of statewide efforts to aid the homeless. This approach was developed in coordination with the National Governor's Association, has been overseen by the U.S. Interagency Council on the Homeless, and we think has really helped to aid the development of coordinated plans at the State level to end homelessness.

VA has recognized HUD's long-standing involvement with us with a program called HUD-VASH. That is a program where HUD provides Section 8s to veterans and we provide ongoing case management and health care services to the veterans that are in that program. It is, in fact, probably the most successful program that we have.

VA has a long tradition of working with local providers in their communities and we have what is called a CHALENG meeting at each medical center. That is at least a once a year meeting where we bring together community service providers and others to look at the met and unmet needs of homeless veterans in their community, to improve access to services, improve resource directories, but perhaps most importantly to develop a local action plan to address those unmet needs. We look at that information very carefully at VA when we look at awarding new grants. And the Department of Housing and Urban Development uses that information to help identify the needs of veterans in their local Continuums of Care, as well.

Ten years ago we believe there were about 250,000 homeless veterans on any given night on the streets of America. Last year,

based on the best estimate that we have, we believe there were about 195,000. That is obviously still a tragically high number but it is a sign that the work and the effort that we have made in both our department and with our partners at the Federal level and at the local level is having some success. We are confident that our continued efforts will achieve the goal of ending chronic homelessness among veterans.

We, along with many Veterans Service Organizations, State and local Governments and others participate in what is called stand-downs, a significant outreach activity. Some are 1 day, some are 3-day activities to reach out to homeless veterans. There were about a hundred of those programs that we recorded last year. About 20,000 veterans and their families were seen in that outreach effort. But perhaps as significant, there were about 13,000 volunteers who came out and helped to assist.

As you know, our largest single program is the Homeless Providers Grant and Per Diem Program. That is a program where we can provide transitional supportive housing to homeless veterans. We also provide service centers and allow the purchase of vans to provide outreach and transportation to homeless veterans so they can get to the needed health care and employment services that they need.

Since that program was authorized in 1992, close to 10,000 transitional housing beds, 23 independent service centers and 180 vans to provide transportation have been awarded. We are in the process of looking at a current notice of funding availability that closed in June and we hope that in September the Secretary will make an announcement that will probably add something between 500 and 1,000 additional transitional housing beds.

The Department of Veterans Affairs addresses the health care and the benefits needs of veterans. And what we have found is that when we have identified veterans as homeless we get expedited claims processing for those veterans.

In the last two reported fiscal years, we had almost 14,000 claims filed on behalf of homeless veterans. And among those claims that were filed, 37 percent of compensation claims and 73 percent of nonservice-connected pension claims were approved. That income support is a significant advantage to getting those veterans out of the homeless condition. Those are claims after the veteran was identified as being homeless.

As the Committee knows, we have had a pilot program that would allow us to provide loan guarantee to transitional housing, multifamily transitional housing for homeless veterans. We have two guarantees that we have made, one is to Catholic Charities in Chicago. We expect that program will open this fall. The construction is almost completed. And we have another in San Diego, California.

We are currently in the process of finding other good partners to work with us in those programs.

As you have indicated in your opening statement, we work with a whole variety of programs, the Department of Labor, the Department of Justice, Health and Human Services, HUD and others, Social Security Administration among them.

People always want to know are we being successful at what we are doing. We can tell you that we did a study of 1,350 veterans who were in three types of programs: contract residential care, grant and per diem programs and domiciliary care in-house residential programs. With the evaluation that was done, we found that 80 percent of those veterans who had been in those programs a year after they completed that program were still appropriately housed. Given the population, that is a very significant result.

VA, as I said, collaborates with a number of Federal agencies. We recognize there is still much for us to do to end homelessness and particularly chronic homelessness in this country. But we think that developing appropriate linkage to health care, housing, benefits assistance, employment and transportation, all those components need to come together in order to bring these veterans out of despair and homelessness.

Mr. Chairman, I am pleased to also answer any questions you or the Subcommittee may have.

Senator ALLARD. Thank you very much.

We have a couple of members that have shown up and we will give you an opportunity to make an opening statement, if you would like to, Senator Carper or Senator Menendez.

#### **STATEMENT OF SENATOR CARPER**

Senator CARPER. As a veteran of the Navy and on behalf of a whole lot of folks who have been serving our country for a long time, I just want to say thank you for the work that you do in trying to look out for our veterans. And we appreciate it.

When I got off of active-duty and moved from California to Delaware to go to University of Delaware Graduate School, one of the first places I went was the VA hospital, which is up the road in Ellesmere, close to Newark and Wilmington. Later I went back there to find out about a VA loan. The first house I bought was with a VA loan.

So, as one who has benefited personally from that, I just want to express our thanks.

Senator ALLARD. The Senator from New Jersey.

#### **STATEMENT OF SENATOR MENENDEZ**

Senator MENENDEZ. Thank you, Mr. Chairman.

I just ask my full statement be entered into the record, and I look forward to the opportunity to ask some questions.

We have 8,000 homeless veterans in New Jersey. That is 8,000 too many, amongst the 200,000 or so annually in the country. And I think a grateful Nation deserves to do much more than that.

So I look forward to the opportunity to ask questions.

Senator ALLARD. We will proceed now with the question period. We will allocate 5 minutes per member and then, if necessary, we will have a second round. If we still have continued interest, we may even go a third round with this panel.

Let me start this off. I have had some individuals who apply for housing assistance through the veterans program complain that it was a drawn out lengthy process. Do you think there is any opportunity to simplify the application process, to be able to expedite it and make them feel more comfortable? Or do you think it is essen-

tial to keep it—right now there is not any opportunity to look for flexibility in the program or single application progress? Or perhaps maybe a single set of regulations?

Mr. PEDIGO. Mr. Chairman, I think one of the stories that is most difficult for us to get out to the veteran and to the mortgage and real estate sales communities is the fact that the VA program has changed dramatically in recent years. We have made a concerted effort in the last 10 years to streamline program operations to make it easier for private sector program participants to use and for veterans. Our focus has been on delegating as much authority as we can to lenders to make decisions on loans.

Presently 99 percent of the loans that VA guarantees are processed by lenders. And lenders have the authority to approve or disapprove a veteran's loan application. In 95 percent of those cases, we have delegated lenders the authority to review the appraisal report and make the final value determination on VA's behalf. These two functions were previously done in-house and it did take a protracted period of time, in some instances, to get a veteran's loan finished.

Coupled with those changes are some significant advancements that we have made in the automation field, which now allow lenders to come in electronically and order the appraisal report and the appraiser to electronically send the appraisal report back to the lender and to the VA. Also, we have an automated certificate of eligibility system that we put in place 3 years ago that allows lenders to get an eligibility determination online. With these improvements, we believe that the VA Home Loan Program now is consistent in terms of requirements with the conventional loan programs in the private sector.

Senator ALLARD. I think it would be really important as soon as they get out of the service to get that certificate. Would you think?

Mr. PEDIGO. That is very important.

Senator ALLARD. Because the records are right there pretty much at everybody's fingertips.

Mr. PEDIGO. That is very important and we are presently working on an enhancement to that automated eligibility system that will give veterans access to it. Presently only lenders can access it on veterans behalf.

Senator ALLARD. Is that right? The eligibility certificate, only the person who is granting the loan can access that certificate?

Mr. PEDIGO. Only that person can access the automated certificate.

Senator ALLARD. So it is not a universal certificate where if they ever need to tap into any of the veterans programs, they could just refer to that certificate and they would be eligible?

Mr. PEDIGO. You are correct. It is only specific to eligibility for the home loan program.

Senator ALLARD. Well, we are getting a little bit out of where I would like to see, but it seems like that could be simplified a little bit.

Mr. PEDIGO. I think there is some opportunity as we move forward to possibly incorporate some of the eligibility requirements in the other benefit programs. But the way Title 38 is configured

presently, there are different eligibility requirements for each of the five programs that we administer in VA.

Senator ALLARD. I see. So it is more than just verify the fact that they have been in the service?

Mr. PEDIGO. That is correct. It is not just how long you have been in the service. It is the character of the service and what period of time you served.

Senator ALLARD. Maybe what geographic area, too.

Mr. PEDIGO. Well, the geographic area does not really come in play but when you served definitely comes into play.

Senator ALLARD. Now let us look at the homeless programs. Now HUD, on their homeless programs, Senator Reed and the administration and I worked together and we consolidated some of those programs. Is there any benefit to consolidating the VA homeless programs, do you think?

Mr. DOUGHERTY. Mr. Chairman, we have two programs that really go out to the community. One is the multifamily housing, which is only a 15 pilot project. The other is the Homeless Providers Grant and Per Diem Program. That program, although it is nationally competed and probably needs to be, given the small nature of the funding that is available, has great flexibility. It allows programs that have 100 or more veterans in a program to apply, as well as programs that are as small as six. It applies equally both to urban and rural areas. And we have done something in the last few years, Congress gave us the authority to use some targeting mechanisms. And we were able to target some States and jurisdictions that did not already have programs.

The States of Alaska and Maine a year ago did not have a homeless veteran-specific program in their State. So we were able to target funding to those States. And both of those States responded by putting in applications that have now been approved.

I am not sure there is much need for consolidation because there is only one program to compete for.

Senator ALLARD. I understand. Thank you for your response.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Mr. Johnston, I am told 50 percent of the homeless veterans have a substance abuse problem and there are other significant veterans with mental health disabilities. In fact, there are a number who have dual diagnoses or several diagnoses.

You created, initially by a memorandum between HUD and the VA, the Supported Housing Program in 1992. It was authorized after that. The actual authorization provided 2000 vouchers from fiscal year 2003 to fiscal year 2006. But additional appropriations to fund the program have not been requested by HUD.

Can you tell me how many HUD-VASH vouchers are still in use today?

Mr. JOHNSTON. My understanding is, and frankly there is a researcher at the VA that we work with, Dr. Rosenheck, that Pete and I work with, that tracks it relatively closely across the country, because it is the VA that actually helps administer this housing and supportive services.

But my understanding is it is close to about 1,500, but we can get back to you with the more specific information on that.



Senator ALLARD. Thank you.

Mr. JOHNSTON. I had a small part to play in developing the HUD-VASH program back in 1991, and we also found it to be an effective program. Because of that, we proposed and the Congress created the Shelter Plus Care program, which is the very model that we were testing out with the HUD-VASH program, whereby HUD would provide the rental assistance and other parties, in this case the VA, would provide supportive services such as case management.

So Shelter Plus Care was based on that model and is now HUD's second largest homeless assistance program, providing hundreds of millions of dollars a year of rental assistance across the country matched up with services locally. So it is a great success.

Senator REED. Let me understand. In a sense, the prototype for the Shelter Plus Care program was the HUD-VASH voucher program. So you are no longer funding that program. Your requests are now being routed through Shelter Plus Care?

Mr. JOHNSTON. That is the vehicle that we see as so appropriate, because there is available funding for it and it is a great model to be using HUD money for housing and other monies for services.

Senator REED. That was originally the design of the HUD-VASH program, too, HUD money for housing and other services that were principally VA services?

Mr. JOHNSTON. VA, exactly.

Senator REED. Mr. Pedigo, we all recognize that the VA Home Loan Guaranty Program has been very helpful. Senator Carper pointed that out. I am also a beneficiary after getting out of the United States Army.

The biggest population that benefited were really veterans from World War II to 1960. There are now 1.5 million veterans that have incomes that fall below the poverty line, and some significantly below the poverty line.

How do we reach out to these veterans who, unlike their predecessors, the World War II veterans, were able to come back into an economy, get jobs with good paychecks and buy a home? How do we reach these people?

Mr. PEDIGO. Senator, the VA loan program's charge is to try to approve as many loans as we can. But the law does require that the veteran have satisfactory credit and that he or she have sufficient income to support themselves and their other family members.

In carrying out the statute, we have made an effort to develop some very flexible credit underwriting guidelines. And it is our policy to provide the benefit of the doubt to any veteran who appears to be close to meeting those credit guidelines.

In looking at the performance of the VA Loan Program, of course we are a no down payment program. By definition that is the riskiest type of loan that a lender can make. Veterans have been very excellent paymasters. Over time only 6.3 percent of VA loans have gone to foreclosure. If you compare that with some of the other Government programs, as well as other programs in the private sector, you will find that that performance is very good.

We know that there are a lot of veterans out there who simply cannot qualify, either because they do not have sufficient income

or because they do not have satisfactory credit. We try to work with these veterans when they apply and are disapproved by providing some advice to them on how they might improve their credit record or how they might alter their financial approach in order to be approved at some point down the road.

The home loan benefit has no expiration period. And so it is good until it is used. In fact, the veteran can even reuse it as long as the prior loan is paid off. So we make it a point to tell veterans who do not presently qualify that they will have an opportunity, whether it is next year or 10 years from now, to use that benefit.

Senator REED. Thank you.

Mr. Chairman, will we have a second round?

Senator ALLARD. We are going to have three rounds, possibly.

Senator REED. Thank you.

Senator ALLARD. Mr. Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Mr. Johnston, with 200,000 veterans homeless on any given night and more than 400,000 experiencing homeless over the course of a year, how would you grade our ability to deal with veterans' homelessness?

Mr. JOHNSTON. We have seen some very encouraging signs within the last two to three years. As you may know, the Interagency Council on Homelessness which Secretary Jackson chairs, has had a concerted effort to end chronic homelessness. It has involved the parties that you see here today, but other agencies as well.

As we look at different communities across the country, and essentially every city and country in America are now involved in HUD's Continuum of Care, so we are getting reporting now each year, the number of chronically homeless persons is beginning to decline in many communities across the country. And this is being reported separately from other sources, as well.

Senator MENENDEZ. And the grade is?

Mr. JOHNSTON. I would say the grade is a B+.

Senator MENENDEZ. A B+?

Mr. JOHNSTON. And I say that because we launched this initiative in about 2002, and it took a couple of years to help develop a number of housing units and services to engage this community. The chronic homeless focus is people living on the street, which is a very difficult population to serve.

Senator MENENDEZ. You must have had a lenient grader when you were in school. Where I came from that would not have gotten a B+.

One of the advocates that will testify later, several of the advocates that will testify later, have a series of recommendations which seem to me to be long-standing in nature, and this has been going on for some time. I wonder if you would respond to it.

It says VA and HUD homeless programs are woefully underfunded and many homeless veterans are not served by them, one.

Two, missing all together in the Federal housing continuum are affordable strategies targeted to low income veterans.

Three, Congress and HUD should immediately fill the backlog of 2,000 authorized but not yet allocated vouchers to the HUD Veterans Affairs Supported Housing and they should be increased to at least 20,000.

What do we say about those?

Mr. JOHNSTON. Those are some good points.

In terms of the first item, which is that we are woefully underfunded, and I can only speak for HUD obviously, we recognize that more money is needed to help solve this problem. So we have been requesting significant amounts of money.

In 2006, we were appropriated a little bit less than we had requested but it was relatively close. We were appropriate approximately \$1.3 billion. We have requested for 2007 a little bit more than \$1.5 billion and were thrilled to see that both the House and the Senate marks, at this point, are nearly, not quite but nearly, matching that level.

That extra almost \$200 million will help contribute to this very issue of reaching out to those homeless veterans and other persons living on the streets who both need the housing as well as the services.

You also mentioned the notion of how we could better integrate at HUD and perhaps other agencies, but how at HUD we could better integrate serving homeless veterans through mainstream programs.

One approach that we have been taking is through something called the Consolidated Plan, which is the application that we have used at HUD for a number of years, as a consolidated application for a number of our larger formula programs such as the CDBG program and the Home program.

In that we have embedded the very kinds of information that we look for annually in our homeless competitions so that communities can always remember and recognize the importance that we place on veterans. We highlight homeless veterans as one of the key populations that we intend and hope that all communities will serve.

Senator MENENDEZ. Excuse me a moment. But they are in competition with anyone, everyone else who is in that category.

Mr. JOHNSTON. They are.

Senator MENENDEZ. So you make a mention of them and you hope that those communities will look at that. But they are in competition with everybody else in that category. And the advocates for those categories would say that they are woefully underfunded.

Mr. JOHNSTON. Yes, you are exactly right. The statute that created our programs does take veterans, as well as a host of other subpopulations of the homeless that HUD is charged with serving. And so while we may not specifically and only serve one particular population, such as veterans, we do recognize it as an important one.

For a number of years we saw that homeless veterans groups were not at the table, at the planning table, in deciding how funds would be awarded, to which kinds of groups. So we gave points in our competition if veterans groups were at the table.

There are a number of different references in our application encouraging that veterans come, and it has really improved over time.

Senator MENENDEZ. Thank you, Mr. Chairman.

Senator ALLARD. I would like to continue to talk a little bit about the home purchase provisions that we have, Mr. Pedigo.

The down payment is a matter determined, I understand, by the borrower and the lender. And generally, I think, financial institutions allow a veteran to borrow with no down payment. My question is have you tracked loan performance according to the down payment amount? And if so, what have you found?

We have looked at some of the provisions in other financial institutions and it seems like despite the credit rating, the amount of down payment reflects the ability to sustain a loan and not go bad on a loan. I wondered if you had any thoughts on that subject.

Mr. PEDIGO. I would agree with that. Down payment is a key element in determining the potential risk of a mortgage loan. And 91 percent of our loans are made without a down payment, which means 9 percent have some level of down payment. We have done analyses over the years that clearly show that the riskiest loans are the 91 percent where no down payment has been made and that the loans that had some level of down payment generally perform better.

Senator ALLARD. Is that because—I guess your current amount of down payment or your GSE loan limit right now would be 25 percent of \$417,000; is that correct? Do I have the right figure there?

Mr. PEDIGO. That is correct. Our maximum guarantee would be \$104,250.

Senator ALLARD. The reason that you have a down payment is that you cannot hardly get a home in that price range anymore. That would be under that range. They would have to pay some on their own and that would necessitate maybe some down payment?

Mr. PEDIGO. With the VA program, you can get a \$417,000 loan without making a down payment.

Senator ALLARD. You can.

Mr. PEDIGO. Yes. But the amount of guarantee that we would give to a lender making that loan would be \$104,250 or 25 percent.

Senator ALLARD. I see, and that is the reason for the—are you figuring—you are not figuring that in as it was a down payment, are you?

Mr. PEDIGO. No, we do not. But from the lender's standpoint, the guarantee is a substitute for a down payment because it protects them against risk.

Senator ALLARD. Help me understand why it is that we have these fees that we apply at certain levels. You have a 2.15 percent of the loan if they pay less than 5 percent, 1.5 percent if they have a 5 or 9 percent down payment. Do you want to justify that to us, please?

Mr. PEDIGO. You are referring to what we call the funding fee.

Senator ALLARD. Yes.

Mr. PEDIGO. Prior to 1982, veterans did not have to pay a funding fee to use the VA program. But in 1982, Congress passed a statute that required veterans to pay 0.5 percent.

Senator ALLARD. So that is statutory.

Mr. PEDIGO. That is statutory. And then over time Congress increased the funding fee. So that today, for a veteran using the program for the first time, if the veteran is not service-connected disabled, that individual must pay 2.15 percent of the loan amount.

Senator ALLARD. On top of the interest that he would be paying?

Mr. PEDIGO. On top of the interest. But that amount is included in the loan for most veterans.

Now for a veteran using the program a second or subsequent time, the statute requires a 3.3 percent funding fee.

This funding fee generates a substantial amount of money, sufficient in fact to put us in a negative subsidy position for each of the last 3 years. So, essentially for the last 3 years the VA has not needed appropriations into its mandatory account in order to sustain program operations.

The funding fee is most unfortunate. It started out being a nominal amount and it did not constitute a burden on veterans. But in my opinion presently, with the structure the way it is—

Senator ALLARD. It puts them above market rates.

Mr. PEDIGO. Yes. It requires them to pay a substantial amount to use this benefit program.

Senator ALLARD. Mr. Johnston and Mr. Dougherty, I am a strong believer in outcome measurements. I think the president refers to it as the PART program. In what ways are your programs focusing on outcomes and results? If you would both respond to that.

Mr. DOUGHERTY. Mr. Chairman, we have the ability and have had the ability since 1987, when we started our homeless programs, to be able to identify every veteran who has been in a homeless-specific program. That gives us the ability to go back and to look and to see whether or not those veterans have relapsed, have gone back in. We obviously know what kind of health care services they have gotten. We have a significant amount of information because we are the health care provider for most of those veterans, as well.

Senator ALLARD. The bottom line though, you are not on the list of agencies that has failed to participate in the PART program? Or for some reason or other, you got an unsatisfactory rating?

Mr. DOUGHERTY. No.

Senator ALLARD. Mr. Johnston.

Mr. JOHNSTON. In terms of HUD's homeless assistance programs, we have very specific outcome measures. OMB included them on their website as model measures for other agencies to consider. We recently underwent the PART process and our score was announced in January. It was an effective score, the highest rating.

Senator ALLARD. Very good.

Mr. Dougherty, there was some hesitancy there on it. So if you find out otherwise, if you could get back and change your testimony with the Committee, we would appreciate that.

Mr. DOUGHERTY. I will.

Senator ALLARD. Senator Reed.

Senator REED. Thank you, very much, Mr. Chairman.

I want to follow up the question I addressed to Mr. Johnston, but also Senator Menendez's line of testimony.

Mr. Dougherty, you have had a lot of experience with the HUD-VASH program, which is essentially HUD monies for vouchers for shelter plus VA supportive services. The difference between shelter plus care, as you pointed out in a previous question and answer, and the HUD-VASH program is the HUD-VASH is veteran specific?

Mr. DOUGHERTY. That is correct.

Senator REED. So essentially what has happened is we took a program that could have had 2,000 vouchers and we merged it into another program to serve the whole spectrum of homeless in the country. Is that accurate?

I guess my question to you, Mr. Dougherty, it seems to me that we need a lot more attention to homeless veterans and that, by requesting more resources to the HUD-VASH program we could target those resources to veterans. That is one question, if you agree or disagree.

And the second, just your impression of how well the program worked because we received indications that this program was working exceptionally well, was making a real difference in, if not reducing the population of veterans, certainly preventing the escalation that we have seen.

Mr. DOUGHERTY. Mr. Reed, you are absolutely correct that the HUD-VASH program, which started out as simply an agreement between the two departments, blossomed into what we think may be the most effective program we have. As I indicated in the beginning of the statement, our programs are really tied to that chronically homeless veteran. There are many homeless people in this country, including veterans, who bounce into homelessness, who come right back and can go on with their lives with minor interruption.

Our programs are really geared to that veteran who, without health care and other support services, would remain homeless and would be a very significant drain on health care services and the criminal justice system and other kinds of things.

What we have found is when we were able to get those veterans back to being clean and sober and getting their heads clear again, that the opportunity to live in long-term housing with a VA social worker as the case manager for them, they do not need intensive case services. The opportunity to have someone to come periodically to check on them in their housing, is a very effective system.

It is so effective that although there are still, as Mark mentioned, some HUD-VASH specific vouchers, in some communities, others have come and said gee, VA, if you could provide case management services, we would identify vouchers specifically for veterans.

So in our annual report we talk about, and he is right it is about 1,500 HUD-VASH that are still around. But we almost have that same number of communities that have come forward with vouchers.

The trouble with that is they could also withdraw their voucher support next year. The beauty of the HUD-VASH program is it gave both departments an opportunity to identify those resources for a long-term commitment. That commitment legally probably expired a long time ago but they have continued.

Senator REED. The 1,500 HUD-VASH vouchers, about 1,500 that you have been able to withdraw from other community supporters, how many do you think we would need to—

Mr. DOUGHERTY. I would not try to give you a number right off the top of my head, but I can tell you that in the Grant and Per Diem Program we see about 16,000 to 18,000 veterans a year. Many of them are able to return to gainful employment and to

move on with their lives. There are a percentage of that total that comes through every year that need some kind of access to some supportive services with permanent housing.

So we would gladly come back with some precise numbers.

Senator REED. If you could.

Mr. DOUGHERTY. But it is certainly a percentage of that total.

Senator REED. What is troubling to me is we are trying to stretch limited dollars now, not over just the veteran population, but over a much bigger population and essentially pitting deserving individuals, some who were veterans who have a special, in my view and I think in the view of most Americans, special standing because of their service.

I think we can do much better and I hope we could.

Thank you, Mr. Chairman.

Senator ALLARD. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman

Can I just nail this? So where is this recommendation that fulfilling the backlog of the 2,000 authorized but not yet allocated vouchers to the HUD-VASH program?

Mr. JOHNSTON. I am not the best person to give a response today. The reason I say that is my responsibility at HUD is over the homeless programs. I do not have responsibility for the Section Eight program. But I would be more than happy to take back that excellent question and give you a written response.

Senator MENENDEZ. I would appreciate you getting that to the chair.

Mr. Dougherty, let me ask you, you have a 2-year transitional program for homeless veterans; right?

Mr. DOUGHERTY. Yes, sir.

Senator MENENDEZ. How many people participate in that, roughly?

Mr. DOUGHERTY. In the past year we had about 16,000 to 18,000 veterans that came through that program. We also have domiciliary care and some other residential care programs that we have.

Senator MENENDEZ. That is in the past year, 16,000 to 18,000?

Mr. DOUGHERTY. That is in the past year.

Senator MENENDEZ. Now when their 2-year transition ends, what is the rate of those who ultimately end up in long-term housing?

Mr. DOUGHERTY. The rate of independent housing, getting assured housing and having a place to stay on their own, many get it because they were able to gain gainful employment and have an economic stream to do that. Some of them get benefits, if you will.

As I was mentioning a moment ago, 37 percent of homeless veterans who have applied for service-connected compensation have been awarded. Of that 37 percent, 22 percent have been rated 100 percent service-connected disabled. That obviously gives them an income stream to get into housing that they would not and did not have, obviously, before that period of time.

About 60 percent of the veterans that we see in the transitional housing program have employment and have some opportunity to move on. I cannot give you a precise number.

Senator MENENDEZ. That language is very important, that they have income and an opportunity to move on does not mean that they have housing necessarily.

Mr. DOUGHERTY. That is correct.

Senator MENENDEZ. My question is, which I assume that in this performance effort you want to know, after 2 years of transition, what happens in this individual, what is the percent of individuals of the 16,000 to 18,000 who ultimately go through the 2-year period, what percent ends up in housing, whether it is Governmental, Governmental-assisted or the private sector? Do we have any sense of that?

Mr. DOUGHERTY. Those that have gone through, we have found that about 80 percent have housing at the end, a year or more after they have completed the program.

Senator MENENDEZ. 80 percent?

Mr. DOUGHERTY. Yes.

Senator MENENDEZ. Do you follow them, how long they have housing for after?

Mr. DOUGHERTY. We follow many of them but we do not follow all.

Senator MENENDEZ. What happens to the other 20 percent, which would be maybe 4,000 people?

Mr. DOUGHERTY. Some of them relapse, some of them because of mental illness and substance abuse may return and need additional care. Some of them we just cannot track.

Senator MENENDEZ. Let me give you an experiential factor from organizations in New Jersey that work with veterans and the transitional housing for homeless veterans. They say that their biggest challenge is finding these veterans some form of affordable permanent housing when their program comes to an end. I will give you an example.

One of the veterans participating in the program served in Vietnam. After returning from service, he became homeless and spent 23 years on the streets as an alcoholic. He is in transitional housing and he believes that is his road to recovery as do those that are helping him in the process. But he is almost at the end and there is no clear housing opportunity for him now.

So this 2-year transitional process that ultimately does not end in some form of long-term housing opportunity is, at most, a stop-gap measure if we do not ultimately achieve something at the end of the road.

Mr. DOUGHERTY. Finding long-term housing is the most significant problem that we face. That is correct.

Senator MENENDEZ. That would go back to speaking to the 20,000 vouchers that is an opportunity to help people be able to live in private sector housing, having subsidized as they stand on their feet, hopefully for a record of time. It just seems to me that if we transition and we do not have any sense of how long people are able to stay in some form of housing that is long-term, at the end we are not doing our job in figuring out whether we are performing well. I would hope we would look at that.

Thank you, Mr. Chairman.

Senator ALLARD. To the Committee members, we will go one more round. I have one question. You have one. So we will do a really short one round.



My one question would go to Mr. Pedigo again. What has been the trend regarding VA's share of the mortgage market over recent years?

Mr. PEDIGO. That is a tough question to answer. We do not track market share. However, there are analysts in the industry who do. Some of them would say that we had a 5 to 6 percent market share back in the mid-90s and that that has fallen to 2 to 3 percent. Similarly the FHA program has lost that percentage of market share.

However, I have a slightly different opinion than some of the analyst, and that is that we appear to have lost market share primarily because the market has grown. The universe of the mortgage market is far greater now, especially in the last 5 to 6 years, with the advent of some very exotic products in the subprime mortgage arena, as well as the conventional loan arena. Things that we have all heard of like interest only loans and payment option loans that are extraordinarily risky. These programs have developed and have expanded the universe. And because we have to operate under statutory authority, we have not been able to change our program.

So what we are finding is that the number of loans that we do, on balance, over the last 6 to 8 years has remained fairly stable. But the universe of the industry has expanded. And so it gives the appearance that we have lost market share, when in reality we believe we are serving as many veterans as we have at any point in the last 10 years.

Senator ALLARD. Do we have a declining number of veterans that would be interested in home loans?

Mr. PEDIGO. I believe that we do have a declining number, and I think that is driven in large part by the funding fee structure that we discussed earlier. I think that veterans who have sufficient money to make a down payment, consider that they have options to the VA program. And so many of them opt to get another type of loan in order to not have to pay that funding fee.

Senator ALLARD. I see. Thank you.

Senator Reed.

Senator REED. Thank you, Mr. Chairman.

Mr. Johnston, you indicated before that you were pleased that the House and Senate appropriators have done a better job of fulfilling HUD's request in these areas.

Mr. JOHNSTON. They always do a very good job, of course.

Senator REED. I am sure they do. They are just impeccable people.

But you mentioned before that the most recent budgets are closer to your requests?

Mr. JOHNSTON. Yes.

Senator REED. I want to ask you, what is your request to OMB? Or alternatively stated, has OMB resisted giving resources to these programs, like the HUD-VASH and the Shelter Plus Care?

Mr. JOHNSTON. OMB is wonderfully supportive.

Senator REED. So HUD has not asked for more money?

Mr. JOHNSTON. We have, in working with OMB and having an eventual request, we have always had a great relationship with OMB in determining an amount that both parties—I mean, the administration as a whole—feels very, very good about.

Senator REED. I think from some of the comments we have heard, the administration might feel good about it but most homeless advocates and a lot of homeless people do not feel good about it. It is not personalizing it, it is just expressing what should be obvious in the context of our discussions about homelessness. We have got a program here, HUD-VASH, which works. It is key to a lot of progress for veterans.

Yet it has been, I think principally because of budget reasons, combined or competing against other groups.

One test could be to go back and to ask OMB for more than 2,000 vouchers for HUD-VASH and then let them fund Shelter Plus Care at similar agreed-upon levels.

Mr. JOHNSTON. I guess what I am very impressed with over the last four or five years is looking at the requested level of the administration on HUD's homeless assistance relative to the eventual funding that goes for other kinds of programs. There is typically an increased request above the previous level appropriation, despite all of the constraints and the pressures that we have these days in terms of providing funding.

So I guess, in short, I would say I am just very impressed with the amount that is requested and very pleased with the levels being appropriated.

Senator REED. Relatively speaking, I would tend to agree with you. I have seen more attention to homelessness issues than many other responsibilities of HUD.

But nevertheless, I think we have a huge problem, particularly veterans. That is the point of this hearing. We have a program that works very well and we are not asking for the resources that I think could be used effectively to help these veterans.

So perhaps OMB could be even more generous next time when you ask them.

Mr. JOHNSTON. It will pass that along.

I would like to mention that this past year, I am just looking at the numbers for the awards that we made. We had 254 requests from projects that wanted to specifically and almost completely help veterans only. Of those 254 requests, many of these would be Shelter Plus Care programs, we were able to fund 231, essentially 90 percent of these requests coming in.

As I look over the last 10 years on this issue about veterans' projects being helped, being funded by HUD, the numbers have been going up. I think that is a very encouraging thing. And I think it is in part because they really are at the table at this point. Other groups had always been there, but in at least some communities, many communities, veterans were not always there.

So there is more attention locally to serving veterans than there has been the past, in my view.

Senator REED. Thank you.

Senator ALLARD. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Senator ALLARD. I want to thank this panel for coming by and testifying before the Committee. We appreciate your testimony.

A couple things I would emphasize. I am pretty sure the Committee will have additional questions that they will want to submit. I would ask that you return those back to the Committee within

10 days, if you would please. We will proceed on to the second panel. Thank you.

Let me see if I can get your names correct here. I apologize. It is Beversdorf; is that correct?

Ms. BEVERSDORF. That is correct.

Senator ALLARD. And Banaszynski. Very good.

Ms. BANASZYNSKI. Banaszynski, yes.

Senator ALLARD. We will start off with Cheryl Beversdorf of the National Coalition of Homeless Vets, and then we will proceed to Barbara Banaszynski of Volunteers of America.

**STATEMENT OF CHERYL BEVERSDORF, CHIEF EXECUTIVE OFFICER, NATIONAL COALITION FOR HOMELESS VETERANS**

Ms. BEVERSDORF. Thank you, Chairman Allard, for holding this hearing on the housing needs of veterans. It is very welcome.

The National Coalition for Homeless Veterans represents over 250 community-based and faith-based organizations across the Nation that work with veterans experiencing homelessness.

Let me begin by talking about why veterans become homeless. Actually, it happens for the same reasons as persons who have not served in the military. Veterans' incomes are too low to obtain affordable housing or enough affordable housing is not in their community.

Another reason is that they may not have an income because of a disabling health condition or an injury, including service-connected disabilities, which prevents them from holding a job. Or they may not have access to health care to treat these conditions.

Additionally they may be ineligible or have barriers to receiving public or veteran income assistance. They cannot secure a job that pays a living wage because they lack job skills that are transferable to the civilian market.

Many veterans become homeless because of problems experienced before they went into the military, such as poverty within the family, lack of educational opportunities or a history of social problems.

A large number of veterans who become homeless struggle with post-traumatic stress disorder, also known as PTSD, which is due to high occupational stress. Veterans may also have addictions, which were incurred or worsened by military service.

These conditions, when left untreated, interrupt the veterans' ability to keep a job, establish savings and maintain family harmony. As a result, they may be asked to withdraw from the family's housing.

Also, the veteran's social and professional networks may have been broken due to extensive mobility while they were in the service or lengthy periods away from their hometown and their civilian jobs.

All these conditions that I have described make it difficult for veterans to receive referrals to jobs or share housing with someone who will take them in temporarily while they get back on their feet.

So now let me talk about the Federal programs. The VA and HUD homeless programs such as Grant and Per Diem, McKinney-Vento and HUD-VASH, play very vital roles in creating a housing

safety net for these veterans whose living arrangements have reached the bottom.

Each of these programs, however, is woefully under-resourced and many homeless veterans are not served by them. I cannot emphasize enough that the funding levels of these programs do need to be increased. In particular, we call upon Congress to immediately fund the backlog of 2,000 authorized but not yet allocated HUD-VASH vouchers. Ultimately, Congress should increase the allocation of such vouchers to at least 20,000. While a major increase, this figure still represents just 5 percent of the estimated 400,000 veterans who experience homelessness annually.

I wish to turn to the subject of permanent housing for the Nation's 1.5 million low income veterans who are at the greatest risk among all veteran subgroups of becoming homeless. To prevent homelessness among these veterans, there is no more obvious response than to ensure their access to permanent affordable rental housing so they are never without a safe place to live.

Today America is experiencing an affordable housing crisis and low income veterans are among its victims. Among the millions of Americans facing affordable housing challenges, veterans have never received the attention they need and deserve. For example, over 60 years ago when the Congress passed the GI Bill, it granted the assurance of home ownership opportunities specifically to veterans through the VA Home Loan Guaranty Program. On a personal note, I would add that since I am a veteran—I was an Army nurse during the Vietnam era—I was a recipient of the GI loan. I bought my first condo with that VA loan.

The problem has been one of no assurance of rental housing opportunities for those veterans for whom home ownership was not a realistic option due to low income or savings levels. And that has been the situation ever since.

NCHV calls on Congress to resume where it left off over a half century ago and pledge a comparable GI-level commitment to affordable housing opportunities for our Nation's low income veterans. Congress must take bold steps and establish new affordable housing programs and strategies that are targeted directly to veterans.

The launch of such new initiatives is consistent with the long history of our Nation to establish benefits that are unique to veterans in recognition of their service. With this action, we are pleased to call to the Subcommittee's attention the Homes for Heroes Act, a bill that would establish veteran-specific permanent affordable housing programs and authorities within HUD.

We believe all Federal departments, not just the VA, bear responsibility for supporting our Nation's veterans, and the Homes for Heroes Act would give HUD the tools to do so. We urge Congress to pass this ground-breaking legislation.

In conclusion, let me say that every one of our Nation's military heroes deserves the opportunity for a safe, affordable and permanent place to call home. None of us should rest until this goal becomes a reality for each veteran who served our Nation.

I will be happy to answer any questions.

Senator ALLARD. Thank you. Ms. Banaszynski.

**STATEMENT OF BARBARA BANASZYNSKI, DIRECTOR OF  
PROGRAM DEVELOPMENT, VOLUNTEERS OF AMERICA**

Ms. BANASZYNSKI. Thank you, Chairman Allard, for inviting me today, and ranking member Reed, and members of the Subcommittee.

My name is Barbara Banaszynski. I am the daughter of a now deceased World War II veteran and the mother of a son who is currently serving in the Third Infantry Division at Fort Stewart, and stationed now at Fort Stewart, Georgia.

I work for Volunteers of America. I work for a national nonprofit faith-based organization that is focused on meeting the needs of veterans. We are a member of the National Coalition of Homeless Veterans. I am happy to be here with Cheryl today.

I want to talk a little bit about the 13 years of work I have done with veterans in the Appalachian regions of Kentucky, Tennessee and West Virginia.

We have an over—while we are not Colorado and we do not have the total number of veterans that Colorado does, we have a very high percentage of veterans who live in the Appalachian regions, mostly because serving in the military was a way in which to gain employment when there was not much in the mountain regions for employment.

So many of our veterans come to the military looking for that American dream of learning skills, serving our country. Many of those veterans come back to our Appalachian regions to live in their communities. They come back to us with many of the things that Cheryl had told you.

But one of the things that they come back to us with is almost universally they have been honorably discharged. They have served their country with distinction and are eligible for many benefits.

But in some cases and in many cases, without the nonprofit world and the faith-based organizations serving as a bridge of those organizations, they are not able to connect themselves with those kinds of benefits. That is a bridge that Volunteers of America has been serving for a long period of time.

Most of our urban veterans have experienced long-term homelessness. Most of our rural veterans have lived in substandard housing for many years or are living in encampments out in the open.

I have a great deal of respect for both HUD and for our Department of Veterans Affairs and Pete Dougherty, as an example, just because they have—they do serve—they provide many programs that are very useful to us.

Like the National Coalition for Homeless Veterans, we encourage the Congress to pass the Homes for Heroes Act, especially the VASH provision. I want to tell you why.

Housing is wonderful. But housing without services for these chronically homeless veterans is not doable. They lose that housing. The HUD-VASH program guarantees that there will be VA support services and case management and a wide range of services available either by contract or direct provision of the VA. That is very important. That is a very big difference between the Shelter Plus Care program and the HUD-VASH program.

The Shelter Plus Care program while very useful, and I certainly would not want to see it go away, asks the community to provide the support services. And as Senator Reed knows, while we are trying to get many things done, the SELHA Act, we have a lack of support services. There are no more support services. The VA has a host of support services that can be provided to veterans and we highly hope that you will act on that.

The other thing that I certainly think that is happening is that many of the veterans that we serve will never be able to participate in the traditional HUD or VA loan programs. Their area median income, wages that they are earning fall below 30 to 50 percent of the area median income, making them ineligible as a credit risk from most VA loans. Even if there were not the question of the service fees attached to those.

In the traditional market, if I would go to buy a home and was asked to provide three points, I would go to another loan dealer. I would go to another banker until I could find a loan that did not offer that kind of point process.

We are urging Congress to pass an affordable housing fund as part of Senate Bill 190, the Federal Housing Enterprise Regulatory Reform Act. This housing legislation targeted to veterans is important for the housing needs of low income veterans that I am talking about, and they can also be—these low income veterans can get their needs meant through this type of legislation.

Again, affordable, decent, safe housing for all is the goal, especially for veterans that have served their country.

Congress should also preserve funding for new housing to end homelessness. These too, many of our chronically—in recent years HUD has devoted an increasing proportion of McKinney-Vento funding to permanent housing. But again, it is a competition in the open market and we have to be—the veterans groups have to stand up and be counted in their continuum of care in order for veterans to get the services that they need out of McKinney-Vento.

I appreciate the opportunity to be here today and I appreciate the opportunity to continue the opportunity to work with veterans. Thank you.

Senator ALLARD. Thank you both for your testimony. We will try a round or two of questions here and see how we come out on time.

Many times facilities that serve veterans also serve nonveterans. And perhaps maybe you have been involved with many of these organizations. It sounds like you have.

Is there a bookkeeping problem when you have two different types of clients out there that you are trying to serve?

Ms. BANASZYNSKI. Senator Allard, many programs do mix populations. But I think it is in the engagement process and in many times when we go forward with services veterans find their way to more veteran-specific programs. The Grant and Per Diem program is an example. We operate one in Lexington, Kentucky. And through Pete Dougherty's assistance, we operate that on a VA grounds, in a building that was no longer used by VA.

Which is, if I may add, another usage of Government resources that the Congress could make available to veterans groups, by assessing what is happening in their buildings and what they have available and making it possible for faith-based and nonprofit

groups to utilize those buildings to serve both the transitional housing needs and the permanent housing needs of veterans.

I do not think ourselves, in Kentucky and Tennessee, we operate veteran-specific programs. Where we would and might likely operate nonveteran-specific programs if we were to have the Homes for Heroes Act passage and we had a 202 program kind of aimed at veterans, we would tend to use some of those monies to place persons in permanent housing, in mixed developments and multi-family developments, and not necessarily have 100 units of veteran-specific housing.

Senator ALLARD. Ms. Beversdorf, do you have any comment?

Ms. BEVERSDORF. All of the organizations that NCHV represents serve only veterans. So that really is who we focus on.

What is frustrating, and I echo what Pete Dougherty was saying, based on my visits with these community-based organizations, it is really interesting how many veterans have gone through the program, which is supported by Grant and Per Diem, and received the supported services they need. They are ready to move out, they have jobs. These people are gainfully employed. They are living in these facilities and want to move out. Unfortunately, in their case, they do not have the necessary incomes because the kinds of jobs that they have that would allow them to go into housing do not necessarily provide them with the right credentials or qualifications to make them eligible for housing that is sponsored by HUD.

Senator ALLARD. Thank you.

I want to direct my next question to the so-called boutique programs. These are specialized programs that might be provided to veterans. The question I have is if we get too many specialized programs out there, when it comes to funding priorities do we end up pitting one segment of the veterans population against another veterans? And if we do that, how do we prioritize those? Ms. Beversdorf?

Ms. BEVERSDORF. That is a difficult question, made all the more so by the fact that we are talking about different kinds of veterans. The NCHV did a mini survey last fall in which we surveyed close to 50 of our members to get a sense of what the trends are. What we are seeing is the following: first of all, the needs of homeless veterans who have been in community-based organizations for an extended length of time and are primarily Vietnam veterans are changing drastically. Some of them have been homeless for a long time or have been living in some kind of a setting where they are still getting support services because they have not been able to live independently. But they are aging now. And so we are trying to figure out how best to assist them.

At the same time, we have two new cohorts that are rapidly growing. One cohort, about whom we frequently are asked, is the returnees from Iraq and Afghanistan.

A subset of that, is an increase in the number of female homeless veterans. Whereas when I was serving in Vietnam there were not a lot of women veterans coming back who ended up homeless, that is changing because of increased roles now of women in combat.

But it is hard to answer your question, which is how do we prioritize. What I am sharing with you is that those last two cohorts may not be homeless now and, in fact, research shows it

sometimes takes between eight and 12 years before these folks actually become homeless after they have exhausted other resources they have.

So I think right now we are looking at a number of different cohorts, which we are going to have to treat in different ways with respect to the needs that they have.

Senator ALLARD. Ms. Banaszynski.

Ms. BANASZYNSKI. I would like to just make a comment. I think that one of the things that we need to do is pick some priorities. And one of them is certainly the chronically homeless veteran, that person who has been on the streets the longest. That is where both VA and HUD have been focusing, and many of our programs have been focusing.

However, I think that one of the things that we also need to do is close that front door. We need to do some prevention. When that person is discharged from the military, he needs to have the forms that he needs to prove that he is honorably discharged. He needs to have access to medical care with VA, which is often a problem in many communities, getting the transportation.

We have an office in Pikeville, Kentucky that serves veterans. But the closest veterans hospital to Pikeville in their region is in Lexington, Kentucky, which is a lengthy trip over the mountains. Most of our veterans end up in a West Virginia facility in Johnson City for medical care just because of the transportation difficulties.

I think many of the veterans are not being prepared adequately for the transition. They do not know what they are eligible for and they do not know to whom they should seek help if over the period of time their readjustment is not sufficient.

I have a great deal of respect for the VA benefits specialists who work closely with me to get the correct forms in hand to prove what discharge they have, in many cases helping me upgrade discharges to the honorable status if that is possible, and also to connect people with disability benefits quickly.

One other segment of the population that I think is underserved that we do not know about, and I applaud the Department of Labor for offering some demonstration grants, I think probably prodded by Congress, to serve that incarcerated veteran. Volunteers of America has two of the four demonstration grants to serve incarcerated veterans. And if you think housing is tough to find for the poor veteran, try to find permanent housing for the veteran that has a felony conviction and a long period of incarceration.

We need a lot of different kinds of housing options, and home ownership I think is a goal for many. But in the short-term, from transitional housing we need to have permanent rental housing available and HUD-VASH will do that.

Senator ALLARD. Senator Reed.

Senator REED. Thanks very much, Mr. Chairman.

And thank you ladies, not only for your testimony but for your devoted service to the veterans. I appreciate it very much. And thank you for your service as a veteran.

Ms. BEVERSDORF. Thank you.

Senator REED. It seems to me we have come to a conclusion that we need more housing structurally and more services to support these veterans. Is that fair? Is that the bottom line?



Ms. BEVERSDORF. Yes.

Ms. BANASZYNSKI. I think that would be a fair description.

Senator REED. And also, I think that we have a program that seems to work very well, the HUD-VASH program. And it now seems to have been subsumed by the Shelter Plus Care program. Can you comment from the field—do you sense that, as a result, the effort to help veterans has been eroded a bit because of the failure to fully fund HUD-VASH and now turning to Shelter Plus Care? Ms. Banaszynski.

Ms. BANASZYNSKI. In my community HUD-VASH vouchers are not available. There are none. They are just not available.

I would like to say that, again, Shelter Plus Care is a valuable resource. We use it for many people, many persons in our communities, including veterans. However, what I said before is that the support services come from the local community. We make the pledge for those to do Shelter Plus Care. We are happy to do that when we have them available. But in many cases we are running short of supportive services.

And the beauty of HUD-VASH is that the supportive services come from the organization that serves veterans, from the VA Administration, which would be very helpful. It does not mean the VA will do it alone, but maybe in partnership.

I know you have been a sponsor, Senator Reed, of SELHA, which lays out the case that there are not enough support services to serve anybody necessarily, and not alone with homeless veterans. So the support services component that VA could offer would be important.

Transitional housing is an important resource. Grant Per Diem program is an important resource. But the ability to place persons post-transitional housing is very, very difficult in my community.

Senator REED. The point you make is that the VA would best be able to provide services to homeless vets, not only in terms of logic but efficiency. The VA presumably would have some contacts with many of these veterans already, either at a clinic or health services. So the notion that they would also provide other supportive services seems to be a very efficient way to deliver the services, rather than having that veteran go to another community group or maybe two other community groups, which they must do through Shelter Plus Care.

Ms. BANASZYNSKI. Yes, sir. It seems efficient to me.

Senator REED. How do we deliver the services? And do we need more HUD-VASH vouchers?

Ms. BEVERSDORF. I would definitely concur with the comment that, as I said, the program has been on the books for the last four or five years and we do not know where those vouchers are.

Senator REED. We are trying to find out. We hope Mr. Johnston will be back with the information.

The other point that you raised, this notion of different cohorts of veterans, I think we have to look at realistically. Where you had a mass Army in World War II of people coming from across the country with various skills, they came into a system where you had the VA loans, which seemed to work very well for them.

We might have a different challenge now with the emerging veterans population. And as you pointed out, particularly Vietnam-era veterans.

Not only do we have the challenge of the different cohorts of veterans, but we also have the obvious challenge of funding. Please comment on the different veteran cohorts and whether we need different approaches to these cohorts.

Ms. BEVERSDORF. As I mentioned, with respect to the Vietnam era veterans, we are talking about an aging population. About people who may have been able to overcome their mental health issues and their substance abuse issues, are aging and still need to have a place to live.

As the Grant and Per Diem program, it is a limited program, and so there is no other place, outside perhaps some VA facilities, for these veterans to live. And if they never were meaningfully or gainfully employed in some kind of a position that allows them to afford rental housing, we have got a real problem.

As I said, with respect to the women veterans, this is also a whole new area that we have to deal with because they have their own special set of problems. Oftentimes they have children. One of the things the VA has certainly shown is the fact that they often have had sexual trauma. They have perhaps experienced sexual trauma or sexual harassment. And so they are dealing with a whole different type of mental problem and perhaps also substance abuse problems. And as I said, they may also have children who do not qualify for VA benefits.

At this point, the VA has only eight programs throughout the country for homeless women veterans and there is a waiting list at all of them. And while these programs are not under this Committee's jurisdiction, funding for the special needs of these women is certainly going to be necessary.

And then, of course, there are the young people returning from Iraq and Afghanistan. And the kinds of situations that they are experiencing are just phenomenal in terms of the things that they have seen and witnessed in the battlefield. Many people call the NCHV office to say "I am homeless" or "help me, where can I go?"

NCHV gets as many as 300 calls a month on our 800 toll-free line from people who say they do not have a job, they do not know where to go, they do not know where to turn, they are sleeping on somebody's couch. They have not yet exhausted all of their resources, and luckily the VA and the Department of Labor have been addressing those needs through the Grant and Per Diem and HVRP programs. But the problem is, there is still a large number of veterans who are not even going to the Grant and Per Diem programs. They do not even know about them. They are not ready to go to the VA.

So these issues are not going to go away. And we are going to have to deal with it. But in terms of housing, I think HUD has to begin to have more of a focus on what is happening with respect to our Nation's veterans. How many veterans are out there and actually are housed in HUD housing? Do we know that? I am not sure whether that is the case.

As we find out where people are living and who is living in HUD housing, we need to ask about military status so that we know if

that person is a veteran or not. Maybe there needs to be more policy guidance from HUD with respect to whether we are looking hard enough for these veterans and making sure that they do get special recognition and special attention.

In fact, I would also venture to suggest that maybe HUD needs to have a liaison within the agency to actually handle veterans' needs. I believe that such a position has not been filled for quite some time.

So these are all kinds of things that would really raise the visibility of the needs of veterans.

Senator REED. Thank you. My time has expired.

Senator ALLARD. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

I want to thank both of you for your testimony.

Ms. Beversdorf, I asked the Secretary to grade our programs. I know you are a nurse originally by profession and now your advocacy here. How would you grade them?

Ms. BEVERSDORF. Which programs are you talking about?

Senator MENENDEZ. Our overall effort here in terms of—I have listened to your testimony, I have read your testimony. Is B+ a fair grade?

Ms. BEVERSDORF. I hate to put grades on things for the record.

Senator MENENDEZ. I get recorded all the time, so do not feel badly.

Ms. BEVERSDORF. I just think we have a long way to go.

Senator MENENDEZ. I have a problem listening to your testimony and hearing that people who have honorable discharges and who work every day in honorable jobs and are veterans cannot find a place to live. It just seems to me that that cannot be a grade that is as high as a B+.

I do not understand when 200,000 veterans are homeless on any given night and 400,000 over the course of a year experience some form of homelessness. And we go on with 2,000 vouchers that have been authorized but not allocated, and that is a B+.

I do not understand the answer that I got to my question, which I think is somewhat amorphous, about how we follow up on people after transitional housing to find out whether they really have housing at the end and for how long they have housing or whether they just recycle in the process, which would tell us a lot about whether our policies are effective or not. That is not a B+.

So I appreciate your testimony. To me it is compelling insofar as I think a grateful Nation does much better than that.

And I am really concerned about the next generation of Iraqi and Afghani veterans who I hear consistently from who return and find themselves with difficulties in their employment, and therefore difficulties with a place to live. And that is a whole new universe above and beyond all of those who have served over a long period of time. I think we have some significant challenges ahead. I think we should recognize those challenges and try to deal with that.

I would love to be giving out B+'s but I just do not think that is the grade that I would be giving.

Ms. BEVERSDORF. Senator, if I may comment, I think one of the biggest problems or concerns I have is overall the American public is not aware of homelessness among veterans. I have been working

with NCHV for about a year and I have to say that most of the time when I tell people who I work for the comment is twofold. The first is "I did not know there were any homeless veterans." And secondly, if there are, "certainly the VA must take care of those people." From this hearing we know already that because of the resources and the number of homeless veterans, the second assumption is not true.

But the other thing that is more frustrating is the perception of who the homeless veteran is. Oftentimes there is an assumption that the homeless veteran is only the panhandler on the street, the person who holds up the little cardboard sign asking for a handout. Some are, in fact, under the bridges and on the streets. When, in fact, there are so many out there who are living already in transitional housing.

But there are those who are really striving to get their lives back in order in terms of getting the help they need, on health needs, on trying to get a job, on trying to find a house.

And that is why I really appreciate that you are having this hearing, Senator, today to raise the American people's awareness of what this problem is today and what it is going to be in the future if we do not do something about it.

Senator MENENDEZ. I appreciate your statement.

I will just tell you, from where I come from, the reality is that housing authorities that are at the tail end of—or at the frontlines, I should say, of providing, for example, some of these programs, they do not have the wherewithal—I will not even say they do not have the desire. But they certainly do not have the wherewithal to actively go out for veterans and proselytize them to the opportunities that exist because they are already overwhelmed with the housing challenges they meet.

So I suggest that just by giving some type of recognition in a wide spectrum of those who need it, who need housing, and to say that veterans are part of that, that that is going to take care of the problem, that is not going to take care of the problem. The previous panel made some mention of that as one of the things. That has just adding more people to a very difficult and finite universe of opportunities for housing. That is not going to proactively help veterans at the end of the day.

So I look forward to hopefully the Committee being advocates, Mr. Chairman, of trying to find out some efficient and effective ways in which we can expand the universe, and even looking at setting aside for veterans specifically within this housing opportunity.

Thank you.

Senator ALLARD. I have one more question and then we will go to other members. Maybe one more question area. And I want to ask a few questions myself about veterans rental housing.

Ms. Beversdorf, you stated in your testimony that veterans, and I quote, "Veterans of working age and without disabilities are not served through existing rental housing assistance programs due to the program designs."

How do you mean that? Is it because they do not give preference to veterans? Or are there some other flaws there?

Ms. BEVERSDORF. It is really that there is no particular preference to veterans. That is what makes it so difficult. There are certainly other categories of homeless people who are equally as deserving with respect to looking for housing. Unfortunately, there is no special recognition as far as that veterans category is concerned. So that is what I had in mind.

I do not know if you wanted to add something.

Ms. BANASZYNSKI. I would like to add, too, that one of the things that you will find, not just veterans, but if you look at the jurisdictions around the country there is not one community, State or city in the country where a person working full-time at minimum wage can afford housing in this country.

So it should come as no shock to us that veterans who are coming back with some limited skills and who are trying to increase those skills would have difficulty gaining access to the private housing market. I want to know why subsidy has become a dirty word in this country. I got my college education subsidized. I got my mortgage subsidized. Veterans certainly have earned the right to subsidy in this country. And if it takes permanent housing rental subsidies to get people in—there is not a lack in every market of affordable housing, although in many markets affordable housing is not available even if we had a subsidy to apply to the person's needs.

But I think that we have to look at a whole host of things. My organization provides four homeless veterans reintegration projects, which are employment and training programs. It is kind of the chicken and the egg. Can you get them a job if they do not have a house to keep their clothes? It is one and the other. So we end up having to find places for people to live in order to stabilize their employment.

And then, when they are full-time working persons and they earn less than the housing wage or the cost of housing in their area, they are not able to get into the housing market and we are not able to get for them the subsidies that they need to make rental housing affordable and for them to get it in many markets in the country.

Senator ALLARD. Senator Reed.

Senator REED. I want to thank you both for very, very thoughtful testimony. I concur with your comment that most people do not see this as a big problem. They do not think in terms of homeless veterans.

But one of the other revelations today is the number of very poor veterans. I think there is a presumption, particularly looking at the most recent generation of veterans who have to have a GED, high school, or college education to get in and then they are trained so well, et cetera, that there is a perception that they must be making enough money to at least rent an apartment or even get into the home ownership. So I think your testimony has been very revealing.

Ms. Banaszynski, I think, too, we subsidize a lot of things around here. So I do not think we have to be necessarily toxic to subsidizing veterans. I think we should be doing that.

So we can do more and we should do more. Thank you very much.

Senator ALLARD. OK, once again, I would like to thank all of our witnesses for being here today. I found this opportunity to learn more about our veterans housing programs both interesting and informative.

As Subcommittee Chairman, I intend to become more active in this area of our jurisdiction. Your testimony will be helpful as we continue to explore these programs.

The record will be remain open for 10 days should members wish to submit any additional questions to the witnesses. Witnesses, we would appreciate your prompt response to the questions and would ask that you please respond to them within 10 days.

Thank you to everyone for attending the hearing of the Housing and Transportation Subcommittee. The Subcommittee is adjourned.

[Whereupon, at 4:21 p.m., the hearing was adjourned.]

[Prepared statements and response to written questions follow:]

**PREPARED STATEMENT OF SENATOR ROBERT MENENDEZ**

Chairman Allard, Ranking Member Reed, my fellow Colleagues, thank you for your leadership in holding this hearing and for offering the opportunity to discuss the housing needs of our nation's veterans.

Today, as we brave men and women risking their lives in Iraq and Afghanistan, the need to reassess and understand how we can be more effective in helping these brave troops when they retire from active duty is all the more pertinent. I am disappointed that 25 percent of our country's homeless are the very men and women who so proudly served our country. Particularly upsetting is that in my State of New Jersey, there are about 8,000 homeless veterans.

My State faces particularly challenging circumstances with less and less affordable housing and waiting lists for Section 8 vouchers. Over the past few years our food pantries and soup kitchens have seen a significant increase in demand by families and individuals who are spending more of their monthly income on housing leaving them with less to spend at the grocery store. Considering the unique needs of our nation's veterans and the difficulty to access affordable housing, it is no wonder that we have so many veterans struggling on the streets. Clearly we must refocus our efforts to ensure that we are doing our part for our veterans, especially after the sacrifice they have made for our country.

As I've traveled around New Jersey, I've been hearing from troops about the confusion and challenges they face during the transition from receiving services at the Department of Defense to the Department of Veterans Affairs. In response, yesterday I introduced legislation to address the lapse in health care and access to services that many face during this difficult process. The bill would expand the important work done by Veteran Service Organizations and other non-governmental organizations by providing funding for "navigators"—individuals who can assist in a serviceperson's transition between the DOD and VA healthcare systems to ensure a positive continuum of care.

The "navigator" concept is not new. It is similar to the Patient Navigator demonstration program I introduced and which was subsequently enacted into law. Often those individuals most in need, particularly those service members who are seriously injured, suffering from psychological illnesses, female service members, and those in the National Guard and Reserves, have the hardest time accessing the care or services they deserve. Designating a specialist or "Sherpa" to help those who could fall through the cracks and get left without care, is the kind of preventive measure I hope will keep many veterans from becoming homeless in the first place. On any given night across the country, there are more than 200,000 homeless veterans. This is unacceptable. We need to be doing a better job of helping these honorable Americans access housing resources and increase federal support for these services.

I look forward to the testimony to learn more about what we are currently doing for our veterans and to find out where we can improve to ensure that no one goes without a place to call home. Thank you Mr. Chairman.

**PREPARED STATEMENT OF MARK JOHNSTON**

DEPUTY ASSISTANT SECRETARY FOR SPECIAL NEEDS, DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT

AUGUST 2, 2006

Chairman Allard, Ranking Member Reed, Members of the Subcommittee, I am pleased to be here today on behalf of Secretary Alphonso Jackson and the U.S. Department of Housing and Urban Development. The Secretary recognizes the responsibility America has to its veterans especially those who are homeless.

It is estimated that veterans account for approximately one quarter of the homeless population. For the past 20 years HUD has served homeless veterans as well as the other homeless subpopulations in the United States. To better serve this population, in 1994 HUD developed the Continuum of Care planning and grant process, which calls for communities to develop local plans to solve homelessness. Continuum of Care is a community-led effort that involves a diverse group of organizations, including state and local governments, public housing agencies, non-profit providers, foundations, and homeless and formerly homeless persons. The Continuum identifies the community's housing and service needs, as well as the existing inventory to address those needs. The Continuum then assesses remaining needs and determines how to best address them by proposing a comprehensive plan and specific project requests for HUD funding. Since 1994, the Continuums have proven to be an effective coordinating body for fighting homelessness; among the reasons for their

effectiveness are the broad-based partnerships they have forged at the local level. HUD is committed through this Continuum of Care to ending Chronic Homelessness.

To underscore HUD's continued commitment to serve homeless veterans, this year's Continuum of Care application materials encourage organizations that represent homeless veterans to be at the planning table and require that communities identify the number of homeless persons who are veterans so that each community can more effectively address their needs. In collaboration with the Department of Veterans Affairs, HUD also strongly encourages grant applicants to use VA's CHALENG data in assessing the needs of homeless veterans within their community.

In 2005, HUD awarded nearly \$1.3 billion in targeted homeless assistance. Homeless veterans are eligible for all of the Department's homeless assistance programs, and HUD awarded funding to 90 percent of all of veteran-specific applications received. HUD has also established a Veteran Resource Center (HUDVET) in consultation with national veteran service organizations. HUDVET's goal is to provide veterans and their family members with information on HUD's community-based programs and services. It is the Department's hope that, equipped with this knowledge, armed forces personnel and veterans can become more involved in the community-based planning and decision-making process as well as utilization of services and local resources.

HUD is involved with a number of interagency initiatives that focus on solving homelessness in this country. One of these initiatives is the VA's Secretarial Advisory Committee on Homeless Veterans, an important advisory group that has addressed chronic homelessness among veterans. HUD is also involved with the Collaborative Initiative to Help End Chronic Homelessness, a joint initiative with HUD, VA and HHS. HUD provided the housing needed for homeless persons, while the VA and HHS provided the needed supportive services to help them stabilize their lives.

Another promising joint initiative between HUD and the Department of Labor that serves homeless veterans is a demonstration to provide housing and needed employment assistance. Local partners in this demonstration provide additional needed services such as health care, education, and life skills.

In consultation with the U.S. Interagency Council on Homelessness, chaired by Secretary Alphonso Jackson, HUD developed a special initiative to help persons who have been homeless for years and are also chronically inebriated. HUD provided funding for permanent housing, and community partners provided needed supportive services. Twelve programs in eleven cities received funding. Homeless veterans are among those served by these homeless initiatives.

In addition to these initiatives, HUD participates in national homeless conferences. For instance, as the Director of HUD's homeless programs, I was in Denver this week speaking at the Department of Labor's Veterans National Grantee Conference, along with my colleagues from the VA and Department of Labor. These conferences provide an opportunity to collaborate with other organizations that share the goal of solving homelessness.

HUD has developed two technical assistance guidebooks to benefit homeless veterans. *Coordinating Resources and Developing Strategies to Address the Needs of Homeless Veterans* describes programs serving veterans that are effectively coordinating HUD homeless funding with other resources. The second guidebook, *A Place at the Table: Homeless Veterans and Local Homeless Assistance Planning Networks*, describes the successful participation of ten veterans organizations in their local Continuums of Care. Both of these guidebooks are available on HUD's website.

The Administration is committed through the Continuum of Care process to ending chronic homelessness, as well as solving homelessness among veterans and all Americans. HUD will continue to work with federal, state and local partners to this commitment.

Mr. Chairman, I will be glad to address any questions the Subcommittee may have.

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**PREPARED STATEMENT OF KEITH PEDIGO**

DIRECTOR OF LOAN GUARANTY, DEPARTMENT OF VETERANS AFFAIRS

AUGUST 2, 2006

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the VA Loan Guaranty Program. In my testimony I would like to highlight VA's commitment to meeting the housing needs of



our nation's veterans. I am pleased to be accompanied by Mr. Pete Dougherty, Director, Homeless Veterans Programs. Mr. Dougherty will discuss issues pertaining to homeless veterans.

The Department of Veterans Affairs home loan program serves a clientele which is diverse in many ways. The only common denominator of this clientele is service in the Armed Forces of the nation. Since the inception of these programs in 1944 the objective has been to assist eligible veterans to become homeowners. Veterans are assisted by increasing their competitiveness in the marketplace for credit. The VA programs are intended to benefit men and women because of their service to the country.

The Loan Guaranty Program provides a guaranty to lenders making loans to veterans and servicemembers to purchase homes. Other important program benefits include making direct loans to Native American veterans living on trust lands, and providing Specially Adapted Housing (SAH) grants to severely disabled veterans. Additionally, services and assistance are provided in coordination with the Vocational Rehabilitation and Employment (VR&E) program for disabled veterans eligible for Independent Living Services and SAH benefits.

Since the home loan guaranty program was enacted, as part of the original Servicemen's Readjustment Act of 1944 (the GI Bill), VA has guaranteed over 18 million home loans totaling almost \$900 billion to veterans to purchase or construct a home, or refinance another home loan on more favorable terms. The VA home loan program has made mortgage credit available to many veterans whose loans otherwise would not have been made.

VA guaranteed loans are made by private lenders, such as banks, savings & loans, or mortgage companies to eligible veterans for the purchase of a home which must be for their own personal occupancy. To get a loan, a veteran must apply to a lender. If the loan is approved, VA will guarantee a portion of it to the lender. This guaranty protects the lender against loss up to the amount guaranteed and allows a veteran to obtain favorable financing terms. There is no maximum VA loan, but lenders will generally limit VA loans to \$417,000. This is because lenders sell VA loans in the secondary market, which currently places a \$417,000 limit on the loans. In certain high cost areas, such as Hawaii and Alaska, Guam and the U.S. Virgin Islands, this conventional loan limit is currently \$625,000. For loans up to this amount, it is usually possible for qualified veterans to obtain no downpayment financing. A veteran's basic entitlement is \$36,000 (or up to \$104,250 for certain loans over \$144,000). Lenders will generally loan up to 4 times a veteran's available entitlement without a downpayment, provided the veteran is income and credit qualified and the property appraises for the asking price.

Currently, eligible veterans and service personnel may obtain loans for the following purposes:

- To buy or build a home;
- To buy a residential unit in a condominium project;
- To repair, alter or improve a home;
- To refinance an existing home loan.
- To buy a new or used manufactured home and/or lot;
- To buy and improve a manufactured home lot on which to place a unit owned and occupied by the veteran;
- To improve a home through installation of a solar heating and/or cooling system or other energy efficient improvements;
- To refinance a loan currently guaranteed, insured or made by the VA for the purpose of lowering the interest rate; and
- To refinance a manufactured home in order to purchase the lot on which the home is or will be placed.

Like other homeowners, some veterans experience financial hardships that affect their ability to make loan payments. When this occurs, VA helps veterans retain their homes through supplemental loan servicing efforts. VA offers financial counseling, and may even intervene directly with the lender on behalf of the veteran to work out a repayment plan. In limited circumstances, VA buys the loan from the holder and allows the veteran to make payments directly to VA. In the event of foreclosure, VA usually acquires the property from the mortgage loan holder. The property is then transferred to a private contractor to be sold on VA's behalf.

Successful interventions help veterans and save substantial amounts of money by avoiding claim payments. In 2005, VA avoided claim payments totaling \$175 million through supplemental servicing efforts. It should be noted that while this savings

is not part of the program's operating budget account, it exceeds the total amount requested for 2007.

Mr. Chairman, this concludes my testimony. I greatly appreciate being here today and look forward to answering your questions.

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**PREPARED STATEMENT OF PETER DOUGHERTY**

DIRECTOR OF HOMELESS VETERANS PROGRAMS, DEPARTMENT OF VETERANS AFFAIRS

AUGUST 2, 2006

Mr. Chairman, and Members of the Committee, I am pleased to be here today to discuss the Department of Veterans Affairs' programs and services that help homeless veterans achieve their housing needs. I am pleased to be with Mr. Keith Pedigo, Director of VA's Loan Guaranty Service. Thank you for inviting us to testify today.

Homelessness for any person tugs at our conscience; however, for those who have honorably served our nation in the military, homelessness should be inconceivable. VA's commitment is, and remains, ending chronic homelessness among veterans. To meet that goal, VA has made, and continues to create opportunities to bring together those veterans in need of assistance with the wide range of services and treatment VA provides.

As the largest provider of direct services to homeless people in the nation, VA provides health care and services to more than 100,000 homeless veterans each year. We do this by aggressively reaching out and engaging veterans in shelters and in soup kitchens, on the streets and under bridges. By not waiting for veterans to contact us and by proactively offering services, VA helps some 40,000 more veterans each year than would otherwise know of their eligibility for assistance. We connect homeless veterans to a full complement of VA health care and benefits, including compensation and pension, vocational rehabilitation, loan guaranty and education services.

We continually work to reach and identify homeless veterans and encourage their enrollment in VA's health care system. Once they are enrolled, we furnish timely access to psychiatric evaluations and treatment; engagement in treatment programs for substance use disorders; and, access to quality primary health care. Our performance measures help ensure that homeless veterans receive comprehensive follow-up health care. In addition, it is extremely important that these veterans are seen by mental health specialists and a case manager. Thus, our objective is to help these veterans receive coordinated needed care and other VA benefits, which, in turn, furthers their chances of obtaining and maintaining independent housing and gainful employment. At the least, the provision of such VA assistance should enable most to live as independently as possible given their individual circumstances.

We work very closely with our partners at the Department of Labor's Veterans' Employment and Training Service to ensure those homeless veterans who want and need employment have an opportunity to become productive, tax-paying members of society. This is very important because we understand from many formerly homeless veterans that having an opportunity for gainful employment was vital to their being able to overcome psychological barriers that contributed to their homelessness.

With the support of Congress, VA continues to make a significant investment in the provision of services for homeless veterans. We expect to spend \$225 million this year (fiscal year 06). These costs cover homeless veterans treatments and programs to assist homeless veterans.

The President's budget request for FY 2007 calls for a nearly \$20 million increase above that level. Services and treatment for mental health and substance use disorders are essential both to the already homeless veteran and to those at risk for homelessness. VA's overall mental health funding increased by \$339 million this year, and we use those funds to enhance access to mental health services and substance use treatment programs. Increasing access to and availability of mental health and substance use treatment services is critical to ensure that those veterans who live far away from VA health care facilities are able to live successfully in their communities.

Equally important is the work of the Veterans Benefits Administration (VBA). Mr. Pedigo will provide you with details of the Loan Guaranty Services programs including those that are of particular assistance to homeless veterans. I want to focus on the Compensation and Pension Service that strives to provide timely processing and payment of benefits claims to homeless veterans. As a result of VBA's concerted efforts, thousands of veterans entitled to benefits receive them.

As part of VA's efforts to eradicate homelessness among veterans, we work in a variety of venues with multiple partners at the Federal, state, territorial, tribal and

local government levels. We have hundreds of terrific community non-profit and faith-based service providers working in tandem with our health care and benefits staff to improve the lives of tens of thousands of homeless veterans each night. We have more than 4,000 beds for homeless veterans available under our domiciliary care and other VA operated residential rehabilitation programs.

We are finalizing a one-year, follow-up study of 1,350 veterans discharged from VA's residential care programs. Results indicate that we are achieving long-term success for the well-being of these veterans, with four out of five veterans who have completed these programs remaining appropriately housed one year after discharge. Through such effective, innovative and extensive collaboration, VA is able to maximize the opportunities for success.

We firmly believe that the best strategy to prevent homelessness is early intervention. As the Committee knows, veterans returning from the present conflicts in Iraq and Afghanistan have two years of eligibility for VA health care at no cost for conditions possibly related to their combat service. We believe that this eligibility policy allows our clinical staff to identify additional health problems that may, if left untreated, contribute to future homelessness among those veterans. This policy is the best option to treat those in need today and prevent more acute problems later.

#### **Interagency Council on Homelessness, Intergovernmental and Local Relationships**

VA is an active partner with nearly all Federal departments and agencies that provide services to homeless veterans. We participate in a variety of interagency collaborative efforts to assist homeless veterans and continue to actively participate in the United States Interagency Council on Homelessness (ICH). Secretary Nicholson is the immediate past chair of the ICH, and VA has participated in each of ICH's cabinet-secretary level meetings. During Secretary Nicholson's tenure as chair of the ICH, VA hosted regular meetings of the ICH Senior Policy Group. While Secretary Nicholson's term as ICH Chair ended last year, VA continues its participation in interagency and collaborative initiatives. As Director of the Homeless Veterans Programs, Secretary Nicholson asked me to serve as VA's representative to the Council's Senior Policy Working Group. These efforts have brought the level of veteran involvement in state and local plans to end homelessness to an unprecedented level.

The ICH has worked closely with VA, and has also encouraged the development of state and local plans across the nation to address both the needs and services available to veterans. To date, this is demonstrating positive results as we increasingly see states and local communities include VA employees, state and county veteran service officers, veteran service organization members and veteran specific service providers in both the planning and implementation of local strategies to end chronic homelessness.

As part of an ongoing initiative, VA has worked closely over the last three years with the Department of Housing and Urban Development (HUD) and the Department of Health and Human Services (HHS) to assist the chronically homeless with housing, health care and benefits coordination. Under this initiative, funding was provided to eleven communities that developed quality plans to house and provide wraparound services. As the result of our collaboration, nearly 1,500 persons have been seen, and nearly 600 persons housed. Thirty percent of those receiving services under this initiative are veterans. This effort is based on the premise that housing and treating those who are chronically homeless will decrease total costs for health care, emergency housing, related social services and justice system costs. VA is pleased to be a partner in this effort. We are also pleased to lead the effort to evaluate this project and look forward to sharing our findings with you when they become available.

Local communities are our front lines—the places where we meet and provide services to veterans. For that reason, VA has a long tradition of engaging and working with local providers in their communities. VA collaborates annually with communities across the United States in Project CHALENG (Community Homelessness Assessment, Local Education and Networking Groups) for veterans. At regularly scheduled CHALENG meetings, VA works with faith-based and community homeless service providers; representatives of Federal, state, territorial, tribal and local governments; and homeless veterans, themselves. Our meetings and our annual reports are designed to identify met and unmet needs for homeless veterans, aid in the community effort to aid homeless veterans, and to develop local action plans to address those identified needs.

CHALENG is integral in enabling VA medical centers and regional offices to strengthen their partnerships with community service providers. This leads to better coordination of VA services as well as the development of innovative, cost-effective strategies to address the needs of homeless veterans at the local level. It shows

us what is being done effectively and what pressing unmet needs remain. This also helps us to establish, as part of local needs, the number of veterans who are homeless on any given night. While there are still far too many veterans among the homeless, we are making progress, and their numbers are coming down. Ten years ago, based upon the best available estimates, there were as many as 250,000 veterans among the homeless on a given night. Last year we found there were less than 200,000. This year, we estimate the number of homeless veterans on any one day will be less than 195,000, which represents a decline of better than 20 percent over the last six years. This progress demonstrates to us that this scourge is not unmanageable and that our collective efforts are realizing success. We are confident that our continued efforts will achieve our goal of ending chronic homelessness among veterans.

During the past five years VA, the Departments of Housing and Urban Development, Health and Human Services and Labor, and the Interagency Council on Homelessness have sponsored a series of policy academies. The purpose of these academies is to bring together a broad group of professionals from a variety of disciplines who work with homeless populations in their respective states to improve the coordination of statewide efforts to aid all homeless. This effort has been very successful. And many states have translated this experience into concrete improvements in the coordination of their benefits and services at the local level, i.e., within, between, and among the cities and counties in their states. VA is pleased to have been an active partner in this effort. Senator Martinez chaired the US Interagency Council on Homelessness when this effort began and I would be remiss in not noting his leadership in getting this concept into concrete actions. This approach developed by the National Governor's Association has aided every state to develop a coordinated plan to address homelessness in their states.

#### **VA Involvement in Stand-Downs**

VA's involvement in stand-downs is another avenue by which VA continues its collaborative outreach at the local level through coordination of our programs with other departments, agencies, and private sector programs. Our calendar year 2005 report was recently completed and last year VA recorded participation in approximately 100 stand-down events in 36 states. In calendar year 2005, VA, along with hundreds of veteran service organization representatives, community homeless service providers, state and local government offices, faith-based organizations, and health and social service providers, provided assistance to nearly 17,000 veterans. Of note is an increase in the number and percentage of veterans who attended these events. The latest information shows that more than 1,700 spouses, overwhelmingly women, and more than 1,100 children attended these events. More than 13,000 volunteers and VA employees participated in these events last year.

#### **Homeless Providers Grant and Per Diem Program**

VA's largest program involving local communities remains our Homeless Providers Grant and Per Diem Program. As you are aware, this highly successful program allows VA to provide grants to state and local governments, and faith-based and other non-profit organizations in developing supportive transitional housing programs and supportive service centers for homeless veterans. These organizations may also use VA funds to purchase vans to conduct outreach and provide transportation for homeless veterans to needed health care and employment services.

Last year, this program achieved one important goal: to authorize funding for at least one transitional housing program in each state. We did this in part by targeted funding to states that had no or limited veteran-specific transitional housing program. We are continuing to reach out to tribal and territorial areas to ensure increased opportunities for these programs to operate in those locations. Since the program was authorized in 1992, VA has obligated more than \$300 million to the program. These funds have helped to develop close to 10,000 transitional housing beds (of which 78 percent are operational) and 23 independent service centers and to purchase 180 vans to provide transportation for outreach and connections with services.

We are reviewing applications based upon the latest Notice of Funding Availability and the Secretary will announce those selections in September. We are hopeful that with this latest round of funding we will be able to add between 500 and 1,000 new transitional housing beds across the nation.

#### **Technical Assistance Grants**

With enactment of Public Law 107-95, VA was authorized to provide grants to entities with expertise in preparing grant applications. We have awarded funding to two entities that are providing technical assistance to non-profit community and faith-based groups that are interested in seeking VA and other grants relating to serving homeless veterans. We have awarded grants to the National Coalition for

Homeless Veterans (NCHV) and Public Resources to aid us in this effort. We are hopeful that this effort, which we are evaluating regularly, is helping to connect veteran specific service providers to other governmental and non-government resources.

#### **Grants for Homeless Veterans with Special Needs**

VA also provides grants to VA health care facilities and existing grant and per diem recipients to assist them in serving homeless veterans with special needs (women, including women who have care of dependent children, chronically mentally ill, frail elderly and terminally ill). We initiated this program in FY 2004 and provided special needs funding to 29 organizations totaling \$15.7 million.

#### **Grants to Meet National Fire and Safety Codes**

VA has awarded grants to existing grantees to assist them in meeting national fire and safety codes. VA has offered funding three times and awarded a total of \$5.36 million for this program. These grants have been awarded to all existing transitional housing that applied for funding. VA Medical Centers' Fire and Safety Engineers have worked closely with existing grant recipients to identify any code violations and to estimate the cost of correcting any such deficiencies. We believe we have been able to address all requests to meet fire and safety needs.

#### **Residential Rehabilitation and Treatment Programs (RRTPs)**

VA's Domiciliary Care for Homeless Veterans (DCHV) Program, which was recently renamed as the "Residential Rehabilitation and Treatment Program," provides a full range of treatment and rehabilitation services to many homeless veterans. Over the past 17 years, VA has established 34 DCHV programs providing 1,873 beds. Since 1987, there have been over 71,000 episodes of treatment in the DCHV program. VA continues to improve access to the services offered through these programs. In FY 2005, DCHV programs treated 5,394 homeless veterans, while VA funded the development of nine new DCHV programs offering a total of 400 new beds. In FY 2006, VA funded the development of two additional DCHV programs totaling 100 beds. In addition to the DCHV program, homeless veterans receive treatment and rehabilitation services in the Psychosocial Residential Rehabilitation Treatment Program (PRRTP). Currently there are 72 PRRTP programs with a total of 2,020 beds.

#### **Staffing at VBA Regional Offices**

Homeless Veterans Outreach Coordinators (HVOCs) at all VBA regional offices work in their communities to identify eligible homeless veterans, advise them of VA benefits and services, and assist them with claims. The coordinators also network with other VA entities, veteran service, organizations, local governments, social service agencies and other service providers to inform homeless veterans about other benefits and services available to them. In FY 2005, VBA staff assisted homeless veterans in 34,631 instances. They contacted 4,247 shelters, made 4,803 referrals to community agencies, and made 7,416 referrals to the Veterans Health Administration (VHA) and the Department of Labor's, Homeless Veterans Reintegration Programs (HVRP).

Since the beginning of FY 2003, regional offices maintain an active record of all compensation and pension claims received from homeless veterans. Procedures for the special handling and processing of these claims are in place. From FY 2003 through FY 2005, VBA received 13,833 claims for compensation and pension from homeless veterans. Of those claims, 56 percent were for compensation and 44 percent were for pension. Of the compensation claims processed, 37 percent were granted, with an average disability rating of 44.20 percent. 9.9 percent of claimants were rated at 100 percent disabled. Of the total claims denied, 48 percent were due to the veteran's disability not being service connected. The average processing time for all compensation claims of homeless veterans was 151 days. Of the pension claims processed, 73 percent were granted. Twenty-one percent of the claims denied were due to the veteran's disability not being permanent and total. The average processing time for all pension claims of homeless veterans was 102 days.

#### **Multifamily Transitional Housing Loan Guaranty Program**

Public Law 105-368 authorized VA to establish a pilot program to guaranty up to 15 loans or \$100 million, whichever first occurs, for multifamily transitional housing. Since September 2002, Claude Hutchison, Jr., Director of VA's Office of Asset Enterprise Management, has been the lead for the Department in implementing the program. Many complex issues, often varying from jurisdiction to jurisdiction, surround implementation, and VA has worked closely with veteran service organizations, veteran-specific housing providers, faith-based organizations, clinical support service programs, VA medical care staff, state, city and county agencies, homeless

service providers, and finance and housing experts. We are also using consultants to assist us with our evaluation of potential sites and providers of housing services.

VA has issued two final commitments for guaranteed loans for transitional housing projects that will, when completed, provide 285 new beds for homeless veterans. Those projects are: Catholic Charities of Chicago, Chicago, Illinois, with 141 beds; and, Vietnam Veterans of San Diego, San Diego, California, with 144 beds. The Catholic Charities' project is under construction and is expected to open and be serving veterans some time this fall. Vietnam Veterans of San Diego is expected to close on its guaranteed loan by the end of the year, which leaves funding available for up to thirteen remaining program loans or until the remaining \$92.1 million in program funds have been guaranteed.

#### **Coordination of Outreach Services for Veterans At-Risk of Homelessness**

VA, together with DOL and with additional assistance from the Department of Justice (DOJ), has helped develop demonstration projects providing referral and counseling services for veterans who are at risk of homelessness and are currently incarcerated. Currently, VA and DOL have seven sites providing referral and counseling services to eligible veterans at risk of homelessness upon their release from correctional institutions. While the majority of these demonstration projects work with state prisons, our collaboration includes one demonstration project with a Federal Bureau of Prisons institution, and another with a county jail. Local staff from both the VHA and VBA are aiding veterans at each demonstration site receive information about available VA benefits and services.

Our commitment to these demonstrations programs is strong. We believe that many of these veterans will, with assistance, return to productive lives. While the number of incarcerated veterans is approximately 10–15 percent of the prison population, it is expected that these joint Federal efforts will assist many veterans who would otherwise be at risk for homelessness upon their release. Moreover, after their release, we are providing a needed continuum of services to these veterans, chiefly through the provision of transitional housing made available through the Homeless Providers Grant and Per Diem Program or residential care in VA domiciliary care programs and other places as needed. DOL continues to provide funding under its Homeless Veterans Reintegration Programs (HVRP) for the Incarcerated Veterans' Transition Program (IVTP). VA and DOL are reviewing this program carefully and will provide a report on its effectiveness.

#### **HUD-Veterans Affairs Supported Housing (HUD-VASH)**

VA recognizes HUD's long-standing support of the HUD-VASH program. This very successful partnership links the provision of VA clinical care with permanent housing in order to assist the recovery of chronically homeless, mentally ill veterans. HUD and VA hope to continue this valuable program, subject to the availability of resources.

#### **Summary**

VA continues to make progress on addressing both prevention of, and treatment for, the homeless. Each year we provide our annual report to the Congress that outlines our activities for homeless veterans. VA is collaborating closely with other Federal agencies, state and local governments and community-based organizations to ensure that homeless veterans have access to a full range of health care, benefits and support services. We still have much to do to end chronic homelessness among veterans in America, and we are eager to work with you to meet that challenge. Developing appropriate links to health care, housing, benefits assistance, employment and transportation are all components that help bring these veterans out of despair and homelessness. We appreciate all of the assistance the Congress gives us to aid this noble effort.

Mr. Chairman that concludes my statement, I am please to respond to any questions you or the Committee members may have.

**PREPARED STATEMENT OF CHERYL BEVERSDORF**  
 CHIEF EXECUTIVE OFFICER, NATIONAL COALITION FOR HOMELESS VETERANS

AUGUST 2, 2006

**Homelessness Among Veterans**

- Nearly 200,000 veterans are homeless on any given night; more than 400,000 experience homelessness over the course of a year.
- Like their non-veteran counterparts, veterans are at high risk of homelessness due to a lack of access to comprehensive health care, extremely low or no livable income and an extreme lack of affordable housing.
- In addition to these shared factors, a large number of homeless veterans experience problems that are directly traceable to their experience before or during their military service or to their return to civilian society without appropriate transitional supports.
- Preventing and ending homelessness among veterans requires general responses of benefit to all homeless persons and persons at risk for homelessness and specialized responses targeted to homeless veterans.

**Permanent Housing for Veterans**

- VA and HUD homeless programs are woefully under-funded and many homeless veterans are not served by them.
- Missing altogether in the federal housing continuum are affordable housing strategies targeted to low-income veterans.
- Congress and HUD should immediately fill the backlog of 2,000 authorized but not yet allocated vouchers to the HUD-Veterans Affairs Supported Housing (HUD-VASH) program, and ultimately increase to at least 20,000 the number of HUD-VASH vouchers.
- Congress should enact the Homes for Heroes Act (S. 3475/H.R. 5561), legislation to develop and expand permanent housing opportunities for very low-income veterans.

**Introduction**

The National Coalition for Homeless Veterans appreciates the opportunity to testify before the Senate Banking, Housing, and Urban Affairs Subcommittee on Housing and Transportation at its hearing on meeting the housing needs of veterans.

The National Coalition for Homeless Veterans (NCHV), established in 1990, is a nonprofit organization with the mission of ending homelessness among veterans by shaping public policy, promoting collaboration, and building the capacity of service providers. NCHV's over 250 member organizations in the states and territories provide housing and supportive services to homeless veterans and their families, such as street outreach, drop-in centers, emergency shelter, transitional housing, permanent housing, recuperative care, hospice care, food and clothing, primary health care, addiction and mental health services, employment supports, educational assistance, legal aid and veterans' and public benefit advocacy.

The VA estimates that nearly 200,000 veterans are homeless on any given night; more than 400,000 experience homelessness over the course of a year. Conservatively, one of every three homeless adult males sleeping in a doorway, alley, box, car, barn or other location not fit for human habitation in our urban, suburban, and rural communities has served our nation in the Armed Forces. Homeless veterans are mostly males (2 percent are females). 54 percent are people of color. The vast majority are single, although service providers are reporting an increased number of veterans with children seeking their assistance. 45 percent have a mental illness. 50 percent have an addiction.

America's homeless veterans have served in World War II, Korea, the Cold War, Vietnam, Grenada, Panama, Lebanon, anti-drug cultivation efforts in South America, Afghanistan, and Iraq. 47 percent of homeless veterans served during the Vietnam Era. More than 67 percent served our nation for at least three years.

Male veterans are 1.3 times as likely to become homeless as their non-veteran counterparts, and female veterans are 3.6 times as likely to become homeless as their non-veteran counterparts. A random survey of homeless veteran service providers conducted in November 2005 by NCHV suggests the homeless veteran population is changing in profile. Results of the survey identify three veteran subpopulations that may present significant increases in demand for services in the immediate future: aging Vietnam veterans, women veterans, and combat veterans of America's current operations in Iraq and Afghanistan.

Like their non-veteran counterparts, veterans become homeless when their incomes are too low to obtain affordable housing in their community or when there is an insufficient stock of affordable housing available where they live. In some cases, their incomes may have diminished because of a disabling condition or injury—including service-connected disabilities—preventing them from holding a job. They may be ineligible for or have barriers to receiving public or veteran income assistance, or be unable to secure a job that pays a living wage because they lack appropriate job skills transferable to the civilian market. They may also have had issues before entering the military, including poverty, lack of educational opportunities, an unstable family background or a history of social problems. In addition to these shared factors, some veterans at risk of homelessness live with post traumatic stress disorders and addictions acquired during or exacerbated by their military service. These conditions can then interrupt their ability to keep a job, establish savings, and in some cases, maintain family harmony and remain in the family's housing. Veterans' social and professional networks may have been fractured due to extensive mobility while in service or lengthy periods away from their hometowns and their civilian jobs, leading to difficulty returning to work or in sharing the housing of others. These problems are directly traceable to their experience in military service or to their return to civilian society without appropriate transitional supports.

Ending homelessness among veterans requires public commitment and action to ensure their access to permanent housing, livable incomes, and health security. This must be accomplished both through general responses of benefit to all homeless persons and persons at-risk of homelessness and through specialized responses targeted to homeless veterans.

There is no more obvious a response to preventing homelessness among veterans than to ensure low-income veterans' access to permanent affordable housing so that they are never without a safe place to live in the first place.

#### **Permanent Housing for Veterans**

Over 60 years ago, when Congress passed the GI Bill, it provided an assurance of homeownership opportunities for veterans through the VA Home Loan Guaranty Program. However, Congress made no such comparable assurance to affordable rental housing opportunities for our nation's low-income veterans, and still has yet to do so.

The VA Home Loan Guaranty Program is the principal federal veterans' housing program. It helps veterans finance the purchase of homes with favorable loan terms and at a rate of interest competitive with the rate charged on other types of mortgage loans. The Home Loan Program—effective as it is—does not meet and was not designed to meet the housing assistance needs of all veterans, especially veterans without resources to purchase a home such as veterans experiencing homelessness.

At the other end of the federal housing continuum, VA and HUD homeless programs such as VA Homeless Provider Grant and Per Diem, HUD McKinney-Vento Homeless Assistance, and HUD-Veterans Affairs Supportive Housing (HUD-VASH) play vital roles in establishing a housing safety net for veterans whose living arrangements have tumbled to the depths. Each of these programs is woefully under-resourced and many homeless veterans are not served by them. Funding for these programs should be increased.

Missing altogether in the federal housing continuum are affordable housing strategies targeted to low-income veterans.

Congress has not yet granted the U.S. Department of Housing and Urban Development—or any federal department—the statutory authority to establish permanent affordable housing programs targeted to low-income veterans. Accordingly, there is no national rental housing assistance program targeted to low-income veterans. Veterans are no longer a federal priority population for federally-subsidized housing assistance. (They once were.) Veterans of working age and without disabilities are not well-served through existing rental housing assistance programs due to their program designs.

In those areas where it has discretion, HUD has underperformed when it comes to veterans. Of greatest consequence, HUD has discontinued its requests for or contribution of Housing Choice Vouchers to the HUD-VASH program, the only federal affordable housing assistance program targeted to any veteran population, in this case homeless veterans with disabilities.

With all of these gaps in housing support for both low-income veterans and homeless veterans, it is apparent why many veterans are experiencing an affordable housing or homelessness crisis. It is imperative that Congress take immediate action to remedy the deficit in preventive and response strategies. Recommended steps



include increasing the number of Housing Choice Vouchers allocated to the HUD-VASH program and passing the Homes for Heroes Act.

The Homeless Veterans Comprehensive Assistance Act of 2001 (P.L. 107-95) codified the HUD-Veterans Affairs Supported Housing (VASH) program (at 42 U.S.C. 1437f (o)(19), which heretofore had existed via a Memorandum of Agreement between HUD and VA. The HUD-VASH program provides permanent housing subsidies and case management services to homeless veterans with mental and addictive disorders. Under the program, VA screens homeless veterans for program eligibility and provides case management services to enrollees. HUD allocates rental subsidies from its Housing Choice Voucher program to the VA, which then distributes them to the enrollees. Rigorous evaluation of the program indicates it significantly reduces days of homelessness for veterans with mental and addictive disorders.

Under the Homeless Veterans Comprehensive Assistance Act of 2001, Congress authorized HUD to allocate 500 additional HUD-VASH vouchers in each of FY 2003 through FY 2006. By 2006, this would have amounted to 2,000 additional vouchers targeted to chronically homeless veterans. Regrettably, HUD did not request funding for, and Congress did not appropriate funds for, these additional HUD-VASH vouchers in any of its budget submissions for those fiscal years. Nor did it request funding for the vouchers in its FY 2007 budget.

Accordingly, we call Congress to immediately fund the entire backlog of 2,000 HUD-VASH vouchers. Ultimately, we recommend Congress authorize and appropriate funds for a dramatic increase in HUD-VASH program to 20,000 vouchers, which while a significant increase is still only a mere five percent of the number of veterans who experience homelessness annually. When growing the program, Congress should add budget authority explicitly for these vouchers so that they truly add affordable housing capacity rather than merely displace other needy persons with homeless veterans.

Beyond HUD-VASH, we call on Congress to take bold steps and establish new affordable housing initiatives targeted to low-income veterans as well as to increase such veterans' access to existing housing programs. The establishment of low-income veteran-specific permanent affordable housing initiatives is entirely consistent with the long history of our nation to establish programs and benefits unique to veterans in recognition of their service to the nation.

We are pleased to support the Homes for Heroes Act (S. 3475/H.R. 5561), legislation with the purpose of developing and expanding permanent housing opportunities for very low-income veterans. The Homes for Heroes Act would establish new programs pertaining to veterans within the Department of Housing and Urban Development. All federal departments—not solely the Department of Veterans Affairs—bear responsibility for supporting our nation's veterans. The Homes for Heroes Act would give HUD the tools to do so.

The Homes for Heroes Act consists of seven substantive sections. Section 2 establishes a position of Special Assistant for Veterans Affairs within HUD. Section 3 authorizes the HUD Secretary to establish a supportive housing program for very low-income veteran families. HUD would provide housing assistance to such veteran families via planning grants, capital advances, project rental assistance, and technical assistance to nonprofit organizations and consumer cooperatives proposing to develop such housing. VA would provide funding for supportive services to residents. Section 4 authorizes an increase in budget authority under the project rental assistance component of the Housing Choice Voucher program to finance 20,000 rental assistance vouchers for homeless veterans. Section 5 requires states and localities to include veterans as a special needs population in their public housing agency plans and their comprehensive housing affordability strategies. Section 6 exempts from calculation of a family's rental payment for federally assisted housing the amount of income the family receives from VA compensation and benefits. Section 7 authorizes the HUD Secretary to establish a technical assistance program to assist veteran service providers on federally assisted housing matters. Section 8 requires HUD to issue an annual report on its programs and activities pertaining to veterans.

Each of these provisions responds to either: an obvious deficit in affordable housing stock or access to such stock for low-income or homeless veterans; a practical barrier to veterans' access to affordable rental housing intended to serve all Americans; or a missed leadership opportunity by HUD. We urge Congress to pass this path-breaking legislation.

### **Conclusion**

Every one of our nation's military heroes deserves the opportunity for a safe, affordable, and permanent place to call home. The National Coalition for Homeless

Veterans looks forward to continuing to work with Congress, the Administration, and other stakeholders to ensure that our nation does everything necessary to make this goal a reality for each veteran.

**PREPARED STATEMENT OF BARBARA BANASZYNSKI**  
DIRECTOR OF PROGRAM DEVELOPMENT, VOLUNTEERS OF AMERICA

AUGUST 2, 2006

Chairman Allard, Ranking Member Reed, and Members of the Subcommittee—thank you for inviting me to testify this afternoon. My name is Barbara Banaszynski, and I serve as the Director for Program Development for Volunteers of America. I am the daughter of a World War II veteran, now deceased—and the mother of a son serving in the 3rd Infantry Division, currently stationed at Fort Stewart, Georgia. As a child, my family benefited greatly from Veterans Administration (VA) assistance—my father completed his college education thanks to the GI Bill and purchased our family home with VA benefits.

Since January, 2006, I have worked with the national office of Volunteers of America. During the previous thirteen years, I worked at the local office of Volunteers of America that serves Kentucky, Tennessee, and West Virginia. This portion of Appalachia is home to many veterans in need. Let me describe these veterans to you.

Almost all the veterans we serve have honorable discharges, but after extended periods of homelessness or living in sub-standard housing they have lost their proof of discharge status. Most have not been receiving medical treatment from the VA—nor are they receiving VA benefits to which they are often entitled. Veterans from more urban areas typically experience relatively long periods of homelessness, while those from rural areas have more often been living in sub-standard housing or in makeshift outdoor encampments.

Our veterans programs provide the housing and supportive services necessary to prevent and end homelessness. To ensure a strong rapport with residents, we hire mostly veterans as program staff. We provide a range of supportive services, including case management, job training and job referrals, education, legal assistance, transportation, mental health and substance abuse treatment, and HIV/AIDS screening.

However, our veterans programs can only provide transitional housing—due to program and funding limitations. I am pleased to be here today, to offer some thoughts on how government and nonprofit agencies can partner to provide permanent housing opportunities for our nation's veterans.

**Introduction to Volunteers of America**

Volunteers of America is a national, nonprofit, faith-based organization dedicated to helping those in need rebuild their lives and reach their full potential. Through thousands of human service programs, including housing and healthcare, Volunteers of America helps nearly 2 million people in over 400 communities. Since 1896, our ministry of service has supported and empowered America's most vulnerable groups, including at-risk youth, the frail elderly, men and women returning from prison, homeless individuals and families, people with disabilities, and those recovering from addictions. Our work touches the mind, body, heart—and ultimately the spirit—of those we serve, integrating our deep compassion with highly effective programs and services.

**Volunteers of America Housing and Services for Veterans**

Around the country, Volunteers of America is a leader in providing housing and supportive services for homeless and other low income veterans. Our activities focus on both preventing and ending homelessness among veterans. We believe that government and nonprofit agencies have a special obligation to assist veterans who are in need—based on the service that they have provided to our country.

We wish to thank the Veterans' Administration, and Secretary Jim Nicholson, for their leadership in helping to end homelessness among veterans. Secretary Nicholson is a former Board Chair for the Volunteers of America—Colorado Branch, and a long-time supporter of our organization. We are particularly appreciative of the VA's focus on partnerships with Volunteers of America and other nonprofits—we believe that these partnerships are a necessary component of any effort to meet this country's affordable housing needs.

To meet these needs, we work in tandem with several federal agencies. Through the Department of Labor's Incarcerated Veterans Transition Program, Volunteers of America offices in Louisville, Kentucky, and Los Angeles, California prevent home-

lessness by meeting veterans right at the prison gate—and helping them find housing, obtain health care and jobs, link up with Veterans' Administration (VA) benefits and other community resources, and obtain transportation.

We also reach homeless veterans through street outreach programs, including our VA funded Florida Veterans Mobile Service Center, which travels the state seeking out homeless veterans living in rural areas. When the Center finds a homeless veteran, he or she is immediately provided with food, clothing, a primary care medical examination, a determination of eligibility for VA and other government benefits, and an assessment of housing needs. Often, veterans are referred directly to Volunteers of America housing programs in Florida. In addition, Volunteers of America serves homeless veterans as the largest grantee of the Department of Labor's Homeless Veteran Reintegration Program (HVRP). We operate 11 such programs, in cities around the country.

Volunteers of America also provides direct housing assistance to veterans. Through the VA's Grant and Per Diem Transitional Housing Program, we operate 27 transitional housing programs in areas ranging from Key West, Florida to Sheridan, Wyoming. Also, many of our Department of Housing and Urban Development (HUD) funded transitional and permanent housing programs for homeless persons serve a significant number of veterans. And finally, Volunteers of America operates 8,133 units of HUD subsidized Section 202 Housing for the Elderly, in 113 properties—along with 900 units of Section 811 Housing for Persons with Disabilities, in 62 properties. A number of these units provide quality permanent housing opportunities for elderly or veterans.

#### **HUD's Role in Serving Veterans**

The Subcommittee's invitation to testify this afternoon requested that I "review HUD's programs designed to assist our nation's veterans." So as not to duplicate HUD's own testimony, I will do this only briefly.

I will then conclude my remarks with three recommendations that this Subcommittee and the full Congress can and should implement, to increase HUD's ability to meet the housing needs of veterans. According to the U.S. Census bureau, one and a half million veterans have incomes that fall below the federal poverty level, including 634,000 living below 50 percent of the federal poverty level. And the VA estimates that about 200,000 veterans are homeless on any given night, with more than 400,000 veterans experiencing homelessness over the course of a year. HUD should be authorized to take additional steps to help address the housing problems faced by these veterans.

HUD has one program that is directly targeted to veterans—the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program. Beginning in 1992, HUD-VASH has provided a changing population of approximately 2,000 hard to house homeless mentally ill veterans with a combination of HUD Section 8 vouchers and VA community based clinical case management. The program is intended to provide veterans with long-term assistance. Consequently, due to expected low turnover, only 4,600 veterans have been able to participate in HUD-VASH.

According to a VA evaluation, the HUD-VASH program works extremely well. After both 18 month and 3 year intervals, 95 percent of veterans remain stably housed. In addition, 40 percent of veterans improve their employment status, 60 percent improve their financial status, and 65 percent improve their independent living skills. This is a promising program that should be expanded to meet additional need.

Although there are no other HUD programs specifically for veterans, other federal housing programs do serve veterans. We know, for example, that veterans receive "regular" Section 8 vouchers due to old age, disability, or membership in a low income family. HUD's McKinney-Vento homeless assistance programs also serve many veterans. In addition, veterans live in HUD funded elderly and disabled housing, along with housing for persons with AIDS funded through the Housing Opportunities for Persons With AIDS (HOPWA) program. And veterans live in housing developed with funds that HUD provides to state and local governments, such as HOME or Community Development Block Grants (CDBG).

However, HUD does not know the extent to which veterans are represented in these programs—because the Department does not collect information on the military service status of tenants assisted through HUD programs. We recommend that Congress instruct HUD to make military service history a standard data element across its housing assistance programs. And given the continuing need for housing that is affordable to low income veterans, we believe that Congress should authorize HUD to take additional steps to help Volunteers of America and other nonprofits meet the demand.

*Recommendations: Congress Should Expand HUD's Role in Helping Nonprofits Meet the Affordable Housing Needs of Low Income Veterans*

With increased authority from Congress, we believe that HUD could take significant new steps to help Volunteers of America and other nonprofits meet the housing needs of low income veterans. Our country has a moral duty to do no less.

**1. Congress Should Pass S. 3475—The Homes for Heroes Act of 2006**

The Homes for Heroes Act contains several important provisions that would help government and nonprofit agencies better collaborate to increase the supply of affordable housing for veterans. First, the bill would create a new housing production program, modeled on Section 202 elderly housing. Under this program, nonprofits could receive funds for acquisition, construction, reconstruction, or rehabilitation of property to be used as housing for low income veterans. Project based rental assistance would also be available, so that tenants would pay no more than 30 percent of income as rent—the standard percentage for HUD subsidized housing. VA would also partner with nonprofit housing operators, by providing funding for supportive services such as case management, transportation, and job training.

Next, the bill would increase the authority for HUD-VASH Section 8 vouchers from 2,000 to 20,000. Vouchers could be used for two purposes—to provide housing assistance to additional severely disabled homeless veterans who need housing and case management assistance identical to that provided under the current HUD-VASH program, and to aid homeless veterans who need stable permanent housing with much less significant supportive services—some of who are leaving VA funded transitional housing with no place to go.

The Homes for Heroes Act also makes some important technical changes to HUD programs. It mandates that Public Housing Agencies (PHA's) consider the needs of veterans in creating their local housing plans, and requires local officials to consider the housing needs of veterans in preparing their Consolidated Plan.

As a major provider of HUD 202 housing, we believe that the program is working well in helping elderly Americans, and expect that a similar program to assist veterans would work equally well. In some cases, it is likely that Volunteers of America or other nonprofits would develop permanent housing specifically for veterans. This would be appropriate where there is significant demand for such housing, and many of the veterans to be served have similar social service needs. However, we would more often use this funding to set aside a certain number of housing units for veterans, within a larger multifamily housing development. Construction or rehabilitation of a building to provide affordable housing requires nonprofit housing developers to pull together multiple funding streams. This program would be a welcome addition.

Volunteers of America views the multifamily housing program as a tool to help prevent homelessness among veterans, while the increased authority for HUD-VASH vouchers would provide additional units of permanent supportive housing to end homelessness among veterans—without imposing additional permanent housing costs on HUD's McKinney-Vento homeless assistance grant programs.

**2. Congress Should Pass an Affordable Housing Fund as Part of S. 190—The Federal Housing Enterprise Regulatory Reform Act**

Housing legislation targeted to veterans is important, but the housing needs of low income veterans can also be met through legislation that provides Volunteers of America and other nonprofits with the tools we need to provide quality affordable housing for all Americans who need it.

Recognizing the need to increase our nation's housing supply, the House-passed bill to re-regulate Fannie Mae and Freddie Mac included language creating an affordable housing fund, to be funded with a percentage of profits from both Fannie and Freddie. We estimate that this bill could provide up to one billion dollars a year for construction and rehabilitation of affordable housing. And given our difficult fiscal times, it is important to note that these funds would not come from the federal treasury.

The full Senate Banking Committee has already passed a version of this bill—S. 190—The Federal Housing Enterprise Regulatory Reform Act. Unfortunately, the legislation does not yet contain an affordable housing fund. We understand that there are outstanding regulatory issues to be resolved through negotiation before the bill can reach the Senate floor. We call on Senators to resolve those regulatory issues—and as part of any agreement, we ask that a manager's amendment be submitted on the Senate floor that would include an affordable housing fund. These new resources are needed as quickly as possible.

### **3. Congress Should Preserve Funding for New Housing to Help End Homelessness**

This Subcommittee is currently considering S. 1801, legislation crafted by Chairman Allard and Ranking Member Reed that would consolidate and reform HUD's McKinney-Vento homeless assistance grant programs. We thank these Senators, and other members of the Subcommittee, for your interest in homelessness issues.

In a March 30, 2006 hearing on McKinney-Vento reauthorization, Volunteers of America National President Charles W. Gould provided this Subcommittee with our recommendations for program changes. I would like to highlight one of those recommendations today.

McKinney-Vento funds permanent housing through two programs—the Shelter Plus Care program (SPC)—which provides funds to state and local governments and the Supportive Housing Program (SHP)—which provides funds to nonprofits. SHP also provides significant funds for transitional housing and supportive services. In recent years, HUD has devoted an increasing proportion of SPC and SHP funds to permanent housing—over 50 percent in the most recent grant awards. Many of these permanent supportive housing units are used by Volunteers of America and other nonprofits to help end homelessness for veterans.

When HUD funds permanent housing through any program, all housing subsidies must be renewed on an annual basis. In the case of McKinney-Vento, recent projections show that within several years, renewal of existing permanent housing subsidies will take up such a significant proportion of McKinney-Vento funds that local communities will have little to no money available to undertake new homeless services programs. This will make it considerably more difficult for communities to meet the goals being specified in local Ten Year Plans to End Homelessness—plans that are being required by HUD.

To solve this problem, we ask that a dedicated account be set up, and funded annually, to cover the cost of *all* McKinney-Vento permanent housing renewals. This will ensure that new funding continues to be available as we work to end homelessness for veterans and all other Americans.

Thank you again for inviting me to testify today. I look forward to answering your questions.

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**RESPONSE TO WRITTEN QUESTIONS OF SENATOR REED FROM  
MARK JOHNSTON**

**Q.1** Since one and a half million veterans have incomes at or below the poverty level, and almost 650,000 have incomes 50 percent below the area median income, hundreds of thousands of veterans will have difficulties accessing affordable housing. Has HUD collected data on the housing needs of low-income vets? For example, do we know how many veterans are receiving a HUD housing subsidy, how many are on waiting lists for such subsidies, and how many live in substandard housing?

**A.1.** Of the approximately 24.3 million veterans who are living in America today, it is estimated that about 5.3% have incomes at or below the poverty level. The Department does not currently collect specific data on the housing needs of low-income veterans as an independent category; nor do we track the number of veterans that are in HUD-subsidized housing. Local public housing agencies have the authority to establish local preferences to address local needs and can choose to establish a preference for veterans.

While it is not known how many public housing agencies have established a veterans' preference for a housing subsidy, approximately 1,300 veterans are currently using rental subsidies through the HUD Veterans Affairs Supportive Housing (HUDV ASH) initiative nationwide. Additionally, approximately 8,832 veterans are currently being served in permanent housing projects funded under HUD's homeless assistance programs.

In addition, HUD's Office of Housing has two Asset Control Area (ACA) Agreements in effect whereby the program participants have committed to giving Iraqi War veterans preference for purchasing fully rehabilitated properties at a discount sales price (i.e., sales price cannot exceed 115% of the program participant's net development cost). The program participants are New York City's Department of Housing Preservation and Development (HPD) and Camden City, NJ. These ACA Agreements were entered into on January 11, 2006, and November 22, 2005, respectively.

Although not a new benefit, Mortgagee Letter 2004-24 reminds lenders that veterans are eligible for reduced downpayments under FHA programs, when the veteran has less than a full VA eligibility. The FHA formula for cash requirement is adjusted, for high closing cost states vis-a-vis low closing costs states. Also, cash requirements are based on sales price, ranging from 1.25% to 2.25%.