

IMPLEMENTATION OF PUBLIC LAW 107-95, THE
COMPREHENSIVE VETERANS HOMELESS ASSIST-
ANCE ACT OF 2001, AND OTHER MATTERS DEAL-
ING WITH ASSISTANCE TO HOMELESS VETERANS

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

—————
SEPTEMBER 12, 2002
—————

Printed for the use of the Committee on Veterans' Affairs

Serial No. 107-39



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U.S. GOVERNMENT PRINTING OFFICE

84-881ps

WASHINGTON : 2003

For sale by the Superintendent of Documents, U.S. Government Printing Office
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CONTENTS

September 12, 2002

| | Page |
|--|------|
| Implementation of Public Law 107-95, the Comprehensive Veterans Homeless Assistance Act of 2001, and other matters dealing with assistance to homeless veterans | 1 |
| OPENING STATEMENTS | |
| Chairman Smith | 1 |
| Hon. Susan A. Davis | 3 |
| Hon. Bob Filner | 4 |
| Hon. Shelley Berkley | 6 |
| Hon. Ciro D. Rodriguez | 7 |
| Prepared statement of Congressman Rodriguez | 53 |
| Hon. Lane Evans, ranking democratic member, Full Committee on Veterans' Affairs | 8 |
| Prepared statement of Congressman Evans | 51 |
| Hon. Tom Udall | 9 |
| Prepared statement of Congressman Udall | 54 |
| Hon. Jeff Miller, prepared statement of | 53 |
| WITNESSES | |
| Boland, Raymond, Secretary, Wisconsin Department of Veterans Affairs | 22 |
| Prepared statement of Mr. Boland | 68 |
| Boone, Linda, Executive Director, National Coalition for Homeless Veterans .. | 31 |
| Prepared statement of Ms. Boone | 82 |
| Gaines, Scott, veteran, U.S. Navy | 45 |
| Kingston, G. Allan, President/CEO, Century Housing Corporation, Los Angeles, CA | 24 |
| Prepared statement of Mr. Kingston, with attachment | 71 |
| Kuhn, John, Chief, New Jersey Homeless Services, Department of Veterans Affairs | 41 |
| Prepared statement of Mr. Kuhn | 103 |
| Mangano, Philip, Executive Director, Interagency Council on Homelessness ... | 35 |
| Prepared statement of Mr. Mangano | 98 |
| McCoy, Jerome, veteran, U.S. Marines Corps | 48 |
| Otis, Winter, veteran, U.S. Army | 47 |
| Principi, Anthony J., Secretary, Department of Veterans Affairs; accompanied by Peter H. Dougherty, Director, Office of Homeless Veterans Programs, Office of Public and Intergovernmental Affairs; M. Gay Koerber, Associate Chief Consultant, Health Care for Homeless Veterans, Veterans Health administration; Diane Fuller, Assistant Director, Veterans Services Staff, Compensation and Pension Service, Veterans Benefits Administration | 10 |
| Prepared statement of Secretary Principi | 60 |
| Schneider, Richard C., Director, State/Veterans' Affairs, Non Commissioned Officers Association; Executive Director, Interagency Council on Homelessness | 33 |
| Prepared statement of Mr. Schneider | 91 |
| Thomas, Carroll, Chief Executive Officer, Middlesex County Economic Opportunity Corporation | 43 |
| Prepared statement of Mr. Thomas | 106 |
| Van Keuren, Robert, Chairman, Advisory Committee on Homeless Veterans ... | 29 |
| Prepared statement of Mr. Van Keuren | 81 |

IV

MATERIAL SUBMITTED FOR THE RECORD

Page

| | |
|---|-----|
| Statements: | |
| AMVETS | 108 |
| Disabled American Veterans | 111 |
| Vietnam Veterans of America | 113 |
| Written committee questions and their responses: | |
| Chairman Smith to Department of Veterans Affairs | 122 |
| Congressman Evans to Department of Veterans Affairs | 131 |
| Congresswoman Davis to Department of Veterans Affairs | 134 |
| Chairman Smith to Wisconsin Department of Veterans Affairs | 135 |
| Chairman Smith to Century Housing Corporation | 137 |
| Congressman Evans to Century Housing Corporation | 143 |
| Congressman Evans to National Coalition for Homeless Veterans | 146 |
| Chairman Smith to John Kuhn, Chief, New Jersey Homeless Services, Department of Veterans Affairs | 148 |
| Chairman Smith to Carroll Thomas, CEO of Middlesex County's Eco- nomic Opportunity Corporation | 152 |

**IMPLEMENTATION OF PUBLIC LAW 107-95,
THE COMPREHENSIVE VETERANS HOME-
LESS ASSISTANCE ACT OF 2001, AND OTHER
MATTERS DEALING WITH ASSISTANCE TO
HOMELESS VETERANS**

THURSDAY, SEPTEMBER 12, 2002

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC

The committee met, pursuant to notice, at 1:30 p.m., in room 340, Cannon House Office Building, Hon. Christopher H. Smith (chairman of the committee) presiding.

Present: Representatives Smith, Evans, Filner, Rodriguez, Berkeley, Udall, Davis, Miller, and Boozman.

OPENING STATEMENT OF CHAIRMAN SMITH

The CHAIRMAN. The meeting will come to order. I want to thank everyone for coming here today, and welcome especially our very distinguished Secretary of Veterans' Affairs, Secretary Principi, and also Secretary Boland, and our other witnesses who have been stalwart in the efforts to mitigate homelessness among our veterans.

One year ago, our Nation was attacked by terrorists who killed almost 3,000 Americans. Yesterday, we all paused to remember those who perished, those who suffered the incalculable loss of a loved one, those who responded, and those who engaged and are engaged in the war on terrorism.

As in all wars, the men and women on the front lines, our soldiers, sailors, airmen, and Marines, will bear a special burden. Some will be wounded, some will not return home. And those that do may forever bear the scars of their service to our Nation physically, mentally, and emotionally.

The purpose of today's hearing is to ensure that our government does not forget any of the men and women who have risked their lives to defend our freedom. Specifically, we are here to ask what has been done, what is being done, and what remains to be done to help end the plague of homelessness among our veterans.

We know that there are at least 275,000 homeless veterans on the streets every night in America. We know that a majority of the homeless veterans suffer from serious mental illnesses. Drug and alcohol abuse often complicate their situations, and lead to much greater trouble in their lives. Some homeless veterans have spent

time behind bars—homelessness is both a result and a cause of these other problems.

We need to help these people. This devastation of lives must cease, and it must end, and it must end now. Last year, working in a true bipartisan fashion, our committee made significant progress toward ending homelessness among veterans.

I was proud to sponsor, along with my good friend, Lane Evans, H.R. 2716, legislation that set the ambitious goal of ending chronic homelessness among our veterans within a decade.

Our legislation, now Public Law 107-95, authorized an increase of almost \$1 billion over 5 years, including: historic increases in VA's grant and per diem program; substantial new funding for the homeless veterans integration program, or HVRP; demonstration projects that deal with the most serious mentally ill homeless veterans; approaches for homeless veterans with special needs, such as female veterans with dependant children; projects that focus on jailed or imprisoned veterans; a supported housing voucher program administered jointly by the VA and the U.S. Department of Housing and Urban Development; technical assistance grants to community-based organizations, and a number of other matters important to me and to this Congress and to the American people.

Now, with one year down and nine to go, I am very anxious to hear how we are doing. What strides have been made? Where are we falling short? Do we need to reinforce advocacy and accountability? What affect is outreach having? Collaboration between VA, HUD, and Labor, is it working? Is this legislation making a difference in the lives of veterans? If so, how, and if not, why not? Is more legislation or more funding needed?

I hope to hear detailed and responsive answers today to these and other questions that need to be aired, discussed, and resolved. Let me highlight that this has been a very troubling issue, one of the issues that has been very troubling to me, since I became Chairman last January.

In 1998, Congress enacted Public Law 105-368, which authorized the VA to establish a pilot program to guarantee up to 15 significant loans for multi-family transitional housing projects, aimed at helping up to 5,000 homeless veterans, to help them re-enter the mainstream of American life through one of its most basic tenants, a permanent home.

Transitional housing is a linchpin in that quest. That authority was extended to the VA 4 years ago, and I am troubled to note today that, despite past assurances, not a single loan guarantee has been made.

There have been studies, reports, consultants, and conferences. But the bottom line is that 4 years after enactment, not a single loan guarantee has been made. I realize that it takes time to implement any new program, but with all due respect, the VA has been guaranteeing loans for housing since passage of the Serviceman's Readjustment Act of 1944, also known as the GI Bill of Rights.

In that time, the VA has guaranteed more than 16 million housing loans for veterans. So the argument that loan guarantees are something entirely new to the VA simply does not wash with me.

I also realize that Secretary Principi has been on the job for just 18 months, but this program, I would respectfully submit, is long overdue. With 275,000 homeless veterans on the streets tonight—more than the entire U.S. Marine Corps—we don't have the luxury of studying this problem any more. We need action now.

I understand that we will hear about the VA's plans to move forward with this program from the Secretary. I hope that you will be very specific about how and when this program will finally get off the ground, and when we can expect to see any of the first homeless veterans and their families in new transitional housing.

The goal of ending chronic homelessness among veterans is a great challenge, and I know that this is not the last time we will hold hearings about homeless veterans, the mentally ill, or the drug-addicted, and what our government is trying to do to mitigate these problems.

We must continue to fight the good fight, using the tools that we have, and adding new tools when necessary to end this scourge of chronic homelessness, especially among those who have served our Nation in the military.

With committed advocates like so many of you in this room today, I am confident that we can and we will make significant progress. Clearly, our veterans deserve no less.

I would like to yield to Mrs. Davis, if you have an opening comment?

OPENING STATEMENT OF HON. SUSAN A. DAVIS

Mrs. DAVIS. Thank you very much, Mr. Chairman. I just wanted to thank you and the ranking member for bringing us together today to discuss a serious topic in our veteran community, the issue of homelessness.

This issue really resonates with me, because San Diego's commitment and involvement with homeless veterans is well known, and we all have been very involved in that, and I have been delighted to join my colleague, Congressman Bob Filner, in that effort, as well, because he has been working so hard in San Diego for many, many years.

In 1988, a group of Vietnam veterans held the first Stand Down in San Diego, CA, and today, many of you know, that Stand Down is a nationwide partnership, and I have been very pleased to, I guess for about the last 7 years or so, attend that. But I have also felt that what we really want to do is put that out of business, because what we need to have is the continuity in the community that means that we don't have to have a Stand Down every year.

But it has done a remarkable job. The first Stand Down highlights the problems of homelessness among veterans, and it really is to the dedication of Vietnam veterans of San Diego, and others, that we have this continued outreach.

I believe that eliminating chronic homelessness requires a holistic approach, and I know that my colleague has mentioned Public Law 107-95, and also 105-368. And I share the concern, and have really learned recently how important it is for us to move forward on this second program. We have the knowledge in the community, I believe, and we need to put that all together and make sure that it happens. There really is no reason that we can't move forward.

Public Law 107-95, as you know, brings together government agencies, private and public sector entities, including community-based organizations, to work cooperatively and to end chronic homelessness among veterans within a decade.

And I want to really commend the capacity-building provisions of the homeless provider's grant and per diem programs because they really have found themselves in situations where they are reaching out and helping—against, really, some odds in the community—and we have not developed enough beds for the general homeless population.

The grant and per diem program increases capacity for homeless vets without decreasing the number of general beds, and that has been important.

I want to just mention my interest in moving forward—and perhaps we will be able to address this today—in exploring the issue of a use of mentorship programs to fortify existing transitional assistance programs.

Presenting our service members with information and resources before they separate is critically important, and I know I have heard from a number of veterans we have better programs out there today than we did in the past. But I am of the opinion that if we provide that transition and that information and that support earlier in the process, then hopefully we will see fewer vets who find themselves homelessness once they separate.

But more than that, I think we need a support network for them, and many programs have shown, whether it's a transition from other institutions, that people need somebody there to nudge them, to hold them up at times, and also to be a kind of parent when they lose hope and control for the future.

So, that kind of a program that would involve—the American Legion was here earlier—and others is something that we need to look at where there have been some successful practices with this, best practices, and try and develop it further.

Perhaps we begin in communities in a small way, but I believe that in San Diego, particularly, we have many, many people who would be willing to provide that role. It's an important one, and I think we need to explore that. So I just look forward to hearing the witnesses today, and seeing how we can implement, and look at the progress that has been made and move forward from this point on.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Mrs. Davis. Mr. Miller, the gentleman from Florida?

Mr. MILLER. Thank you, Mr. Chairman, I appreciate it. I have a written statement I would like to insert into the record.

The CHAIRMAN. Without objection, it will be part of the record.

[The prepared statement of Congressman Miller appears on p. 53.]

The CHAIRMAN. The chair recognizes Mr. Filner, gentleman from California.

OPENING STATEMENT OF HON. BOB FILNER

Mr. FILNER. I thank the chairman, and appreciate your holding this very important hearing. Is Bob Van Keuren in the audience?

Bob, who is going to testify later, Mr. Chairman, started the first Stand Down in the United States, in San Diego, 15 years ago. (Applause.)

And he is still fighting the fight but you don't look the same somehow—where is your beard?

(Laughter.)

Mr. FILNER. You know, Bob, I have been to almost all the 15 Stand Downs since you started them. What Bob did was an incredible thing. I know the Secretary has been there also.

He has shown that for 3 days, when we concentrate on the issues, we bring the community together, we bring the resources together, we can deal with the problems that our homeless veterans have. We show that in communities all across the Nation for 3 days.

I have been giving this speech, Bob, for the last 5 years. I don't want to come back to any of these Stand Downs, because we have shown we can do it. Why can't we do it 365 days a year? We can deal with this problem if we focus on it. And that's what we're all about, that's what the people in the audience are about, that's what this committee is about, and I think the VA is about.

But I am not sure, Mr. Secretary, that that focus of attention that is shown in Stand Down comes out of the bureaucracy. As I read your testimony—and I know your personal commitment to this, and I know how it hurts you to see homeless veterans—but this far-flung bureaucracy which you have—I won't say control of, but which you head—it doesn't seem to react to what it is being told.

In fact, your testimony differs from what other people who are on the front lines see. I am not sure you're being at all well served by the information coming up, through the bureaucracy. I hope that you or one of your representatives stays to hear the testimony after yours. I think the following panels have things to say to you that you need to hear.

Nobody doubts your or the VA, as an institution's, commitment. But it is not focused. You know, we have passed Public Law 107-95, which the chairman just spoke so eloquently about.

He led the way, with Congressman Evans, to develop a comprehensive strategy to address the needs. And you know it has to be comprehensive to get the mental health and substance abuse and dental care. The dental care is critical. If you can't smile because your teeth are rotten, you can't go out into society. It's as simple as that. The dental care is *so* important.

But the job training, the outreach, the transitional housing—I don't think that you can implement this legislation, given the resources that Congress and this administration seem willing to give you.

I hope that you ask for the resources, Mr. Secretary. I am going to ask you point blank when your turn comes—of course, your turn may never come if we all keep talking—that I want you to commit to requesting the funds for at least 2004, that you will need to implement these goals.

Again, I know you want to do this. And yet, as the chairman pointed out, we passed multi-family transitional housing loans for

homeless veterans. Mr. Chairman, you said 4 years, I heard it will be 6 years before the first loan ever gets out of there.

Now, that's not a way to run a ship. It just seems, Mr. Chairman, that we have to maybe make Bob Van Keuren the Czar of the situation, cut through the bureaucracy, as he was able to do so well. You saw him in action. When he cut through the bureaucracy, when he got people's attention, when he got their motivation, the people were there, the people wanted to do something. We solved the issues. We cleared up their legal problems, we gave them the dental care, we gave them the job training. They got substance abuse care—they were safe, they felt secure for 3 days. And then we sent them back to the streets.

We can do better. They deserve for us to do better. So, I hope that we can get to the heart of these issues and be less bureaucratic, and really get these guys off the streets and into productive lives again. They worked for America, America has to work for them now. Thank you.

The CHAIRMAN. Thank you very much. Mr. Boozman.

Mr. BOOZMAN. I just appreciate you being here and discussing, you know, such an important topic. I appreciate all the work that you are doing for us.

The CHAIRMAN. The chair recognizes Ms. Berkley.

OPENING STATEMENT OF HON. SHELLEY BERKLEY

Ms. BERKLEY. Thank you, Mr. Chairman, again, for coming to the forefront on behalf of veterans. And thank you, Secretary Principi. It's always a pleasure to see you. Thank you for sending your number two person to Vegas. We ran him ragged, but I think it was a very positive experience for him, and a very positive experience for my veterans.

I am going to be leaving a staff member here after my opening remarks, because I have a phone conference with my VA director because, as you know, we have just sent a letter of non-compliance to the VA clinic, and we will be evacuating the VA clinic in Las Vegas and looking for another place so that that building doesn't fall on top of those veterans' heads. And I appreciate everything you have done with that.

As you know, the Las Vegas area has one of the fastest growing populations in the United States, the fastest-growing veterans population. We have about 220,000 veterans in the State of Nevada, but over 78 percent of them reside in southern Nevada, or live in southern Nevada.

Over a third of the homeless in Clark County, in southern Nevada, are veterans. And that's one of the highest numbers of homeless veterans per capita in the United States. I have approximately 6,700 homeless veterans in the Las Vegas metropolitan area.

Now, when I met with them over the Fourth of July weekend, and we had an open house for all of our homeless vets, it struck me that most of these very well-educated, very polite men were my age. And while I was in college during the sixties, they were over in Vietnam. And the Post-Traumatic Stress Syndrome that they suffered left a lasting impression on their lives, and destroyed their lives, and they are now living in the streets of Las Vegas.

Las Vegas bears the economic and social burden for regional homelessness because whatever tremendously inadequate and pathetic resources for homeless veterans happens to be in the Las Vegas area. So we end up being a magnet for all the other homeless veterans in the entire region.

Fifty percent of the homeless veterans in the Las Vegas area served in combat. Service organizations in Las Vegas found that the Post-Traumatic Stress Syndrome is the primary reason why they are homeless.

We have two programs in Las Vegas. One of them is able to provide 118 beds and HELP of Las Vegas is able to provide another 78 beds for homeless veterans. This is not—when you have 67 veterans out in the street, this couple of hundred beds just simply isn't adequate. And housing people on a night-to-night basis isn't getting the job done, either.

Now, I know you have got the best of intentions, but we are in desperate, desperate need of help, especially after 9/11. I mean, I believe that this country will see battle over the next several years, and we will be increasing the number of our veterans as this decade goes on.

How can we ask men and women to join the armed forces, to stand up for their Nation, to fight on behalf of the United States and all of our cherished values, if we are not living up to the obligations that we have to our existing veterans?

So, while I know that your heart is in the right place, and you and I have spoken on many occasions, and have what I consider a very cherished friendship, I am asking you once again to please help us. I am in desperate, desperate need to help my veterans in the Las Vegas Valley. And I am sure I echo the same concerns that 435 Members of Congress share. Thank you very much.

The CHAIRMAN. Thank you. Mr. Rodriguez, the gentleman from Texas.

OPENING STATEMENT OF HON. CIRO D. RODRIGUEZ

Mr. RODRIGUEZ. Thank you very much, Mr. Chairman. And let me also submit a written statement.

The CHAIRMAN. Without objection.

Mr. RODRIGUEZ. Thank you very much. Mr. Secretary, good to see you again. I want to thank you for—every time I have asked you to come to San Antonio, you have been there. So I want to thank you personally.

I want to talk a little bit about the concerns that always come up in my area. I have a district that runs from San Antonio down to the Mexican border, down to Hidalgo.

I have a little part of Hidalgo, but most of it belongs to Congressman Hinojosa—almost half-a-million people in the 200 miles south, and then next to it you have 300,000 people that belong to Congressman Ortiz. So they are not my areas, but they are areas that are full of veterans that have to go all the way to San Antonio for medical services.

I know we have a clinic in McAllen, but there is a real need in this area—there has even been some talk about cutting that district up, because it's so huge, and it has so many veterans. The people in this region have to travel more than 200 miles to access

a hospital, sometimes even longer than that if they're in Brownsville, and both from Congressman Ortiz's and Hinojosa's district, in the extreme south of Texas.

And now, the issue of homeless veterans, I am real pleased, Mr. Chairman, with what we have done in that area. I am hoping that we can put the resources there, because throughout this country, the data shows—and I don't know the recent research on whether the VA has done any research—but roughly one-third to almost 40 percent of our homeless suffer from mental health problems.

There is a real need for us to reach out and continue to reach out to those individuals. Even from health professions, that's one of the areas that is neglected—even as politicians—we talk about health care, but when it comes to the mentally ill, it's kind of the last thing that we touch. And the same thing applies with our veterans services.

The MH area is an area that we still need to push, and investigate how we can reach out to—because they are not the type you can set a schedule for, they are not going to do it. They are mentally ill, they are sick, and so we need those kind of programs that reach out to them, and provide them with case work.

And I know you all understand that, and I am preaching to the choir, but I do want to thank you for what you have been doing. And we are going to keep pushing as much as we can, and I know you will too. And maybe we can get some of those bureaucrats in the system to also be responsive. Thank you.

The CHAIRMAN. Thank you.

[The prepared statement of Congressman Rodriguez appears on p. 53.]

The CHAIRMAN. I would like to yield to the distinguished ranking member of the full committee, Lane Evans.

OPENING STATEMENT OF HON. LANE EVANS, RANKING DEMOCRATIC MEMBER, FULL COMMITTEE ON VETERANS' AFFAIRS

Mr. EVANS. I want to thank everybody for being here with us today. Many years now—about 20—you have been really a tenacious battler for veterans on all issues, but particularly this one.

Mr. Secretary, I appreciate that kind of focus and concern for detail that you have been giving us this year, and so forth. And you have been a very good leader. We haven't always agreed with each other, but by and large we have. And I always like to say that you were the best-picked Cabinet official that George Bush has ever had, and I am proud that you are supporting legislation to deal with this homeless issue.

I have also been addressing this issue for the almost 20 years that I have been in the Congress as well. As one person said—I'm trying to think who said it—really, homelessness is a problem we didn't have until the 1980s. And that if we didn't tolerate it then, why should we tolerate it now? And why are we taking this step backwards?

The veterans' service organizations and individuals interested in this are really weighing in, coming from all parts of America to say that we want the best possible legislation you can get considering the homelessness issue. That's what I think we are here to do.

I appreciate your holding this hearing, Mr. Chairman, and I look forward to the remarks.

The CHAIRMAN. Thank you very much. The chair recognizes Mr. Udall.

OPENING STATEMENT OF HON. TOM UDALL

Mr. UDALL. Thank you very much, Mr. Chairman, and I would ask that my statement, my full statement, be put in the record, so I can keep it very brief here, because we certainly want to hear from the Secretary.

Mr. Secretary, I would just say, to give you—to shorten my statement in one brief example of a veteran in New Mexico—this young man's name is Martin Cordova. He was living on the streets of New Mexico as a homeless veteran.

And one day, he decided—this young man decided—that he was going to pull himself up by the bootstraps and start a program. He started a program, it's a bootcamp-style rehabilitation re-entry program for the homeless. He uses vets in the program to work with homeless veterans and try to deal with substance abuse, he tries to deal with all of the problems, whether it's mental illness, drug, alcohol addiction, all of that in this program.

And the reason I bring the program forward and talk about it a little bit and the commitment Mr. Cordova has made to this, is that we made a big step when we passed the Homeless Veterans Comprehensive Act of 2001, and I think we need to implement that, we need to put the funding behind it to support programs that are out there like this.

So, I would just urge you to do that and support the programs that are out in the community, and I look forward to further questions and the presentation of the Secretary. Thank you, Mr. Chairman, and ask that my full statement be part of the record.

The CHAIRMAN. Your full statement will be made a part of the record, thank you.

[The prepared statement of Congressman Udall appears on p. 54.]

The CHAIRMAN. I would like to introduce our very distinguished Secretary, Tony Principi, who is the Secretary of Veterans' Affairs for the United States.

A combat-decorated veteran, Secretary Principi has spent a lifetime on veterans issues, and doing it with great distinction. He is extremely knowledgeable, he is effective, he has a heart for the veterans, and he has been responsive not just to members of this committee, but to any Member of Congress or any veteran who requires his assistance.

We all know—and I say this for especially everyone in the room who already know it as well—you can be a great advocate and champion, which Secretary Principi is, but he has to fight within a larger battlefield, OMB, the Office of Management and Budget, which very often has what seems to be the last word, and many others who are competing for scarce resources.

The fight is also in the Appropriations Committee and the Budget Committee, but I would say especially in the Appropriations Committee, where very often there is a competition between veter-

ans programs and other programs. And that ought not be, but it is.

A graduate of the U.S. Naval Academy in 1967, Secretary Principi first saw active duty aboard the destroyer, *USS Joseph P. Kennedy*, then he commanded a River Patrol Unit in Vietnam's Mekong Delta.

He has a law degree from Seton Hall University, and was assigned to the Navy's Judge Advocate General Corps in San Diego, and worked there, as well, and just has been what I think—and I have been here 22 years—an outstanding and a tenacious Secretary of Veterans' Affairs.

Even though he can't do all that he can do—and that's part of why we're—that's where the counterpressure comes from us—we're trying to help you, Mr. Secretary, in your fight that you have sometimes within OMB and elsewhere. But please make your presentation.

STATEMENT OF ANTHONY J. PRINCIPI, SECRETARY, DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY PETER H. DOUGHERTY, DIRECTOR, OFFICE OF HOMELESS VETERANS PROGRAMS, OFFICE OF PUBLIC AND INTERGOVERNMENTAL AFFAIRS; M. GAY KOERBER, ASSOCIATE CHIEF CONSULTANT, HEALTH CARE FOR HOMELESS VETERANS, VETERANS HEALTH ADMINISTRATION; DIANE FULLER, ASSISTANT DIRECTOR, VETERANS SERVICES STAFF, COMPENSATION AND PENSION SERVICE, VETERANS BENEFITS ADMINISTRATION

Secretary PRINCIPI. Thank you so much, Mr. Chairman. I very much appreciate your warm introduction. Today I am accompanied by Pete Dougherty, who is the director of VA's homeless programs, Ms. Gay Koerber, who is the associate chief consultant for homeless programs in the Veterans Health Administration, Ms. Diane Fuller, from the Veterans Benefits Administration, the assistant director of the compensation and pension division.

Mr. Chairman, Mr. Evans, members of this committee, thank you for inviting us to testify on a very, very important issue. Let there be no misunderstanding. There certainly is no disagreement. I think we share—I know you share—every member of this committee shares a passion for ridding society of the plight of the homeless, especially among our veteran population.

And I commend you, Mr. Chairman, Mr. Evans, and the members of this committee, for your landmark legislation, a great piece of legislation, the Comprehensive Homeless Veterans Assistance Act of 2001.

Clearly, we have much to do. You know, in 1996, the national survey of homeless service providers reported 34 percent of homeless veterans said their last episode of homelessness lasted 13 months or more, compared to 17 percent for non-veterans. This was in 1996, granted—31 percent of currently homeless veterans in the survey said they had 4 or more periods of homelessness, compared to 16 percent for non-veterans.

Clearly, according to this survey in 1996, veterans were a disproportionate share of the homeless population in this country.

But I think we are making progress. In recent years, the percentage of homeless veterans, that was about 45 percent in 1987, has

been reduced to 36 percent. Clearly, that figure is still way too high. I think none of us will be satisfied until the veteran homeless population is down to zero percent.

Let me talk a little bit about some of the good things that have happened. I appreciate what Mr. Filner said—that you have all said—that we have a long way to go. But I really do think that you and the people at VA can take some pride in what has been accomplished in caring for homeless veterans.

I don't believe there is any agency of government—State, Federal, local—that does more for homeless people than VA. VA programs include, from a nationwide perspective, not only housing, but efforts to cover the underlying causes of homelessness—mental health, PTSD, drug and alcohol abuse, and unemployment, the things that lead to homelessness in our society.

Over the past few years—the past 3 reporting years—the number of grant and per diem programs has gone from 29 operating site programs to 126, from serving fewer than 2,200 veterans to over 10,000 veterans today, nearly a five-fold increase in vets that VA supports through the grant and per diem programs.

Our health care for homeless veterans staff conducted nearly 45,000 clinical assessments of homeless veterans last year. This is a 37 percent increase from the year before, and an 80 percent increase since fiscal year 1997.

VBA has sold, at a discount, 182 foreclosed properties to non-profit homeless service providers. If each of these properties provide housing to just four people a day, we have been able to take more than 700 homeless veterans off the streets and place them in one of these foreclosed properties that have been turned over to non-profit providers.

In addition, VBA will soon have 20 or more full-time housing coordinators at the largest regional offices, and this will enhance access to benefits information, expedite claims and improve services for homeless veterans. Also VA is establishing a strong reporting requirement to document the results of these efforts.

The President re-activated the Inter-agency Council on the Homeless. I went to the first meeting in July, and another meeting scheduled in December, so that we can work together as partners at the Federal level to bring together resources and data to enhance service delivery options across State and local levels. I am very, very pleased that we have kicked off that effort, and I believe you will be hearing more about that later this afternoon.

I know that VA needs the benefit of the experience of men and women working in the trenches to help homeless veterans if VA is to succeed. And that is why I promised at my confirmation hearing to create an advisory committee to help me formulate policy. This Spring—and it was part of your landmark legislation—I appointed 15 members to that advisory committee, and they held their first meeting in June, and they will meet again next week in Cleveland.

They are an active, engaging, and enthusiastic group with first-hand experience, and I really wanted to get people—not high level policy people, I wanted to get people like Mr. Filner indicated, people like Bob Van Keuren, who started the Stand Down program, people who are in the field, on the front lines, caring for homeless veterans.

They know what works, and they know what doesn't work. I have asked them to tell me what works, so that we can put more resources to programs that are, in fact, helping veterans get off the street, get off drugs, help them with their mental disabilities, mental illnesses, find good jobs, and find housing.

I am proud that Bob Van Keuren; Ray Boland—another great advocate for the homeless and Secretary of Veterans' Affairs in the State of Wisconsin; and of course, Dick Schneider of NCOA, who has been a real champion for homeless programs, are on the committee. All of us will be working to identify real solutions.

I would also like to mention VA's participation in Stand Downs. During the last 7 years, more 130,000 veterans and their families have attended these outreach assistance programs. The program that was started in San Diego is now national; it's across the country. Every jurisdiction I go into, every district, folks tell me that they're going to be having a Stand Down coming up, or they just had a Stand Down, and how successful it's been.

There have been nearly 800 Stand Downs and assistance fairs targeted to homeless veterans across the country—115,000 volunteers and VA staff have helped to organize and provide services at these events.

Now, there is a significant need for housing for formerly homeless veterans who have availed themselves of many of VA's programs. You talked about your disappointment in the multi-family transitional housing guarantee program. While I appreciate your concerns, I am here today to tell you that we will move aggressively to implement this program.

At the beginning, I was very concerned about it. Notwithstanding the fact, as you pointed out, Mr. Chairman, VBA has vast experience in loan guarantees for single family housing, but I was deeply concerned that the Veterans Health Administration did not have the expertise in multi-family, really low-income, housing. It's a different discipline, and it requires different types of skills and financial expertise.

But I have decided to move this program out of VHA and into the Capital Asset Management office, headed by Claude Hutchison. Claude Hutchison comes to the VA with vast financial experience in the banking and housing industry. I think he's the right leader with the right experience and background to head this program.

I expect by early next year, we will have the notice of funding available so that we can begin with this pilot, and have the first loan guarantees implemented in the near future. So I commit to you that we will move aggressively.

While I did have some concerns at the beginning, I have been assured now that we can move ahead. VA officials have met with the consultant recently and I will keep you posted on the developments.

Mr. Chairman, we have a long way to go. We have too many homeless veterans, as you have all pointed out. I think we are working hard. We need more resources, I have never kept that a secret.

The provision of law, quite honestly, says, "Mr. Secretary, you are authorized to provide services, health care, to the extent funds are made available to you in appropriation acts." And this land-

mark homeless legislation came to VA after the appropriation bill was signed into law. VA did not receive additional funding for this legislation.

So, in the context of everything if is trying to do to address the needs of the myriad veterans who come to us for health care, primary care, inpatient surgical care, mental health, we're trying to make those dollars go as far as we possibly can. Thank you very much.

[The prepared statement of Secretary Principi appears on p. 60.]

The CHAIRMAN. Thank you very much, Mr. Secretary. Would any of your associates care to make any comments?

Secretary PRINCIPI. They will answer your questions.

The CHAIRMAN. Well, this is their chance to say whatever it is that they want.

Well, let me just ask a couple of questions, to start off with. I was very glad to hear you say you wanted to aggressively implement the loan guarantee. I like that word, "aggressively."

You know, anything we can do to assist going forward—you know, I would just say, parenthetically, that we have introduced legislation, and it is a bipartisan bill, which hopefully will gain currency, and quickly, in the area of health care to make it mandatory, the idea being that nickel and diming through appropriations processes each and every year, always worrying about under-funding, we ought to just marry up the need with the resources, and realize that veterans are owed this, and that would free up, obviously, and make more available to our homeless veterans the resources they need to get well, and to be mainstreamed back into society.

Pat Ryan and I, just a couple of days ago, visited a veterans' haven in Ancora, which is in south New Jersey, it's a State-run faculty. I often get out like members of this committee, and visit various State and Federal VA outreaches for all kinds of things, but this is targeted just for homeless.

In our conversation with the director we learned that the veterans there were getting donated dental services, because the waiting lines were far too long to get them from—in this case, it would be from Pennsylvania, from Philadelphia VA.

During the course of our mark-up on this legislation, we heard from numerous witnesses saying how absolutely important nutrition, health, and pain alleviation is to veterans. Obviously bad teeth lead to terrible consequences. When teeth are broken, cracked, and in disrepair, bad teeth lead to diminished prospects of getting a job.

We put this in there because we felt we could do a major rehab of our homeless veterans' teeth, for all the good reasons. Can you tell us when that would be made available?

Secretary PRINCIPI. A team from our general counsel office and our homeless provider office have met. They have drafted regulations, we are ready to move forward with those regulations.

The draft regulations will go through the process at the other end of Pennsylvania Avenue and will be published. We should have it done by March—by early next year. It takes 90 days to get them published, so I would hope by March of next year.

The CHAIRMAN. The sooner, the better, but thank you, I do appreciate that.

You know, I just want to build on something you said earlier, and there is good news to be said, and it should not be overshadowed by the remaining unmet need, which—the responsibility falls on us, as well as you—but when we were crafting this legislation, we sat down with Peter and with Gay, and asked you, “What works?”

I will never forget, that was a very important 2½ or so hours we spent with you, and that’s when you talked about the domiciliaries, and you had a lot of information about where the best bang for the buck could be had.

We put into the bill, as you might recall, authorization for 10 new domiciliaries, and I wonder if you might tell us where we are on that, and what we might expect, in terms of increasing the availability of those DOMS for our vets.

Secretary PRINCIPI. The domiciliaries have remained relatively constant. I believe we have around 5,000 beds available for homeless veterans.

There was an issue that a domiciliary in Portland, OR was closed, and the patients were being referred to White City. However, I know of no plans to increase the number of domiciliary beds. There is a review going on, but I would hope that we would be able to maintain—even given our funding situation—approximately 5,000 domiciliary beds for homeless veterans.

The CHAIRMAN. With all due respect, I would hope that we could relook at that, and we obviously can work with our appropriators to try to direct funding towards that, because as was pointed out—and I have visited DOMS myself, as have, I’m sure, virtually every member of the committee—they do really lead to a changed life, on the part of the veteran, and have very high positive outcomes, as a result of it.

We did anticipate moving towards the establishment of 10 more to try to fill the need, as part of a comprehensive approach. So I would hope that, moving forward, you would look to increase that. We should be looking to increase it. So I hope you would.

Secretary PRINCIPI. I would also point out—it’s a little bit off the domiciliary issue, although it is related—that, as you know, we have expanded the grant and per diem program to fund more beds.

Our experience has shown us that in the first year of a grant, usually we’re the sole source of funding for a non-profit homeless provider. But in following years, through cooperation with HUD and with HHS, and with other State and local organizations, homeless service providers receive more and more grants from other sources to expand the number of beds available.

So, I think the partnership aspect of expanding the number of transitional housing beds is working, and is beginning to grow exponentially.

Mrs. DAVIS. Mr. Chairman, I wonder if I could just have one follow-up question to that. It has just come to my attention that part of the issue right now may be that the structure is actually changing in these particular lodging situations, in the domiciliary, so that they are no longer supervised. Could you address that?

Secretary PRINCIPI. Well, let me ask the real expert. Gay, could you answer that question?

Ms. KOERBER. I'm sorry, could you say that again?

Mrs. DAVIS. Has the structure of the program changed, so that the veterans are no longer supervised in these domiciliary programs, the lodging programs?

Ms. KOERBER. You're talking about what we in the VA call Hoptel beds, or lodger beds?

Mrs. DAVIS. Yes, right.

Ms. KOERBER. I think that VA has increased the number of lodger beds that are available, and they are, in fact, unsupervised beds for veterans who would be coming from long distances, perhaps from more than 50 miles away, or when they need to travel for more than 2 hours. Those beds are available for veterans who have appointments and for family members who may be accompanying them.

One of the conditions for staying in a lodger bed is that veterans must be medically stable, and must be able to take care of themselves. So that's truly the purpose of the lodger beds or the hoptel beds.

Mrs. DAVIS. Is there a plan, then, to really assess and monitor what affect this change in structure is actually having on the veterans?

Ms. KOERBER. I don't believe that the lodger beds are in lieu of domiciliary beds. Those are beds that are just being made available for veterans who have appointments and need to come from longer distances. But there is always an effort to assess the medical stability of those veterans before they are placed in a lodger bed.

Secretary PRINCIPI. But the domiciliaries—to directly answer your question—there should be no change—and I am not aware of any change—in the organizational structure that has transitioned domiciliary beds from supervised beds to non-supervised beds. If there is such an example, then I would be more than happy to look into that.

Mrs. DAVIS. Are the lodging beds replacing the domiciliary beds? Perhaps that is really the issue here. And is it Portland, OR, perhaps?

Mr. DOUGHERTY. Mrs. Davis, there is not anything that we are aware of or any organized effort to move out of domiciliary care into lodger bed situations.

Mrs. DAVIS. Okay, thank you.

The CHAIRMAN. Mr. Evans.

Mr. EVANS. Mr. Secretary, has the VA, at this point, requested supplemental funding for Public Law 107-95?

Secretary PRINCIPI. No. No, the only supplemental I have submitted, Mr. Evans, is the \$142 million that we received last month.

Mr. EVANS. Okay. Mr. Chairman, I yield back.

The CHAIRMAN. Thank you, Mr. Evans. Mr. Boozman.

Mr. BOOZMAN. First of all, I would like to thank the Secretary for helping us with our long-term care facility in Arkansas. The veterans appreciate your help.

One of the things—my background is health care—and one of the things I am seeing in Arkansas, and I am sure it's true in the rest

of the States, is psychiatric care is really in crisis. Many of our hospitals, most have discontinued beds for this.

Our county sheriff—one of our county sheriffs—was telling me the other day, he has got several—they are really not prisoners, but he is housing several people in the county jail that really are psychiatric problems of nature.

I guess my question is that as this is happening, you know, it's got to have an impact on the VA system in the sense that a lot of these people are vets. And are we kind of looking forward to the future, and anticipating what we need to do as we see less and less help from, I guess you would call it, the private sector?

Secretary PRINCIPI. I agree with you, sir. We have seen a decrease in mental health benefits across the country, and even in VA. There has been a reduction of mental health beds, and I have tried to monitor that carefully to ensure that we have the non-institutional programs to substitute for the institutional beds.

Certainly historically, we have warehoused patients in institutional settings. Today, thanks to atypical anti-psychotics and other medications, veterans with psychiatric disorders and mental health concerns, can, in fact, live in the community if they are supported with non-institutional care programs and atypical anti-psychotics. These drugs are very, very expensive, as we know, and are a new generation of drugs. I think the atypical anti-psychotics are probably the most highest-cost category of drugs in VA.

So, I am somewhat concerned that we maintain an adequate number of mental health beds for those who need to be inpatient. There is a percentage that need to be inpatient, that need to be detoxed before they go into a non-institutional care setting. But I am equally concerned, if not more concerned, about reports that I am beginning to receive that we don't have adequate non-institutional care programs in place. That's a recipe for disaster, in my view.

As you know, we have seen some suicides recently, and not just VA, but the private sector, as well, and veterans with mental health problems. So, it's of concern to me.

Mr. BOOZMAN. I appreciate it. Again, I am like you. The long-term—a lot of these people just need to be stabilized, you know, short-term, and like you said, through getting them back on their medicines, and things like that.

But again, in the—I guess you would call it the private sector, that's really disappearing. And so that might be something that we need to look into, and really kind of plan ahead as to how it's going to impact us in the future. Thank you.

The CHAIRMAN. Thank you, Mr. Boozman. Mrs. Davis?

[No response.]

The CHAIRMAN. Mr. Filner?

Mr. FILNER. Thank you, Mr. Chairman. Mr. Secretary, I did tell you I was going to ask you whether you were going to seek full funding for Public Laws 107-95 in the fiscal year 2004 budget. Is your request going to ask for specific funds for fully implementing that legislation?

Secretary PRINCIPI. For the 2004 budget? I have requested a very, very significant increase in my budget for 2004. And that certainly incorporates resources to implement this legislation, this new law.

So, yes, the increase is quite substantial. I don't know where this is going to come out. I don't even know, under the current open enrollment system that we have today—because the projections continually exceed our workload—whether it would be enough. But yes, I have requested money.

Mr. FILNER. The Chairman did point out that we share responsibility for this. I mean, you need to request, and then we, of course, vote the funds. I will tell you that over the last few years that I have been involved in these issues, on the floor of the House, I have sought full funding of several of these in separate motions.

Within the context of the rules of the House, at least as they applied, I am always ruled out of order—you know I'm always out of order. And I have moved, on the basis of either saying this was an emergency, or some other means to overturn the ruling of the House, and on those votes, I do not get a majority.

I hear lip service all over the country on Memorial Day, Veterans Day, everybody is for full funding. And then when we give them a chance to vote for it, they don't come through. And the public has to understand more about those kinds of votes.

So, it's not just you that we are frustrated with. We have the ultimate purse strings. Nobody is evil here, there is just a different set of priorities that come out.

But I really get annoyed at the folks who do say they're for full funding, they're for full funding, and then on the votes, they do not vote that way.

Let me ask you a more specific question. We got some letters from employees of the Department, and you mentioned it in your written testimony, but you didn't say anything in the oral testimony about the health care for homeless vets program, the HCHV.

There is a plan, as I understand it, to eliminate the residential treatment program, and to transfer the funds to the grant and per diem program. At least that's what employees tell me.

And in the annual report of the health care for homeless vets program, they describe there how important these programs are, what the different problems that the veterans placed have, serious psychiatric and substance abuse problems, and there are indicators that the outcomes in that setting is very good.

So, why would you take people out of that very effective setting, and put them in a less effective setting, is what I am asking.

Secretary PRINCIPI. Let me get Gay, from a clinical perspective, to answer that for you.

Mr. FILNER. First, is my assumption true, then, why would you do it?

Ms. KOERBER. Yes, sir. We are planning to shift—

Mr. FILNER. I mean, we are going to get some testimony from other panels after this on that.

Ms. KOERBER. Right. Our plan is to shift funds that have been centrally directed to contract residential treatment for homeless veterans, shift those over to enhance the homeless providers grant and per diem program.

The rationale for doing that was very much based on outcomes, looking at outcomes for both sets of programs. When we looked at the veterans who have been placed in contract residential care and the residents who have been placed in grant and per diem pro-

grams, they are virtually identical in terms of their demographics. They are very similar in terms of their clinical needs and their age and all the things that you look at.

When you look at outcomes for veterans coming out of those two different types of programs, the outcomes are very similar for those veterans who have successfully completed a grant and per diem program and those who have successfully completed a contract residential treatment program. For the HCHV program it's about a 96 percent housed at discharge rate. And, for those veterans who have come out of a grant and per diem program, about 91 percent of those veterans are successfully housed at discharge. For employment, again, the outcomes are very similar between the two different types of programs.

With that in mind, we also looked at the cost of placing veterans in a contract residential treatment program versus grant and per diem. On average, the cost per day in a contract program is \$39 a day. In the grant and per diem program, it's, right now, \$19 a day with an expectation that it will go up to about \$26.95 next year.

So, it was more cost-effective—it is more cost-effective—to shift those dollars into enhancing the grant and per diem program.

Mr. FILNER. Well, I didn't understand a word you said, but—

Secretary PRINCIPI. Basically, the outcome is the same, but one is substantially less in cost, so that we can care for a lot more veterans.

Mr. FILNER. As I hear reports from the field, and in your own 15th Annual Report of Health Care for Homeless Vet Programs, I read that one program has veterans with much more serious problems. And if they are having success in that one, for that group, you're comparing apples and oranges.

You may have the same success rate for those people, but if you have the same success for one program that deals with less significant issues and one program has more, and they have the same success rate, that doesn't mean that everybody should be transferred into this one. I mean, it doesn't follow. You're dealing with different types of illness.

Mr. DOUGHERTY. Mr. Filner, the contract residential care program began in the late 1980s. That was VA's only activity, the only thing we could do to provide assistance to veterans who were homeless.

When the grant and per diem program came in, and we started having some experience with that program, what we found out is basically the same veterans were coming in two different doors. The outcomes of how they were coming out, they were coming out pretty much equal at that end, as well. And as the Secretary indicated, the cost between them—that's what our program monitoring and evaluation data is telling us—

Mr. FILNER. I've just got your own report, and I've talked to people in the program. They just tell me—

Mr. DOUGHERTY. Quite frankly, it's more difficult for the VA because under contract care a VA employee who works with that program, direct which veteran is going to go into that program. Under the grant and per diem program, the program provider obviously does that.

You know, they work very closely in both cases, but if I am contracting, as we do under contract care, and I am the VA clinician in that situation, I am telling you that we are going to contract for this veteran to come into this program.

So, in fact, for these purposes, it's actually easier for VA to keep contract care than it would have been to work with community providers under grant and per diem. It clearly is an issue, and we understand—

Mr. FILNER. I would take another look at that decision.

The CHAIRMAN. Mr. Rodriguez.

Mr. RODRIGUEZ. Once again, Mr. Secretary, thank you very much, and since there was a little talk in reference to next year's budget, I would ask that you take a look at that other piece of legislation that we passed regarding first-time responders. This legislation was addressed by both the chairman and Ranking Member Lane Evans, and needs funding, so we may identify four or five hospitals throughout the country, and preparing them as first-time responders.

I think the administration has left a little less than \$6 billion for homeland defense. I would hope that you would look at that—and that's available right now—we might zero in on some of that, and see how we might be able to access it. I would ask the chairman, too, maybe we all need to help out. As first-time responders, we could get some of those resources that the administration already has, we can leverage those resources for the next time around.

I know that the inter-agency council on homelessness, could you talk just briefly on—I know there was some talk about a \$35 million initiative, do you know how that is going to be spent?

Mr. DOUGHERTY. Yes. Mr. Rodriguez, the Departments of Veterans' Affairs, Housing and Urban Development, and Health and Human Services, we have been meeting and trying to work out a process that would make that process as simple as possible.

I think, from VA's standpoint, we thought that this was a good activity to get into because many veteran-specific service providers have raised concerns that they have not been as successful with getting funding from HUD nor HHS. And the idea, the concept of putting an application process together that veterans would be a key component into, we think would not only help VA with the veterans getting funds from VA, but also would help pick up funds from others.

And as Secretary Principi mentioned earlier, the truth of the matter is that VA obviously is not the sole source, and probably can't be the sole source for programs that are providing services. And you know, the Department of Health and Human Services has hundreds of billions of dollars of funds that go out to a variety of sources to assist people who are low-income, have health care needs, and others.

So we haven't completed that process by any means, but we are actually meeting weekly. I was at a meeting with counterparts at HUD and HHS just before I came to this hearing.

Mr. RODRIGUEZ. Well, thank you very much for what you're doing, thank you very much for being out there for us. Thank you.

The CHAIRMAN. Let me just ask this, and I'm going to yield to Mrs. Davis in one moment. The section 8 housing vouchers, as you

know, the legislation in section 12 provides for 500 vouchers for rental assistance in 2003, 500 more in the next year, 500 more—for a total of 2,000, which really is a small and modest commitment.

Secretary Martinez, in a phone conversation I had as we were drafting this, seemed very amenable to it and very positive about that. Our hope is that there will be no glitch whatsoever in making sure those 500 are fully filled with eligible veterans. But my hope, as well, is that we will use this as a starting point to expand that.

There are about 1 million vouchers under section 8. It seems to me, if there is a priority, it ought to be our veterans. So, perhaps you might respond to that.

Secretary PRINCIPI. Well, Mr. Chairman, I think the only problem I see is that the Senate has earmarked those vouchers, and none of those vouchers are for VA. So, this is an issue for Congress to deal with, and hopefully the House will be able to do something in conference, but that's my understanding, that all are earmarked, and VA is not going to get any of those vouchers.

The CHAIRMAN. In fiscal year 2003?

Secretary PRINCIPI. Yes.

The CHAIRMAN. We have earmarked 500 vouchers with this legislation. You're saying that the appropriators have eaten up every one of those section 8 housing vouchers?

Secretary PRINCIPI. Yes, yes, that's my understanding.

The CHAIRMAN. Well, I can assure you, that I will fight hard—and I ask my colleagues to join me—and I hope you would, too, as well. That is outrageous. Mrs. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman. I just want to follow up and thank Mr. Boozman for mentioning mental health care because I think that is absolutely critical. I mean, we have it from the statistics.

But I wanted to get back, just very briefly, to my opening remarks, I mentioned mentoring programs. And what I would love to explore with you is whether we have done them with the kind of depth and the training of people who choose to be mentors.

We know we have a number of veterans-helping-veterans programs. Obviously, Stand Down is a good example of that, but that's very limited, in terms of the continuity with someone who really needs that kind of support over the long haul.

And I don't know whether we have really tapped that resource the way we could. We have wonderful vets groups out there, but we haven't really gone to people and said to them, "We need you to follow somebody for a year," or whatever it may be.

Everyone is not amenable to that, I understand. But we know, if we look at mentoring programs for students and for young people, what makes a difference is that somebody is there who cares, who doesn't let them out of their sight, basically, until they are able to get their feet on the ground.

And I think we need that within the veterans community. And I know we have people who would come forward. We have many, many groups that would play an active role in this. We really haven't asked them. But you can't do it on the cheap. It's not nearly as expensive as putting, you know, a social worker with every vet, but on the other hand, you need to have proper training and

follow-up, so that people who take on that role don't do it in isolation.

And I am wondering, you know, are we—do we have good practices out there? Is that something that you think we ought to explore?

Secretary PRINCIPI. I certainly think it is something we should explore. I don't know to what degree that we have.

Mr. DOUGHERTY. Mrs. Davis, there are a number of programs that have done a very good job in doing that. Actually, just before the hearing began, Ms. Fuller and I were having a conversation, because one of the things VA does have authority to do is, under VA work/study, for veterans who are coming out, for example, they can go under VA work/study and work in homeless programs.

So, we are going to start working to see if we can do more to get VA work/study veterans to come and work in homeless programs because A. it's good for them, and B. the other part that's very good is under the Corporation for National Service a veteran could also get an education award from the Corporation for National Service, which would give them more education for themselves, as well.

Mrs. DAVIS. I think that's fine, but I think we also have people in the community who have been successful, and who, you know, for a host of reasons, have the time, the expertise, and perhaps, you know, the care to be there on behalf of some of our vets, some who are homeless, some perhaps who are not, but who need that kind of ongoing support.

So, you know, I think I would love to explore that with you, and see whether we can perhaps take it in another direction that just hasn't been explored fully. Thank you.

Ms. KOERBER. I was just going to say Robert Van Keuren, who is going to be on the next panel, they are doing some very interesting things in terms of getting more volunteers involved.

So, I don't know if Bob was going to talk about it, but he certainly can give you some information about a very innovative and exciting project they are working on up there.

Mrs. DAVIS. All right, thank you.

The CHAIRMAN. Let me conclude. Again, Mr. Secretary, thank you and your staff for the fine work you are doing.

But I do want to, again, say how disappointed I am on this new information about the HUD set-aside. When we wrote this language, we said the Secretary shall set aside, from amounts made available under this subsection, and then we went through the numbers—for fiscal year 2003, the amount necessary to provide 500 vouchers for rental assistance under this subsection.

If the appropriators and/or HUD and Secretary Martinez is breaking this language, and making sure that this does not happen, I can assure you that I will do everything, when that bill comes up, to complicate its passage, and if we cannot win this, to throw every barrier in front of it.

We settled on 500 as a bare minimum. I and Lane and the rest of this committee wanted much more by way of section 8 vouchers—500 was a starting point. And if that's not even in the ball game here, I mean, we're just spinning our wheels, and the veterans will be out on the streets 10 years from now in larger numbers if this is not part of the process. If that is a lack of priority on the

part of Secretary Martinez and our appropriators, we have got a real problem.

Secretary PRINCIPI. I certainly don't think it's on the part of Secretary Martinez. I know him too well——

The CHAIRMAN. Then I would say, Mr. Secretary, he has got to convey to these appropriators who didn't like this when we did this in the first place. They call themselves cardinals, but we have equal weight when it comes to making policy, and especially when it comes to the policy itself. They are the money side, we are the authorizers. We authorized these because it's necessary.

The previous allotments had all been used up. You almost have to die and move on to the other land in order to get into one of those currently available—we said we need more. Again, 2,000 over 4 years was the bare minimum. I am disappointed to get that news today, and I assure you, we will fight it.

Secretary PRINCIPI. I apologize, Mr. Chairman. I hope my information is correct, but that's what I understand, that's a Senate action.

The CHAIRMAN. I appreciate it. I would like to invite our distinguished second panel, which would be led by the Honorable Raymond Boland, a great friend of the committee, who serves as secretary of the Wisconsin Department of Veterans Affairs, Mr. Allan Kingston, president and CEO of Century Housing Corporation, of Los Angeles, CA, and is also well-known for his good work by this committee.

Welcome. Please take your seats, and please present your testimony at this point.

STATEMENT OF RAYMOND BOLAND, SECRETARY, WISCONSIN DEPARTMENT OF VETERANS AFFAIRS; G. ALLAN KINGSTON, PRESIDENT/CEO, CENTURY HOUSING CORPORATION, LOS ANGELES, CA

STATEMENT OF RAYMOND BOLAND

Mr. BOLAND. Thank you, Mr. Chairman, and members of the committee. I appreciate this opportunity to come before the committee once again, and to present the perspective of State government to the very important issue of homeless veterans.

And I will share a little bit of my personal experience in a couple of the areas that have already been talked about here today. As you know, I also serve currently as president of the National Association of State Directors of Veterans' Affairs, and I'm a past vice president of the National Coalition of Homeless Veterans. So I have been involved in all of this in many different ways.

I would like to comment to Representative Evans that I believe the President made an excellent Cabinet choice for Health and Human Services as well, sir, and I have great respect for Secretary Principi, as you do, also.

I was also pleased that I was appointed to the newly established advisory committee by Secretary Principi, and I look forward to working with the other members of that committee to continue to bring our best advice to the Secretary for the future.

I agree that we have made great progress with the issue of veterans homelessness in America. And if you look back not too many

years, this was an issue that was not understood at all by the general public until the efforts of people like Robert Van Keuren and the other founders of the National Coalition established a public consciousness and awareness of what the issue was about.

And more recently, through the combined efforts of so many people in this room and this committee, we have seen the evolution of policies and legislation that have given us more tools to work with, particularly—and most recently—the Comprehensive Veterans Homeless Act of 2001.

I think today we have got great examples from coast to coast of success stories of programs that have proven we can end homelessness among veterans, so I believe the time has come to build upon the successes that we have out here, and reach for a new level of capability.

And to do this, I am convinced that we absolutely must have large increases in housing capacity—that's what the Veterans Transitional Housing Opportunity Act was about, really a vehicle that could jump-start the expansion of the housing supply that is needed, and as has been discussed, unfortunately has not been implemented yet.

I want to tell you about a personal example in Wisconsin of—and try to talk to the value and importance of this concept of assisting and lending in order to build low-income housing capacity, affordable housing for our homeless veterans.

In Wisconsin, we did something very similar to what this legislation intends, and that was to use State funds to secure a loan made by a bank to a community-based not-for-profit organization for the purchase of property for a veterans transitional housing facility.

There was a community provider in Milwaukee, our largest city. They had the opportunity to buy a vacant hospital building, which was ideally suited to become a 100-bed transitional housing facility. It is located one mile from a VA medical center. It was a great opportunity for us, and we agreed with the county and the organization that we, at the State, would also help in putting together a down payment plan to get this loan to purchase the property.

But the difficulty is the uncommon nature of a lending deal of this kind for virtually any lender in the country. Putting together a business plan to make a deal like this, that is based upon cash flows that are going to depend, on part, on people who aren't even employed yet, is something that just does not fit the models of the lending industry, and greatly inhibit our ability to finance the facilities we need.

So, using State veterans funds, which also happen to be in an invested account, we furnished the additional amount required to guarantee this particular loan. That was 8 years ago. Since then, this facility has served more than 2,500 veterans, and the non-profit provider has received enough revenue and other grant monies to actually liquidate the mortgage balance.

Now none of that would have been possible if government had not helped finance this deal. And I believe that, in most cases, it's not going to happen elsewhere without this kind of help, and that's why this VA loan guarantee program is so vitally important.

I do not know of another new way that the VA can have more impact on this issue than with this particular mechanism. And I

believe that the concept reflects the kind of creativity we need to move to the next level, it incorporates the diverse strengths of government, non-profit organizations, and the private sector. It furthers an urgent social agenda with no additional cost to the tax payer. Its initiative makes sound economic and business sense. It addresses a critical component of what we need to solve veterans homelessness, and that is housing affordability.

The program we have in Wisconsin, like others around the Nation, provides supportive services to veterans to help them end their homelessness. We currently have four separate transitional housing centers in Wisconsin, totaling 240 beds.

And it wasn't many years ago that people were telling me, "Well, you can't have many homeless veterans in Wisconsin." We know that they are everywhere. Three of our four sites are located in rural areas in the State of Wisconsin.

Those who require treatment receive that from the VA medical system. We are in full partnership with them in this program. And I would like to make the point today that the program in Wisconsin that wouldn't have succeeded without the building wouldn't succeed without the VA partnership, either, because of the critical services they provide as a full-time partner.

The collaboration between the VA, State government, and community organizations in the private sector is exactly what we need to end homelessness. It's a model that has proven itself, but it urgently needs to be expanded. That's where we need the help of this program that Secretary Principi has told us today will move forward.

This legislation gave the VA the opportunity to expand its key role within this collaboration in a new way. With this authority to provide financial guarantees necessary to assure the lending sector, the legislation enables us to demonstrate and develop a prototype for the full national effort that we require.

When we made the deal 8 years ago, the lender told me that their confidence in making a deal for a plan that's outside the box would greatly depend upon the confidence that we, in government, showed in the program, as well. And that's the difference, I think, that we're talking about here, that can really move us forward with the lending industry all over the country.

We don't need to leave homeless veterans missing in action in the battlefields of society any more. We know how to do this, and we know how to bring them back into the fold. And we certainly need to use the resources and the authority that we have been given by the Congress to do the job.

Once again, I appreciate the opportunity to be here, Mr. Chairman, and would be happy to answer any questions you might have.

[The prepared statement of Mr. Boland appears on p. 68.]

The CHAIRMAN. Thank you so much, Mr. Boland. Mr. Kingston.

STATEMENT OF G. ALLAN KINGSTON

Mr. KINGSTON. Thank you, Mr. Chairman and members of the committee, for giving me this opportunity to speak to you about the department of Veterans Affairs and how it can help to create more transitional housing for homeless veterans, and specifically about the loan guarantee pilot program.

In the past 20 years, my organization, Century Housing, has invested more than \$500 million in financing the development of affordable housing for more than 15,000 low-income families and individuals, housing that is always linked to much-needed supportive services such as after-school tutoring and job training.

Among our proudest accomplishments, Century has invested more than \$17 million to finance the Nation's two largest transitional housing facilities for homeless veterans: Westside Residence Hall, and Villages of Cabrillo, together serving 800 veterans.

Together, they have served more, in total, than 6,000 veterans, and have probably saved the VA tens of millions of dollars in health and medical costs.

As a non-profit organization, Century was able to fund these two projects because our social purpose allows us to accept the risk of loss, which is offset by the social return of serving homeless veterans.

In contrast, a private sector lender would not make these high-risk loans without a guaranteed financial return, mostly because of the uncertainty that the tenant's rent payments would provide enough income to service the debt.

On the other hand, it has always been our belief that a government guarantee would allow private sector lenders to finance this type of development, the kinds of development that Secretary Boland was speaking of, as demonstrated also by HUD's FHA mortgage insurance programs. That is the underlying concept of the VA loan guarantee, or multi-family transitional housing.

I am unaware of any such transitional housing facilities of any significant size in the United States for homeless veterans that have been funded by other than public or philanthropic sources. The real estate lending industry does not provide funding for this type of development, because the risks associated with transitional housing exceed the economic yield that such developments are able to provide.

A few years ago, when Century arrived in Washington with a group of experts including Secretary Boland to assist us, it was with high hopes we, perhaps naively, believed that the VA loan guarantee pilot program could be implemented in a relatively short period of time, say, in a year or so, and that working together with the VA, that, as one of the world's larger bureaucracies, we all would be able to celebrate the completion of four or five multi-family housing developments throughout the Nation within a few years.

Instead, implementation of a loan guarantee pilot program has moved at what one can only be characterized as a glacial pace, primarily due to a lack of understanding and enthusiasm by the Department. I have cited several examples in my written testimony of that.

As a veteran, I personally find it disheartening that 4 years have passed, but VA does not have even a pilot program that could provide a solution to the tragic problem that more than one-quarter-of-a-million veterans who gave of themselves in the service of our Nation sleep on the streets every night. These 4 years should have been used to finance and develop transitional housing that has

been proven to help individuals break the cycle of homelessness and re-enter the mainstream of society.

Despite these past difficulties and challenges, I am heartened to hear that Secretary Principi may now move the pilot program forward as a priority objective of the Department in order to meet the goal of financing development of transitional housing for up to 5,000 homeless veterans.

The time, effort, and money which all of us have expended over these past several years will have been well spent if more homeless veterans are given a chance at a new and better life.

[The prepared statement of Mr. Kingston, with attachment, appears on p. 71.]

The CHAIRMAN. Thank you for your fine statement, but more importantly, for the great work you and Mr. Boland do on behalf of homeless veterans.

Mr. KINGSTON. Thank you, thank you.

The CHAIRMAN. You are an inspiration to me and the committee. You give us guidance, and we will do everything we can to continue. Thank you, for your lead.

I think you would agree that it was good news to hear the Secretary, as you indicated—it should have been done much sooner, without the imprimatur of Uncle Sam on there. You're right, the risk seems to outweigh it, and the private lenders are not likely to get involved.

In the Secretary's statement, he indicated October, which seems to be a rather lengthy delay. But today, in his oral part, he did say he would move aggressively. I would hope that since some of his very distinguished staff is still here—the sooner the better. This obviously takes a while, even once the agreements are made to actually construct or rehabilitate units for this.

So, we have got to do this sooner, rather than later. We will keep our efforts moving in that direction, as well.

Mr. KINGSTON. Well, Mr. Chairman, I'm sure I would be speaking to the choir if I said that the—you know, the quote that "the wheels of government move exceedingly slow," but it is our experience, as someone from the other side of the continent who has come over here—that, in fact, the wheels hardly move at all. So we would like to help out, in any way we could, to push it along. Thank you.

The CHAIRMAN. Thank you so much. Mr. Evans.

Mr. EVANS. Mr. Kingston, one of the biggest questions for us is problems your programs have encountered in undertaking VA's work, and how they might be better addressed in establishing the VA transitional housing loan. Would you care to comment about our concern?

Mr. KINGSTON. Well, Mr. Evans, I think that the issue of trying to move a program like that along depends, to a great extent, on whether or not within the Department—and particularly as large a bureaucracy as the VA is—there is an internal champion that champions the particular program, or the specific program that one is dealing with.

And it is also absolutely important that somebody who understands the basic type of activity that is being carried on be a part of that program. So if you're going to do a real estate lending pro-

gram, then somebody with real estate lending background, housing, finance background should be involved in that program. And that's absolutely imperative.

There are plenty of examples in the Federal Government already, of guarantees. As the chairman pointed out earlier, the VA itself has a substantial guarantee program. It is not a multi-family program, that's true. But there are certainly ways in which one can ask experts to deal with those kind of issues.

I think those are the main conclusions that I would draw about our experience. You know, also, no good deed goes unpunished, nor does exuberance. So I think perhaps we had an excess of that, in thinking we could help move it along.

Mr. EVANS. Secretary Boland, how can we encourage other States to work with the VA in helping homeless veterans like you have in Wisconsin?

Mr. BOLAND. Well, there are many other States that are doing that, Mr. Evans, and a lot of that has come through additional States which have joined in the National Coalition organization, and have learned, through sharing experiences of others, how to do that.

I have, personally, working with a number of my colleagues right now in States throughout the Nation, helped them get programs going similar to what we did. And I am happy to say that there are a number of places where that is happening.

Mr. EVANS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Boozman? Thank you very much, Mr. Evans.

Mr. BOOZMAN. I don't have any questions. I do want to thank you all for all the hard work that you are doing. And it sounds like the programs that you're involved in and the strategies are great. So, thank you.

The CHAIRMAN. Mrs. Davis.

Mrs. DAVIS. Thank you very much, Mr. Chairman. Now, I am delighted to hear Secretary Principi make the comment about moving that out of the VA, because I have recently learned—and I appreciate the time that we have spent together trying to understand—I mean, we have all the tools to do it right, and it's so frustrating.

And I think if you could just think about all the thousands of people who haven't been served because we have not had the will to do it, and I hope that moves forward with great speed, and I appreciate the work that you have done.

I just wondered if you would comment, Mr. Boland, just quickly. I mean, are there one or two ingredients? It's probably advocacy, the champion, the willingness of somebody to get in there and make sure that those relationships work well, that it's been successful.

But is there a key, is there something that perhaps you think other folks are missing in trying to bring that kind of partnership together?

Mr. BOLAND. Well, I have been asked that question. I have participated in development sessions in States all over the country looking at how to get this thing going.

I have a chart in a presentation that I give that says that somebody has to take charge of the issue within a certain geographic

area. Someone has to do that. We concluded that State government was in a particularly good position to do that within our State.

But without leadership, there are all these pieces and resources and components, but it takes an organization—whether it's profit, non-profit, or an element of government—to pull all that together. And that's what I have tried to do. I don't consider myself to be running the homeless program in Wisconsin. What I have tried to do is enable and facilitate others to pull their pieces together and get the job done.

Mrs. DAVIS. And Mr. Chairman, I appreciate your enthusiasm as well, and I think that we really have to have some goals, and stick to them, and if they are not met, we have got to figure out why. Thank you.

The CHAIRMAN. Thank you, Mrs. Davis. Mr. Filner.

Mr. FILNER. Let me just add my thanks for the passion that you bring, and the common sense.

I guess, Mr. Kingston, aside from the slowness of the thing, are the tools there to do the job, or is there something else that has to be added? If they got moving, could they do what you need to do?

Mr. KINGSTON. Mr. Filner, I think that the Department—you know, it's always risky to try to criticize the efforts of people who are well-meaning and who intend to do the right thing. But I think the Department now has realized that they need somebody with the financial background, with the housing finance background that is necessary to move this program further.

And I think with the commitment that I heard from Secretary Principi today to assertively and aggressively move it forward, there is a good chance that they could succeed in rolling out four or five of these projects in the very near future. I think they have now got, perhaps, the experience that they did not have before.

Mr. FILNER. That's good to hear, and I hope you will keep us informed, and that you can add your own experience with doing so much with this kind of population. As Mrs. Davis says, it is frustrating, that so many people could have been served, that we haven't served, because you have shown how you can do it. So, keep us in touch from your end as we move forward. Thank you.

Mr. KINGSTON. Thank you.

The CHAIRMAN. Thank you very much, Mr. Filner, and again, I want to thank our two very distinguished panelists.

Again, I mentioned that Mr. Ryan and I visited Veterans Haven. While we were there, we discovered that—and this is both under Democrat and Republican administrations—across from Veterans Haven is a very usable and unoccupied building that could house upwards of 55 units.

And yet, since 1995, the director has been trying to get the State to permit the utilization of that for transitional housing, and has gotten the big stop sign put in his face. We are going to try to move it again, as a result of our having been there, but it seems to be a problem, both on the State and Federal levels.

I agree with you about the statement by the Secretary. I was very encouraged by his commitment to aggressively move on this, and he is a man of his word, so I think you are right.

Mr. BOLAND. Sir, if I could just comment. Of the four sites that I mentioned in my remarks earlier, in addition to the hospital site, two of our sites are in vacant State building space, and one of them is in what was vacant VA hospital space.

So, we have explored all of the possibilities to use existing space without additional cost, and there are plenty of opportunities to do that.

Mr. EVANS. I just hope that you got to see the Rock and Roll Hall of Fame in Cleveland. It wouldn't be a trip to Cleveland without it.

The CHAIRMAN. Thank you again, gentlemen, for your testimony, and again, for your extraordinary good work.

I would like to invite our third panel to make their way to the witness table. Before I go any further, I want to apologize for the crowdedness of our situation here. As I think most of you know, or all of you know, the full Veterans' Affairs Committee is being renovated, which obviously prevents its use. So, we are here in this tight, small subcommittee meeting room.

Our third panel consists of Mr. Robert Van Keuren, the Chairman of the VA Advisory Committee on Homeless Veterans, Ms. Linda Boone, Executive Director of the National Coalition for Homeless Veterans, Mr. Richard Schneider, Director of the State veterans affairs Non Commissioned Officers Association, and Mr. Philip Mangano, the Executive Director of the Interagency Council on Homelessness.

Mr. Van Keuren, if you could begin?

STATEMENT OF ROBERT VAN KEUREN, CHAIRMAN, ADVISORY COMMITTEE ON HOMELESS VETERANS; LINDA BOONE, EXECUTIVE DIRECTOR, NATIONAL COALITION FOR HOMELESS VETERANS; RICHARD C. SCHNEIDER, DIRECTOR, STATE/VETERANS' AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION; EXECUTIVE DIRECTOR, INTERAGENCY COUNCIL ON HOMELESSNESS

STATEMENT OF ROBERT VAN KEUREN

Mr. VAN KEUREN. Thank you very much, Mr. Chairman, Mr. Evans. It is indeed a pleasure to be before you today. It is my privilege to be here to talk to you, actually, as the chair of this committee.

By way of further introduction, first I would like to thank Congressman Filner for his gracious remarks. And while it's not part of my remarks, on the record I would like to apprise you that many years ago when now-Congressman Filner was running—I forget whether it was for a school district or whether it was for city council—came by a program I was running in San Diego.

And not knowing what the program was, he was very interested, and asked several questions, and when he found out it was for homeless veterans, he said, "How could I help out?" And all the troops in the house wanted was socks. And Congressman Filner came back with what I think about three dozen pair of white socks. And I don't know how you did in the precinct, Bob, but you sure carried the house. So, thank you very much.

Again, by way of further introduction, in addition to my duties as chair of the advisory council, I am the homeless program coordinator for Network 2. I have previously been in the non-profit arena, where I worked as either a board member or a chief executive officer for the Vietnam Veterans of San Diego.

I started my work with veterans, I believe it was, 1975 as a work study for the VA. I was doing outreach to encourage veterans to use the GI Bill. I am proud of the fact that I am a founding member of the National Coalition for Homeless Veterans. Some of those founders are members of our advisory committee.

As you are aware, the Secretary has appointed 15 members whose names I believe you have in front of you. I am honored, actually, that the Secretary has appointed me to chair this group.

A review of that list, obviously, many of you have had the pleasure of having some of these folks come before you. There is not a shrinking violet in the group. All are extremely assertive, committed, and issues may be able to run but they will not be able to hide from this group. And I can assure you that there was a great deal of tenacity involved relative to drilling down into those issue areas.

The committee has been and will continue to be actively engaged. We held our first meeting in June, and we expect our next meeting will be actually on June 2nd—excuse me, our second meeting will be later this month, in Cleveland, Ohio.

Since we began meeting, we have found, obviously, what you have already known, which is the issues for homeless veterans are very complex, broad, and diverse.

We have organized the committee into three working subgroups: one dealing with health care; one dealing with housing and benefits; and one dealing with partnerships, particularly federal and national partnerships. The chairs of those committees are very committed to their work, and have been working through a series of teleconferences, chatting among themselves, as well as asking expert witnesses from other areas, relative to their specific interest areas, to come forward and talk.

The committee has been active in pursuing these issues, and will be preparing a series of recommendations for the Secretary on ways to improve services to homeless veterans.

Given your charge, the committee will look beyond what the VA's internal abilities and capabilities are, and will seek to determine what other agencies at the national, State, and local level are providing programs that could assist homeless veterans, and we want to enlist their efforts to further assist veterans who are homeless.

While we have made, obviously, no recommendations at this point, we do look forward to making these recommendations to the Secretary, as you have instructed us to do, by March of this year. I have personally met with the Secretary, and I have been assured that our recommendations will obtain his very serious review.

Mr. Chairman, in addition to telling you how pleased I am to work with so many dedicated committee members and staff, not only of the VA but from other federal and State agencies, several of whom are seated here at this table with me, I can assure you that our efforts will help to keep the focus on ending homelessness among veterans.

Mr. Chairman, I thank you for inviting me to this hearing. I would be more than happy to answer any questions. At this point, as I have stated, we do not have any recommendations to come forward, although there have been certain issue areas.

In previous panels' questioning, particularly with the Secretary, there were a couple of other issue areas relative to some other topics. If at some point in the hearing you wish me to address those, I would be more than happy to do so. Thank you, sir.

[The prepared statement of Mr. Van Keuren appears on p. 81.]

The CHAIRMAN. Thank you. Mr. Van Keuren, consider yourself invited, as soon as you have those recommendations, because we want to know what more we can do, and we look forward to hearing from you in another hearing.

Mr. VAN KEUREN. Yes, sir.

The CHAIRMAN. Ms. Boone.

STATEMENT OF LINDA BOONE

Ms. BOONE. Mr. Chairman, Mr. Evans, and committee members, on behalf of the National Coalition for Homeless Veterans, I thank you for the opportunity to present our views here today.

NCHV salutes your vision and leadership in enacting and monitoring the progress of legislation to support our Nation's veterans. For veteran advocates, it can be very frustrating to see legislation enacted but never implemented. But with your oversight and leadership, we are confident many of these concerns will be addressed.

The National Coalition for Homeless Veterans was intimately involved with the development of the Veterans Transitional Housing Opportunities Act. On Veterans Day, it will be 4 years since this law was passed, but not yet implemented. And this Nation has missed the opportunity to offer assistance to hundreds of homeless veterans.

From NCHV's perspective, the VA has continued to drag its feet in the process to implement this law mandated by Congress. During NCHV's annual conferences over the last 4 years, our members have been inquisitive about the progress and availability of this approved loan guarantee, to which the VA consistently reports that the process is being developed or is in review. It is our feeling that the VA is trying to provide death-by-review for this law.

NCHV understands that it is a complicated process, and there is supportive VA staff. But the VA hired experts to provide advice. And still not to have an implementation plan after 4 years appears morally wrong, and flaunts defiance of Congressional mandates.

While it has been 9 months since Public Law 107-95 was enacted, NCHV has not been advised of a development plan to implement the provisions of this law. The VA has expressed concern that the law has an unfunded mandate, and they do not have the resources to implement its provisions.

In reviewing the history of the VA budget request compared to appropriations since 1997, each year Congress has provided VHA more funding than they requested. So, what is the real issue? Perhaps the internal priorities of VA need adjustment.

Since VHA resists having special purpose funding requirements made on the department in order for them to have maximum flexibility to determine internal and local VISN priorities, even if funds

were appropriated by Congress specific for homeless programs, how would the money be internally allocated?

Public Law 104-262, enacted in October 1996, required the VA to maintain capacity to provide for the needs of disabled veterans, including those with mental illness. However, the VA has not maintained that capacity to serve these veterans, and Public Law 107-95 is even more specific. How will the VA respond?

In a recent Senate hearing, testimony was provided that stated total per capita expenditures for veteran mental health patients has declined by 20 percent since 1995. Between 1995 and 2001, the number of veterans in need of mental health has increased 26 percent. Yet mental health expenditures have increased only by 9 percent.

What types of veterans should the VA be serving? In Public Law 104-262, it specified seven priority categories. At the time of this law's enactment, priority seven veterans made up three percent of those who used the health care system. The VA's budget submission for fiscal year 2003 discloses that priority seven veterans are expected to make up 33 percent of VA enrollees.

The VA has allowed a redirection of funds to non-mental health care in a clear violation of the capacity law. It is shocking to realize that the VA has diminished its support to veterans who are the most vulnerable and the most in need, and in doing so, have altered its mission to serve an ever-growing number of those with the lowest claim to VA care.

Section 10 of Public Law 107-95 addresses the use of VA real property by homeless veterans service providers. NCHV members that have entered into enhanced sharing agreements for the use of VA space to provide services to homeless veterans are reporting that hospital directors are significantly increasing the reimbursement rates for the use of that space to charge local, fair-market rates.

Homeless veteran providers are being required to decrease services in order to increase rent payments to the VA, or even close down their programs. Often, the money that is used for rent has been procured through a grant from another federal agency. How much sense does this make, when we're spending tax dollars?

Included in Public Law 107-95 was an appropriation authorization for the Homeless Veterans Reintegration Program, managed through the Department of Labor vets, and is virtually the only program that focuses on employment of veterans who are homeless.

DOL does not ask for the full appropriation for HVRP in the budget they submit to OMB. The reason they have given us is that they do not have the capacity to manage an increased grant activity. Leaving money on the table that could translate into decreasing the number of homeless veterans across our Nation is unconscionable, in NCHV's viewpoint.

There are a myriad of solutions to the capacity issue for Department of Labor vets, and NCHV believes the Department lacks a sense of leadership, understanding, and urgency for their role in ending homelessness among veterans. NCHV would also ask members of this committee to appeal to their fellow representatives on the House Appropriations Committee to appropriate the amount you recommended for HVRP.

Mr. Chairman and committee members, thank you for this opportunity.

[The prepared statement of Ms. Boone appears on p. 82.]

The CHAIRMAN. Yes, thank you very much. Earlier, Mr. Van Keuren, you said something about no shrinking violets. And so far, we haven't seen any shrinking violets in this room.

Mr. VAN KEUREN. Yes, yes. If you can't hear us, it's not because we're not speaking up, I will tell you that.

The CHAIRMAN. It does take strong-willed people to push, and we thank you, Ms. Boone, for that good testimony, and for the help that you provided us in crafting this bill.

I remember a number of observations that you made at the hearing, and before our mark-up. Your comments were very, very helpful, and even your points on the technical grants. I remember you said there needed to be assistance there, and with dental services, etc. So again, I want to thank you for that.

I would like to ask our next panelist for his testimony.

STATEMENT OF RICHARD C. SCHNEIDER

Mr. SCHNEIDER. Thank you, Mr. Chairman, Mr. Evans, members of the committee. I'm not going to shrink, either. And I am going to pick up right where you left off.

First of all, I am going to say I appreciate the leadership of VA, and I appreciate the fact that they are going to move aggressively. And I believe that they are going to move aggressively, because we are going to remind them at every opportunity.

You know, there is something wrong in the system below the leadership level. It's not the leadership here, it's the leadership throughout the organization that puts a bureaucratic block, and decides how best to run the business.

And you know, the issue Linda identified one second ago was the category sevens, and the amount of resources being consumed. Well, that resource has now extended over to a new product line within VA, which is mental health. And the mental health product line is going into the primary clinics, it's going into the CBOCs, it's serving America's veterans, but where is the resource coming from?

It's coming from health care for homeless veterans. We are literally moving resources and re-allocating hours to clinics and facilities so that we have "mental health facilities." We need to get mental health back, and we need to get the bed spaces back.

Homelessness is all about not having a bed. Where do you have to look to get that answer? It's on the front-end, it's to stabilize, to de-tox, to get the mental health experts working, and then it's a continuation into the continuum of care.

And I am going to say right now, very pointedly, VA cannot do it themselves, and you know that as well as I know that, and everybody sitting at this table. It's the community partners working with VA to provide the resources and the continuity of programming to take the veteran through the trauma of the streets, through rehab, through stabilization, through re-integration into the work program, into a job, and then into separate transitional housing to go.

And we need that multi-housing project that's on the books to be part of it. We need those domiciliaries that are in 107-95. If we

don't have them, we don't have the bed space. You know, I could have been sick before when Mrs. Davis commented on the beds available, and she said, "Oh, we 107 beds, and we have 60 beds."

You know, I am pretty slow at mathematics, but somewhere, that's below 200. And the count for homeless veterans in America is 265,000—I heard 285,000, I have heard 325,000. There seems to be a disparity, if you start multiplying the States and one DOM and one additional facility.

We can't even touch it until we get the beds and until we get the programs introduced that were in the Comprehensive Veterans Act of 2001, we are not going to diminish chronic homelessness.

I just came back from San Francisco, and I am going to tell you I never saw so many homeless veterans in my life. In fact, I saw a homeless veteran with a sign that said, "Homeless Veteran, Has Cancer." And here, laying on the street near the riverfront, near the wharf, was the sickest man I have seen in a long time outside of a cancer ward in a medical facility. He was just laying there, laying there waiting for a handout.

We need to be doing something, and it's not authorizing the police to take them off the street and put them in jail. It's to take the people we said we had a commitment to because they stood for America, and bring them home to their home.

We are going to do that when we start implementing this act. I was absolutely elated when the Secretary said he was going to request full funding in 2004. I would like to see intrusions into the program begin in 2003, because I think it needs to be.

You know, the Interagency Council—and I am sure you're going to hear about that in a second—I have one thought, and the one thought was this. Three agencies got together, the big guys: the VA, HUD, and Health and Human Service, put up \$35 million that was reported in the Washington Times—\$350 million would have been great, that was the right number—but the thing that bothered me, when I started looking for the explanation of the \$35 million, was \$5 million came from VA, \$10 million came from Health and Human Service, and \$20 came out of HUD. And it seems to me that they ought to all put up \$20 million and start on with the program, and get it going.

But the thing that was good was that after a hiatus of 6 years, they finally, the big guys, sat down at the table and worked. And I'm not going to go further than that, because I know you are.

But I will say this. When we start working with homeless veterans, we need more than triage and telling somebody to come back next week. We need to have a plan, we need to have a plan. When we take a person into a mental health bed now, the program says stabilize and release in 7 days.

Seven days? I want to make sure that that veteran coming out of that mental health stabilized and released has a bed to go to, or has a controlled environment within the community that somebody is facilitating as a case manager. We mustn't forget that case management means continuation of care beyond throwing somebody out of the hospital. Thank you, sir.

[The prepared statement of Mr. Schneider appears on p. 91.]

The CHAIRMAN. Thank you very much, Mr. Schneider. (Applause.)

Mr. Mangano.

STATEMENT OF PHILIP MANGANO

Mr. MANGANO. Thank you, Mr. Chairman and ranking member Evans, and members of the committee. And though I have been a federal employee now for a little over 20 weeks, I feel very comfortable being on this panel with this kind of fervency.

And I have good news to report to you, as has been previously reported, the initiative and work which all of you invested in revitalizing the Interagency Council on Homelessness has had the desired performance outcome. After 6 years of dormancy, President Bush appointed me as the fifth executive director of the council. And on March 15 of this year, after 22 years of advocacy for homeless people in Massachusetts, I was sworn in by Secretary Mel Martinez, who is the chairperson of the council.

The commitment of this committee, I believe, was instrumental in revitalizing the council. Chairman Smith, I have been especially encouraged and inspired by your unwavering commitment to all veterans, and especially your continuing commitment to those veterans who have fallen into homelessness.

Your avowed commitment to ending chronic homeless among veterans in the next decade is a serious charge to the work of the council, and is resonant with the President's call to end chronic homelessness in this country for all. And I know it is consistent with your legacy of serving those who are most vulnerable in this country.

And Ranking Member Evans, your lifelong commitment to veterans, and your sensitivity to their evolving needs has been widely recognized. No doubt your support of the resources for homeless veterans will continue that tradition of insight and response.

The administration's revitalization of the Interagency Council on Homelessness is consistent with this committee's intuition and initiative regarding the re-activation of the council. Both see the council as a means to ensure further collaboration among federal departments and agencies.

And I am honored to report to you that section 11 of Public Law 107-95, which called for meetings of the council to be held minimally on an annual basis, has been implemented. On July 18 of this year, the revitalized council held its inaugural meeting at the White House. This meeting was the first meeting of the council in more than 6 years, and the next meeting of the council is already scheduled for December of this year.

In the meeting, one of the first activities of Chairman Martinez was the introduction of Department of Veterans Affairs Secretary Principi, who, in his opening remarks, confirmed his commitment to ending chronic homelessness for veterans. Along with Secretary Martinez and Secretary Thompson, he joined in the announcement of a \$35 million joint effort between HUD, HHS, and VA targeted to those experiencing chronic homelessness.

This unique and innovative collaboration, as has been so noted, on behalf of homeless people, is a significant step toward creating a template for future joint collaboration and funding. The agencies have engaged in preliminary discussions for this collaboration, which would permit applicants to respond to one announcement of

funding from multiple federal agencies, and access a combined pool of resources that cover the housing and supportive service needs of chronically homeless people.

There were other initiatives announced at the historic council meeting. There was a re-entry initiative announced by DOJ, which involved 10 different agencies that will help assist incarcerated veterans to be re-integrated into the community.

The Department of Education announced an initiative concerning a liaison for homeless children all across the country.

The Department of Labor announced new efforts, including the incarcerated veterans transition demonstration and the job corps-foster care initiative.

And the Department of Health and Human Services announced new research on homelessness that will be coming from the National Institute of Health.

And in another collaborative effort between HUD, HHS, and the VA, technical assistance for all States, in terms of making mainstream resources available was also announced.

In the council, we are developing a new federal strategy based on the following policy objectives. Number one, first, preventing homelessness.

This administration has prioritized prevention as a policy cornerstone in building the new federal strategy, prevention that focuses on more appropriate outcomes for people leaving mainstream services, places of incarceration, and service to our country. We need to focus on every level of government to promote more appropriate discharge planning when people are leaving systems.

Second, eliminating chronic homelessness. The President called for the ending of this disgrace in the next 10 years. And again, I know that you, Mr. Chairman, and the committee have enlisted in this initiative on behalf of veterans experiencing chronic homelessness.

While some believe that this initiative seems undoable, the new research and new housing technologies tell us the opposite. It is doable, and it is doable in the next 10 years.

Third, collaborating in interagency, intra-agency, and intergovernmental approaches with the private sector and faith communities as partners. And Dick is completely right, that the access to federal resources at the State and local level, that kind of coordination is essential in targeting homeless people in general, and homeless veterans, specifically.

Four, accessing the mainstream resources. The GAO report a few years ago indicated that there were 14 targeted homeless programs of the Federal Government valued at about \$2.1 billion, and there were mainstream resources available to homeless and poor people of hundreds of billions of dollars. That's why the case management resources in your bill makes sense. Case management should open the door to access.

Fifth, and finally, innovating new solutions based on performance outcomes. The President has called for the elimination of chronic homelessness, its abolition. These are the appropriate outcomes that we are seeking for homelessness.

No veteran should be homeless, no American should be homeless. And our efforts are not to manage the crisis, or maintenance the

effort, or to accommodate the wrongs. Our work is to bring this disgrace to an end. Thank you.

[The prepared statement of Mr. Mangano appears on p. 98.]

The CHAIRMAN. Thank you, Mr. Mangano, for your very eloquent statement, and for the good work you are doing on behalf of the homeless veterans.

I would like to ask you a couple of questions, and all of the panelists. Especially you, with the interagency organization, or advisory group, will you and can you encourage both the President, the VA to fully fund the Homeless Assistance Act, and to really look at it as a floor?

Even though we have numbers, a quarter of the legislation deals with the labor part of it. Knowing that training and matriculation from homelessness to a job is one of the basic tenants of ending this scourge, if we don't get the funding, and cooperation with the interagency with the Labor Department on that one, we are, obviously, hampering our ability to end this terrible homelessness over the next 10 years—and I would hope we could do it sooner than that.

On the loan guarantee program, it would be helpful for the advisory committee and the interagency group to make sure that aggressive means aggressive, and that we get more, not less, in terms of those loan guarantees.

I represent the City of Trenton. If it weren't for loan guarantees, so much of the housing stock that has been rehabilitated and the senior citizen housing would have never happened, had there not been that imprimatur placed on that loan that the Federal Government uniquely is qualified to provide.

As with our two previous witnesses—Mr. Boland pointed out so well—it doesn't happen unless the Federal Government gets involved. Then the leverage it provides is priceless, in terms of something that actually provides housing for our veterans.

Perhaps you might want to respond to that. When we wrote this legislation, we kept thinking, "This is not a ceiling, this is a floor. We want at least 500 section 8 housing units per year over the next 4 years, 2,000 in total, as a floor, not a ceiling."

Then we got very disturbing news from Secretary Principi that the appropriators aren't giving one whit to that—at least on the Senate side, if I understood his statement correctly.

Certainly Secretary Martinez and his staff, when they are working with the appropriators, as we will—Mr. Boozman had a good idea that we write a letter immediately, in a bipartisan way, to Secretary Martinez, as well as to our appropriations friends to say, "This is a bare minimum. We want at least this, and we want it now." So, perhaps you want to respond to that.

Mr. MANGANO. Well, thank you so much. I can say in my previous life as a homeless advocate, how well received and how excited we were by the bill that this committee worked on and moved through the Congress—it was a very important step—and that the work of this committee has had a very far-ranging impact on homeless policy, in general. It's not just the work that you're doing for veterans, it's also those themes that this committee has sounded.

And all of those themes should sound very familiar, those very themes that the council is working with: prevention, accessing

mainstream resources, collaboration, and innovation. Those are themes that should resonate with every member of this committee, because those are the themes that this committee has sounded.

So, we were very excited in the field, and I can assure you that one of the things that you learn in the field is that resources are directly correlated with the ending of homelessness. There is little question about that.

The one thing I will say about the section 8 vouchers is that, as you probably know, the President's budget actually requested 34,000 incremental vouchers. And I believe that the Senate version has many fewer vouchers than that.

So, perhaps that is also a point of advocacy, in terms of looking for the President's number so that, indeed, the number that you put in is more of a floor than a ceiling, for sure.

Mr. VAN KEUREN. I can certainly state again that, although there are no formal recommendations, obviously, to come forward at this point, the housing sub-working group, there was quite a scrap to see who was going to get on that because everyone had a great deal of interest.

And those that are on it—Kathy Spearman, from Florida, who is the chairperson, Ralph Cooper, Tom Gray, Sam Golburth, and Don Murrrough—are all very, very concerned, relative to the full implementation of the law, as well as the discussion that has gone on concerning intergovernmental cooperation and leveraging of resources.

So, again, it's premature, obviously, to have recommendations, but I certainly can, with full confidence, say that this issue is one of the hot button issues that the group is looking at and will be fully exploring.

Mr. SCHNEIDER. Rest assured, sir, that we are going to muster all the resources we can in Washington to push for that as a baseline, and just the beginning.

But I think one of the issues that we would like to address as a priority in that budget is to look at the \$750,000 for technical contract work, and to move it outside the agencies to a resource that we believe can most effectively deal with the commitment to work with community partners to get them ready for the budget cycles and for submitting grants, and doing the work that has to be done.

And we would strongly advocate that that money, as a priority, should be spent to begin that process for grants, and what have you, and we are going to recommend that organization that we think is truly the advocate of veteran homelessness, the National Coalition for Homeless Veterans.

The CHAIRMAN. Thank you. Let me just conclude before yielding to Mr. Evans. Ms. Boone, you made a number of recommendations that were adopted by us. We took your comments—I just looked at the date, it was September 20, almost a year ago today.

You said you were disappointed there were no provisions for technical assistance for homeless veterans. You took the lead on that one, to make sure that this was in the final legislation, we thank you.

I hope the advisory committee would include the NCHV in your deliberations—we have found them to be very, very helpful and

very knowledgeable—as we go forward. I was a little disappointed nobody was on the committee, or the group, from their organization.

Mr. VAN KEUREN. Mr. Chairman, as you mentioned, the National Coalition for Homeless Veterans is a—as a founding member, I am certainly aware of the importance of the organization, and of the energy that they bring to the table.

I believe everyone on the—almost everyone—on the committee is a member. And we will certainly strive very hard to assure that we incorporate into our process all their concerns. Did I say that right, Linda?

Ms. BOONE. Yes, you're doing good. (Laughter.)

The CHAIRMAN. Mr. Evans?

[No response.]

The CHAIRMAN. Mr. Boozman?

[No response.]

The CHAIRMAN. Mr. Filner?

Mr. FILNER. Thank you, Mr. Chairman, and thank you for the passion which you bring to this issue. It is good to see, as I said earlier, Mr. Van Keuren, and we miss you in San Diego.

Mr. VAN KEUREN. Thank you, Bob.

Mr. FILNER. I remember when you were out there begging for blankets and socks, and trying to get some doctors to do something, and politicians running away as fast as they could from you. And now, it's become institutionalized.

And now, as I said, now that's it's institutionalized, we know we can do it. And we should be able to do it without the 3-day focus. It's almost as if we will do it then and don't have to do it at any other time. You have been too successful.

But I have a theory, watching you guys. They take passionate people, they make them bureaucrats, and then they can't do anything anymore. And I am only half facetious here in that, look, you showed with the Stand Down that the community, man, it focuses on those 3 days, and it comes together and actually does something.

And yet it seems—and I don't want to contradict what the Secretary earlier said, that we are all doing some good things—but you have got a \$50 billion agency here, and they can't seem to just get the job done.

And the programs that we saw today that haven't been implemented, you have already got, Mr. Mangano—I am looking at your wording here—you talk about you're an abolitionist from, you know, Massachusetts, and then we have got you “facilitating,” and “collaborating,” and “managing,” and we're not doing anything, we're just sitting around putting these labels out.

I don't know what happens in a bureaucracy. I don't doubt anybody's good intentions. I think the people in the VA want to do good, and they are working every day on behalf of the veterans. But somehow, this bureaucratic framework prevents us from doing what has to be done, it just looks to me.

We get letters from employees, that they are afraid to say what's going on, because they're going to get fired. We get the tales of bureaucratic ineptitude. I can't figure this out, why you can do this

on a shoe string, literally, and yet \$50 billion can't seem to do what you did.

Mr. VAN KEUREN. Well, Mr. Filner, some of these questions are above my pay grade to answer, to be honest with you.

Mr. FILNER. What's going on here?

Mr. VAN KEUREN. But I can only tell you from, again, my own personal perspective, of having worked in the non-profit arena, and having—and now working in government, that the majority of the time it becomes about passion and about belief systems, and about a willingness to move beyond the regulation and into the reality of the service delivery.

And I don't have—you know, I don't know if anybody here has any magic dust to throw on this problem. I—my personal commitment to this, and the commitment of the people that I have seen on this working group, this committee, is that we are not fooling around here.

And we will tell the truth to whoever. We will tell the truth as we find it to the Secretary and to this committee. And I don't believe there will be any words minced about it. The ability of the bureaucracy to act upon that is beyond our control, Mr. Filner. But the ability of us to try to impart movement within that bureaucracy is not. And that's where I believe we will try to spend our energy.

Again, Bob, I remember walking with you down here before you were in Congress in the march for housing and all that stuff, and we having these same conversations. There is so many dollars, and so—and it's frustrating.

Mr. FILNER. Right. I watch you work and put things together, and it seems to me, Mr. Chairman, that, if you would accept my motion to make him Czar of the —he will take all the pieces that have to be done and get the job done, and you know, just do it.

Instead of all this facilitating, collaborating, I mean, it's just frustrating. We have all these good people around, we got all this money, and yet we have the situation you so eloquently described, Mr. Schneider, that we see every day around us. It's not right. And we can do something about it in America. We have got the resources.

I thank you for your passion. I just hope you keep imparting it to your colleagues. Somehow we have just got to get this passion, and get the job done. I mean, this is manageable. Mr. Smith, you know, brings passion, you all bring passion. We've just got to do it, and we are looking forward to you guys continuing your efforts.

I am sorry, Mr. Chairman, it's frustrating. I know you are frustrated, and I know Mr. Principi is frustrated. If you gave Van Keuren, a few years ago, a billion dollars, he could have solved the issue, I think, in America. And yet, it's not being done. Thank you.

The CHAIRMAN. Thank you. I do understand, because I feel it, too. I think we have got very good people. Almost like a soccer team. There is a team effort here with an enormous amount of good will, and we are trying to provide the resources. There are some of our own colleagues who don't have a clue.

Because of the lack of visibility that previous advocates, like Mitch Snyder brought to it, it seems like "been there, done that," or we get compassion fatigue very quickly when it comes to these

very important issues. This is one issue that I believe Secretary Principi has a real heart for, but he has an inner battle he has to fight.

We are on, I hope, the verge of a break-out. The tools are there, both with the law passed on the loan guarantees a few years ago, where we have now a very real commitment from the Secretary, plus our new law, the Veterans Homeless Assistance Act, good bipartisan support for it, and very, very good people who are going to be making additional recommendations. We look forward to those, and the key is in the implementation.

We look forward to working with all of you, and I want to thank you so much for the great work you do. There are no shrinking violets at this table. No potted plants, either. Thank you so much.

Mr. VAN KEUREN. Thank you, sir.

The CHAIRMAN. I would like to welcome our final and fourth panel to the witness table, beginning with Mr. John Kuhn, the chief of the New Jersey Homeless Services, Department of Veterans Affairs.

John has been of great impact, and has been very persuasive with me, personally, I would say to my colleagues, on what needs to be done. Like Ms. Boone, he was very helpful in crafting this legislation and putting me and members of the staff in very close contact with a number of homeless veterans, their success stories, and what needed to be done.

We have got Mr. Carroll Thomas, the chief Executive Officer of Middlesex County's Economic Opportunities Corporation. Mr. Thomas, welcome to the Committee. Mr. Scott Gaines, a veteran of the U.S. Navy, Ms. Winter Otis, a veteran of the U.S. Army, and Mr. Jerome McCoy, a veteran of the U.S. Marine Corps.

Please, Mr. Kuhn, if you could begin with your testimony.

STATEMENT OF JOHN KUHN, CHIEF, NEW JERSEY HOMELESS SERVICES, DEPARTMENT OF VETERANS AFFAIRS; CARROLL THOMAS, CHIEF EXECUTIVE OFFICER, MIDDLESEX COUNTY ECONOMIC OPPORTUNITY CORPORATION; SCOTT GAINES, VETERAN, U.S. NAVY; WINTER OTIS, VETERAN, U.S. ARMY; JEROME MCCOY, VETERAN, U.S. MARINES CORPS

STATEMENT OF JOHN KUHN

Mr. KUHN. Thank you, Mr. Chairman, members of the committee. I think it is helpful to start thinking about—to start with the achievements. As a committee, you have already begun to change the way people think about how we need to treat the homeless.

The committee's intervention on Operation New Hope, keeping that alive and active, these are important achievements. I think we can feel confident that whatever can be done at a national level is being done.

The three veterans who are here with me today, I am humbled by their experience, and what they have been able to overcome, and make use of these programs.

That said on successes, there is no substitute for will. At a local level, there is so much that has to be decided on and prioritized, and it is really at a local level where homelessness is addressed. Certainly there are funding needs that can only be met by Wash-

ington: cost of housing, the with the permanent housing issue, the issue of women and children.

But on a local level, there is much that can be done, if there is a will to do it. And that will requires leadership from the VISN and from a local director's level, which I am very fortunate to have that in New Jersey.

The kinds of programs we have been able to—I just want to talk about a couple of programs that we have been able to do. And one of the reasons why Carroll Thomas is here today is we have had a tremendous relationship in developing employment and housing for veterans.

As has been described, employment, it's a touchstone for homelessness. How can you talk about returning to the community when you can't afford to pay rent? Plus, I know myself—and I'm sure people on this committee and the staff behind you—you think of your job as, in some ways, defining yourself. It lends a measure to your self-worth, and your sense of meaning, to be able to come to work every day and do something that means something that's productive.

But if you have been incarcerated, if you have a felony history, if you haven't worked for over 3 years—all of which are very common in our population—we have a lot of people coming out on parole—good luck trying to find an employer who is going to take a chance in the somewhat soft economy on hiring you.

It's our obligation in the VA, at a local level, to take the initiative to work with the community to develop employment opportunities, whatever it takes. And that means working with community providers in finding very creative ways to start businesses, if that's what it takes. Start a business that is going to be dedicated to employing all those veterans. And that is just what we have done with Carroll Thomas in opening MAVERIC.

There are legislative initiatives that can be done that could expedite this. We have one thing in the VA—hopefully I'm not going to get too arcane—but there is a thing within the VA, there is this funding pot that almost every VA has from its CWT programs.

And the funding just basically sits untouched, because their self-definition the VA has placed on these monies is that it's very constrained how they can be used. And I don't believe, reading the regulation, that it was ever Congress's intent.

The money, if it's used in true risk-sharing, and truly partnering with the community—I'm not talking about give-aways of money, or contracting out with other agencies—but the VA helping nonprofits start businesses designed to helping the rehabilitation and employment of homeless veterans who could not get jobs otherwise, and that these businesses can then be self-sustaining, requiring no taxpayer support, and provide a meaningful job to the veteran and help the local economy.

What's not to like about that, particularly since all that's required is a slight regulatory reinterpretation—not even a real change. The money is already there, it's just the will to use it, the will to say, “We're going to take this chance. It's out of our comfort zone maybe a little bit, but is it going to help veterans? Of course it's going to help veterans.”

The worst thing that happens is we blow all the money putting it in the veterans' pockets employing them, and close up shop. And at least the money got out to the veterans. So, that's one example of how we can, on a purely regulatory level, take the shackles we have placed on ourselves—because, again, I don't think it's Congress, I think it's our own concerns about doing the right thing—but the right thing is helping the veteran.

I also—I brought one example of partnership, which I invite all the committee members and your staff to help yourself to. There is a big box of t-shirts. And this—we had a run, a Flag Day run, taking strides on homelessness, where the YMCA and us partnered, really, to increase community awareness and community participation.

And you all, of course, if you take a shirt, you have to come to our next Flag Day run. It's only a 5k, and we're going to have, like, a 3k walk this year, too, with it.

We have had tons of community sponsors help us, and it really has involved the community in a new way, because now they get to work with homeless veterans in setting this up, we had homeless veterans catering it, running the whole course, it was a nice event.

Did it make much money? No, we probably didn't make a cent, but it was a great event, and it increased community awareness. And it's just a small thing, but it's one of the ways we have to look to our community partners. It's been said again and again, the VA can't do it all. But you know what? The VA should exercise some leadership. And that happens at a local level every single day. We have to go out, find our community partners.

Listen to the veterans. They will tell you what we need, these veterans will tell you what we need. And the two things they say the most again and again in challenge reports—and not just in New Jersey, nationally—employment and housing, employment and housing, again and again. Treatment is vital, and VA is great at that, but we are not so great at creating jobs, we're not so great at running long-term housing.

But it doesn't mean we can't take leadership, and it doesn't mean we can't find great partners, like a Carroll Thomas in New Jersey, or a YMCA, who are just desperate, because it's meeting their community mission as well, to help the underprivileged. And it's just finding the right pairing. Thank you.

[The prepared statement of Mr. Kuhn appears on p. 103.]

The CHAIRMAN. Thank you very much for your testimony. When is the next run?

Mr. KUHN. The next run is Flag Day. It's easy to remember. Every Flag Day. You can take shirts for your staff, too, I've got plenty of them.

The CHAIRMAN. Mr. Thomas.

STATEMENT OF CARROLL THOMAS

Mr. THOMAS. I am going to admit that I am extremely nervous, but I am Carroll Thomas, and I am the president and CEO for the Community Action Agency in Central Jersey. Indeed, it's my pleasure to be here.

I am real proud of the House Committee on Veterans' Affairs, especially delighted that the chairman is from the Garden State.

Middlesex Economic Opportunities Corporation has been serving disadvantaged persons for about 37 years, and we run a host of programs designed to provide opportunities for persons to become self-sufficient.

But today I am here to talk about a partnership, a partnership between MCEOC and New Jersey's Veteran Services. This alliance has given a creative and comprehensive approach to servicing veterans, and it's appropriately referred to as MAVERIC, Moving American Veterans into Employment and Residence in the Community.

The cornerstone of MAVERIC is providing opportunity and comprehensive services in a meaningful way, employing them with dignity and honor and respect.

MCEOC has purchased foreclosed properties, and through the VA partnerships, we have rehabilitated these properties, creating transitional housing in support of communities. Veterans are employed by the agency or within the community. In other words, this is a win-win situation for the veterans, taxpayers, and MCEOC.

The veterans become immediately contributors to the society. They are partnered in such things as business operation in the thrift shop in Bound Brook, a horticulture business, we are presently renovating the historical train station for a novelty shop where eight veterans will be employed.

Next spring, we will be opening up a golf driving range that will provide full-time employment with a living wage. January of 2003, we are going to open up a computer recycling business to help bridge the digital divide for low-income families in our communities. We also assist in transportation, because we all know that access to service is a must.

The veterans partnership will finish in October building the first Head Start center in Carteret. Without the VA support in the construction part of it, we would not be able to do this.

Tomorrow, however, I will return to New Jersey to power the new program called "Community Land Security. It will employ one vet who will educate the entire—who will be responsible for educating the untutored in our Nation on the anti-terrorist efforts.

Accompanying me today is Derrick Span, who is our president of the National Community Action Partnership. The Community Action Partnership consists of over 1,000 agencies across the country offering a comprehensive array of services to 10 million Americans. Community Land Security is Mr. Span's initiative, assuring the most vulnerable population in our community are included in the anti-terrorism efforts.

There could be no greater service than to have veterans continue to serve their country in this mission. We, in community action agencies, know that if there is going to be a bio-terrorism incident in our country, it's going to happen in our communities first.

I wish that I could put more eloquently into words the work of John Kuhn and the veterans staff and MCEOC, the difference that I believe that they are making. It's the entrepreneurial nature by staff members through business development stabilizing communities, rebuilding homes, preserving permanent housing structures, and building Head Start centers.

As a part of our partnership, we work with another national organization, the Afro-American Community Action Leaders, who help develop the infrastructure for the community action agency in Middlesex to deliver programs.

MCEOC is real excited to be partnering with John Kuhn to pilot a women's transitional housing program. Nothing could be a better partnership than having Head Start and women veterans' partnership.

I want to kind of go slightly from the text and say that the partnership worked because all of us were willing to forget who we were, in terms of it was not the veteran, John Kuhn, it was, "Let's all get busy and do it." And we all shared some risk.

And as my national organization changed its name to the Community Action Partners, I didn't understand it until I sat here and listened to everybody talk about all the laws and regulations. Well, we did this with existing laws, you know, we decided we would forego some other projects, set some other priorities.

But if we all look outside the box, and all drop whatever our egos are, whether it's—it can work. And I have been in this movement for 17 years. I have been in community action for all of those 17 years. And I have never seen a product that could be replicated as quickly and as easily as this.

I ask the committee—there is a silent partner here that no one talks about. That's the community services block grant that is community action agencies, and there is no replacement, there absolutely is no replacement for the right people at VA.

So, I just want to thank John and the staff, because we're going to get a Head Start center. It has nothing to do about VA. But what a nice magic. The nice thing about it is it's going to be named after a black vet who actually helped free Normandy in World War II.

I apologize for my nervousness, my text is actually better than that, but I—this is a big thing for me, okay? Thank you. (Applause.)

[The prepared statement of Mr. Thomas appears on p. 106.]

The CHAIRMAN. That was wonderful testimony, thank you. Your full written statement will be made a part of the record. Thank you for your fine work.

I would like to ask our next panelist, Mr. Gaines, to proceed.

STATEMENT OF SCOTT GAINES

Mr. GAINES. First of all, I would like to thank you for having us here today, and for allowing us the opportunity to give back by participating on this panel.

I once read in a book of daily meditation that wherever you find your feet, your mind puts you there. Of course, this statement is not absolute or even exclusive to those who suffer from the disease of addiction, but I made that reference to say that I have no excuse as to why drugs became a primary focus in my life.

I do have theories concerning this, based on education given to me by the VA. But I am here to say that, had it not been for the intervention provided by programs of the Veterans' Administration, I would be dead, or even in prison.

My road to recovery began in the hallway of the East Orange VA Medical Center. I was on the waiting list for inpatient care at the drug and alcohol rehabilitation unit. I had 3 days clean, and I was in outpatient care until a bed became available.

But I was still living in the crack house. I had nowhere else to go. My family no longer trusted me because of my addictive behavior. I was sitting there thinking, "How long can I stay clean, living in a crack house," when every day I came from the hospital I was confronted with drugs?

I had to lock myself in my room until it was time for me to go back to the hospital the next day. And I didn't know how long I would be able to continue to do this, when a man walked up to me and asked me, "So, what's your problem?" And I told him exactly what was on my mind.

He asked me to step into his office. We sat down, and he began to punch the keyboard on his computer, and then he asked me if I could handle staying there one more night, because he was getting out of there and admitting me in the morning.

I couldn't believe that someone actually wanted to help me, someone who had very little hope of being anything other than what I was. He hugged me and told me this was the beginning of the rest of my life, and he said now the rest was up to me.

I completed the 21-day program in 29 days, and I was termed a "chronic relapser." And it was suggested that I needed more treatment. So they sent me to a domiciliary program at Lyons VA Medical Center.

And that's where the work began, getting in touch with who I was and what I truly wanted out of life. Lyons VA Medical Center offered a complete program for a homeless vet that not only focused on drug and alcohol addiction, but they deal with teaching viable job skills. They also deal with the problem behind the problem.

We didn't wake up one day and say, "I want to be a drug addict today." Something distorted our thinking, which dictates our attitudes and behaviors. I completed the program at Lyons in 4½ months.

From there, I went into the VA transitional housing, which is what I call the last phase of the program. It enables a person to reacquaint himself or herself with the daily rigors of life. Everyone in the house has a job, and we share the responsibility of the maintenance of the house.

Today I have my own place. It's not a big place, but I am grateful for it, nevertheless. Today, 2 years later, I am the receiving manager of Home Depot, a place where people look to me for leadership. They allow me to run my department as I see fit.

Today, my nephews and nieces run to my arms when I visit them. My sister says that's because I'm a big kid, too. But I will take it any way I can get it. And the glow that I see from my mother's smile is priceless.

Recovery is a personal issue for me. It's not something that I ever thought I would be speaking about in public. But because of the fellowship of which I am a member, I have learned that it's not about what people say about you, or your past, but how you respond to what they say. And it's not about where you live, but how you react to the environment in which you live.

It's amazing to me to think where I came from, in a spiritual sense, and where I am today. I thank my Lord for giving me hope, and for the VA for providing me the place to gain more hope. Thank you. (Applause.)

The CHAIRMAN. Mr. Gaines, thank you very much for, obviously, what was a very painful story to tell. I have to tell you, you do inspire us to do more.

It was asked: what has the VA done? Well, the VA has done a lot, and a lot of caring people have made sure that they are there for you. The key is making sure that for everyone who might find themselves in need of the service, that it be there.

That's our burden, obligation, and duty—to make sure that all that can be done is done. Thank you for having the courage to be here, to make that presentation. It certainly motivates and inspires us.

Mr. GAINES. Thank you.

The CHAIRMAN. Ms. Otis.

STATEMENT OF WINTER OTIS

Ms. OTIS. Ladies and gentlemen, my name is Winter Otis, and I am here today to represent the women in the domiciliary at Lyons VA, New Jersey.

It's a great honor to be here. The domiciliary at Lyons has given me so much hope about having a bright future, that it's much—it's really nice to be able to share that experience with you today.

But I just arrived about 6 months ago. I was just another broken-down veteran who was homeless and in need of help. I never, in my wildest dreams, dreamed of coming to Washington to speak before a committee in regard to the plight of female homeless veterans.

The program at Lyons is the reason I am here, and mainly because of all the support I have received from the chief, Mr. John Kuhn, and the rest of the staff. The program at Lyons has a wide range of services to help us get our lives back on track: health, work readiness, drug and alcohol counseling, spiritual counseling, computer labs, compensated work therapy, nursing assistant training, as well as working hand-in-hand with a patient rehabilitation, and also helping us secure employment in surrounding communities.

After treatment, and when it's time for us females to enter society, it's much harder for us, as opposed to our male counterparts. We don't have transitional houses to go to. Usually, we have to go back to the same environment that we came from, and that usually leads to disaster.

Having to go back to the same environment makes it much harder for us to recover from our addiction, and rebuild our lives, because all the same problems that we had to face are once there again.

They say recovery is about staying away from people, places, and things. The women veterans are in dire need for a permanent transitional residence, a low-income housing section 8. All we want is the same opportunity for recovery as our male counterparts.

I personally feel that if we had more accessible transitional dwellings, our relapse would drop, our rate of relapse would drop.

I speak for myself, as well as my fellow female veterans who served this country proudly. I cannot express to you the urgent attention that is needed in this matter. It has been an honor to represent the female alliance by coming here today and having the chance just to express my views to you.

Ladies and gentlemen, I would like to thank you for your wonderful reception, and the chance to express my views to you. This day has truly been an honor for me, and truly makes me proud to be an American. May God bless each and every one of you. (Applause.)

The CHAIRMAN. Ms. Otis, thank you for your testimony, and for ensuring that we not forget the female veteran who is on the streets.

We have had some previous women veterans testify before, and it helped us in crafting this legislation to put in a specific provision to ensure that female veterans are not forgotten. In percentage and numbers terms, obviously, the men far outnumber the women. But that doesn't mean they are any less valuable and important to this Committee, and to the provision of service.

Thank you for your testimony, and for helping us keep that focus, and to keep us on the ball.

Mr. McCoy, if you would proceed?

STATEMENT OF JEROME McCOY

Mr. MCCOY. Good afternoon, Mr. Chairman, panel members. I would also like to thank this committee for allowing us to come down here to speak. After listening to two former veterans, I mean, I'm overwhelmed.

As far as the domiciliary is concerned, I was listening to you speak earlier when you started out by saying the teeth—and I do have a set of teeth that fit, compliments of the VA. Very important.

You spoke about prison. I also am a member of that club. I graduated domiciliary after staying there for about 18 months. Mr. Kuhn—I have had the opportunity to work with Mr. Thomas. Things have just been going great for me.

I couldn't help but overhear when you spoke to the Secretary about the voucher program, because I'm in the last phase of this program, being introduced back into society. I'm permanently working—I completed a nursing assistant program at the VA, I worked on the construction aspect as a foreman, we built a greenhouse there.

But this program that John just instituted, it was five veterans from the domiciliary CWT program. And we completed it, and the VA, they hired 25 permanent personnel. And out of the five CWT workers, I believe we maintained the highest score in those that were hired.

There is just so much, I can go on, but Scott, you just got me overwhelmed. It's just—it's amazing. I've been able to accomplish a lot, like I say, spending time in prison, coming home. I have been able to get my license back. I have an associate's degree.

I was going to say drugs and alcohol ruled my life, but I guess if it wasn't for what I went through, I wouldn't be where I'm at. So, it's just amazing I'm down here, coming from prison, speaking in front of a panel. You were right.

It's important that this domiciliary program maintains its funding, and like, in the wake of what's going on now, with this 9/11, you know, these young guys going out here, and it's inevitable. The way of life as we know it is going to be changed.

You know, these young men, if they're going to be doing battle for this country, I guess they're going to want some incentive, you know, to know that their country is behind them.

And I didn't think I was going to break up like this, but just thinking about it overwhelms me.

I just wanted to thank all of you and your efforts, and John Kuhn and Mr. Thomas, for giving me the opportunity. Like I said, I'm in the last phase of the program. And being that the Senate Committee had the voucher program on hold, I mean, that's not going to deter me, but it would make things a lot easier.

However, I just recently have been called in to do an interview with the VA. And they're probably going to bring me off of permanent employment. And I am just going to continue to hold my head up and do what I have to do. Thanks for letting me speak. (Applause.)

The CHAIRMAN. Mr. McCoy, thank you, as well for that excellent testimony, and for reminding us what it's all about. You are really a success story, and it makes us want to double all of our efforts, to make sure that no one is left behind.

Tonight, there will be many homeless veterans on the street. The estimates vary minimally, at 250,000, upwards of 300,000.

I'm not sure what the actual number is, but every one of those men and women could be success stories. Any one of us could be down on our luck at any given time in our lives, and be in need of assistance, a hand, a good, friendly hand-out to help us help ourselves. You have become an inspiration to help others. We want to thank you all of you.

The testimony that we have received—especially from you who have fought the good fight and made it—and your tears really become inspirational. We need to do all that is humanly possible to make sure that no one is left behind.

The collaboration that John Kuhn and Mr. Thomas have demonstrated is another one of those partnerships that make it all happen. You mentioned the community development block grant. We need to find more and more spigots to make it happen.

One aspect of this bill was to get those community-based organizations and the State-based organizations, which have done yeoman's work for so long, under-heralded, Under President Bush, there is a greater emphasis on that.

Your testimony answers all the questions, but the centrality, or the importance of faith in getting through this, we know that AA, AlAnon, Gamblers Anonymous, all of them, very often in their multiple step programs, do put an emphasis on the higher power. Was that of relevance to you, in helping you as well, Mr. Gaines?

Mr. GAINES. Yes, it was. I always believed in a higher power, but I had gotten away from certain values that I was raised to believe in, due to low self-esteem and other issues.

But I don't believe in coincidences any more. I think everything is designed by my Lord, and that's basically it.

The CHAIRMAN. Yes?

Mr. THOMAS. Mr. Chairman, one of the reasons the Department should work so well—because we still have people saying, “Not in my neighborhood,” in terms of transitional housing, and we do have a house in our governor’s neighborhood right now—and one of the things that we did was to assure that we had a faith-based partner that would support the house and help explain the house, and what’s going on.

And we have only had to use it one time, when we thought that we were going to have a “not in my neighborhood” syndrome going on. But that’s why it really is about losing its identity, because the faith-based partners can do what faith-based partners should do. “And as for me and my house, I am going to serve the Lord.”

And the more we bring people closer to the actual elements of the community, the better we are. And that is including making sure that the 12-step programs are tied in, and are accessible. So there is a real role. And I think it is the community services block grant.

The community development block grant is one that is often passed on to municipalities, and we have some real problems with that one, because it does not reach the grass roots levels. East Brunswick ain’t housing in Monroe Township, okay? There is a big difference. And so, it’s the community services block grant. I’m sorry.

The CHAIRMAN. No, that’s good. Thank you. If nothing else, I would just like to thank you. The scripture you quoted, Mr. Thomas—if you walk into my front door, my wife and I have that—

Mr. THOMAS. Amen.

The CHAIRMAN. “As for my house, we will serve the Lord.” I do believe that apart from Him, I could do nothing, either.

The one thing that I have learned in my walk, and I am almost 50 years old, is that we kid ourselves if we think we could get through this life without God and without a higher power. (Applause.)

The CHAIRMAN. Thank you for your tremendous testimony. We will fight hard, going forward. Your inspirational stories will be of great impact because we use them, believe me. We use them, in talking to our colleagues who didn’t get to hear you today, to let them know what it’s really like, and of the great unmet need. Thank you. Hearing is adjourned.

[Whereupon, at 4:22 p.m., the committee was adjourned.]

A P P E N D I X

Statement for Lane Evans
Ranking Democratic Member
Oversight Hearing Concerning the Implementation of Public Law 107-95,
the Comprehensive Veterans Homeless Assistance Act of 2001, and other
matters dealing with assistance to homeless veterans
September 12, 2002

Thank you. Mr. Chairman, last year, you and I successfully coordinated our two separate pieces of legislation assisting homeless veterans to develop a comprehensive strategy. Together, I believe we established an array of services that holistically meets many of these veterans' needs. I know you are as proud as I am of the legislation we crafted and I am pleased you are holding this hearing so that we may hear from VA and others as to how it is being implemented.

One of my main goals in working on Public Law 107-95 was to fortify and expand some of VA's existing mental health and substance abuse programs. These programs are the bedrock of long-term efforts to rehabilitate homeless veterans. Without them, all the housing in the world will not end veterans' homelessness.

Unfortunately, we have ample evidence from a number of internal VA reports that mental health programs have been seriously eroded in recent years. To date, we have not received the 2001 Capacity Report due this past April. This is particularly troubling since the 2000 Capacity Report raised a number of unsettling questions for Committee on Care of Severely Chronically Mentally Ill Veterans. This February, the Committee still found the "care of veterans with serious mental illness is at a critical juncture...From this critical juncture, VHA can follow a path toward further erosion of mental health services or a path toward enhanced care of those veterans at the core of its mission." It underscores a number of necessary actions for VA to take to strengthen its core services.

It was also my goal to inspire some innovation in the development of programs to serve homeless veterans and fill voids in VA programs that serve them. For example, I requested a number of grants to be competed among VA and its non-profit homeless providers that would address the special needs of homeless veterans who were terminally ill, seriously mentally ill, frail elderly or women. I understand there has been tremendous

interest from the field in this program and anticipate that it will provide many innovative treatment models for these homeless veterans care.

In addition to last year's legislation, we want to hear about progress on VA's implementation of authority to provide new loans for multifamily transitional housing programs. The President signed this provision into law almost four years ago on Veterans' Day in 1998 and, on October 20, 1999, almost three years ago, approved the funds for it.

While VA has a long history with its home loan guarantee program, housing for homeless veterans is a relatively new area for VA although it is well known as a great need for homeless veterans. On February 20, 2002, the Community Homeless Assessment, Local Education and Networking Groups (CHALENG) For Veterans estimated a need for more than 14,000 transitional beds and an even greater number of long term beds for homeless veterans. I believe the multifamily transitional housing program could be vital in meeting veterans' needs for housing through their difficult days between getting off the street and reintegrating into mainstream society.

As I understand it, HUD has agreed to designate some of the vouchers for low-income (Section 8) housing for veterans; we worked closely with our authorizing Committees to assure that the authority we gave HUD through PL 107-95 would be used. Unfortunately, the Senate Appropriators did not fund any undesignated vouchers in its mark of the VA-HUD bill. I want to work closely with our colleagues on the House side to assure that they work with us to provide these vouchers to veterans.

This Summer, we lost former Secretary of Veterans Affairs, Jesse Brown, a beloved veterans advocate, who frequently referred to treatment of homeless veterans as VA's "fifth mission". It is now Secretary Principi's intention to make programs for homeless veterans a high priority. While I expect that we will hear some good news today I want to be assured that we are making adequate progress toward our goal of eliminating chronic homelessness in a decade. The clock is ticking....!

PREPARED STATEMENT OF CONGRESSMAN RODRIGUEZ

Thank you Mr. Chairman and Ranking Member Evans for hosting this important hearing.

I would like to thank my colleagues on this committee for joining together on a bi-partisan basis to support the passage of PL 107-95.

The Homeless Veterans Assistance Act, which provided the Department of Veterans Affairs with the authority to consolidate its efforts to provide health care, housing and employment training, and other benefits and services to homeless veterans, is certainly an important first step in what must be a comprehensive approach to ending this shameful problem.

As I review the statistics on homeless veterans, I am especially concerned with the issue of "chronic" homelessness, a tragedy which is far too common among those who should be our most honored Americans, our veterans.

I strongly support the goals set by Congress to end chronic homelessness among veterans nationwide within the decade.

Because of these significant and pressing issues that I am especially anxious to learn directly from Secretary Principi the progress the Department of Veterans Affairs has made in moving swiftly to enact the essential provisions set forward by Congress and signed into law by the President in PL 107-95.

In addition to Secretary Principi, I am also pleased that we have with us today a collection of practitioners from around the country who are all working through a variety of private and public agencies, all committed to ending this complex and challenging issue.

I would like to thank everyone in advance for your participation and responsiveness throughout today's hearing on this issue of critical concern to all Americans.

PREPARED STATEMENT OF CONGRESSMAN MILLER

Thank you Mr. Chairman.

I am pleased to be with you today. I would like to thank Secretary Principi and the other distinguished panelists for their testimony today. Your input is invaluable to us as we attempt to do what is right and best for our veterans. I also want to thank you for your vigilant advocacy for our nation's homeless veterans population, and for stewarding the Comprehensive Veterans Homeless Assistance Act through Congress and on to become law. Just as does this Committee, our homeless veterans owe you much gratitude for your dedication to this issue through the years.

The increasing occurrence of homelessness amongst our nation's veterans is of growing concern to the Members of this Committee, and I thank VA and all of you here today for your timely work in implementing Public Law 107-95 in the nine months that have passed since President Bush signed this landmark legislation. But there is much work yet to be done, and I look forward to hearing today what is to come. We must fulfill our obligations to care for those who place their lives on the line to defend our nation, our people, and our principles; and to do so we must be willing to provide the needed resources. I am confident that we are on the right track, but rest assured that we are by no means done.

Again, I look forward to your testimony today and thank each of you for your assistance as we do our duty for our nation's finest.

Statement of Congressman Tom Udall (NM-3)
Full Committee Oversight Hearing Concerning
the Implementation of Public Law 107-95
09/12/02

Chairman Smith and Ranking Member Evans:

Thank you for holding this hearing today to allow us the opportunity to hear testimony regarding one of the most important, yet tragic, issues facing many of our military veterans today – chronic homelessness. I would also like to thank Veterans Affairs Secretary Principi, as well as all the distinguished witnesses, panel members, and Veterans that have joined us here today.

For far too long, too many of the men and women who have served in our nation's military have been homeless. Two days ago, Ronald F. Conley, National Commander of the America Legion, testified before a Joint House/Senate

Veterans Affairs Committee hearing. Mr. Conley estimates that currently there are nearly 350,000 homeless veterans in America, wherein more than 40 percent suffer from mental illness, and 80 percent have alcohol or other substance abuse problems. These figures reflect the chronic homelessness among veterans that compelled Congress to enact the “Homeless Veterans Comprehensive Act of 2001.”

Last year, I stood in strong support of this measure and cosponsored it. Today, like many others, I am concerned about the Veterans Administration’s sluggishness in the implementation of this important legislation and its predecessor, the “Veterans Transitional Housing Opportunities Act of 1998,” enacted nearly four years ago. As written, these acts

recognize the necessity for transitional housing for homeless veterans during the rehabilitative process from living on the streets to reintegration into society. This is accomplished through the treatment of the veteran's illness or substance abuse problem, followed by vocational training and ultimately, employment and permanent housing. However, the non-implementation of these legislative mandates is in effect withholding the funding necessary for such rehabilitative programs.

The veterans homelessness issue transcends partisan positions and district boundaries. In my state, veteran homelessness is as recognizable in Las Cruces as it is in Albuquerque and Santa Fe. In New Mexico, the need for immediate

implementation of funding is best illustrated by a veterans recovery program called Rehabilitation Services and Veterans Programs (RS&VP).

Five and one half years ago, Martin Cordova was a homeless veteran living on the streets of New Mexico. One day, he picked himself up by his bootstraps and decided to fix his life and others in the same situation. He opened RS&VP, a “bootcamp” style rehabilitation/reentry program for homeless and ex-convict Vets living on the streets of New Mexico. The program is staffed by previously homeless and drug/alcohol addicted Vets, and exerts a strict zero tolerance policy. Ironically, RS&VP is currently being kept alive by a tavern.

The rent paid to RS&VP by the bar next door is currently sustaining Mr. Cordova's program. Although the tavern's support is critical to RS&VP, common sense dictates that recovering alcoholics and substance abusers should not be near a bar. However, absent grants and federal funding, the rent money is the primary source of financial support keeping the RS&VP from closing. As a result, the homeless Vets currently in the RS&VP program are literally relying on the bar to facilitate their rehabilitation.

I commend Mr. Cordova for his efforts and strongly support the creation of similar additional shelters throughout New Mexico. The passage of the "Homeless Veterans Comprehensive Act of 2001" was a critical step

in addressing the shameful condition many of our Vets currently face. Consequently, its funding provisions must be implemented so that it may truly benefit our homeless veterans, the often forgotten and discarded souls who sacrificed so much in defense of our nation's security, liberty and democracy.

**Statement of
The Honorable Anthony J. Principi
Secretary of Veterans Affairs
Before the
Committee on Veterans Affairs
United States House of Representatives**

September 12, 2002

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the Department of Veterans Affairs' (VA's) programs and services for homeless veterans. As you requested, I will focus on the progress VA has made in implementing programs and services authorized by the Homeless Veterans Comprehensive Assistance Act of 2001, Public Law 107-95 and on our implementation of the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans Program.

Public Law 107-95 is the most comprehensive law that has been enacted to address the needs of homeless veterans. It consolidates VA's authority to provide health care, housing, employment training, and other benefits and services to homeless veterans in a new Chapter 20 of title 38, United States code. It also enhances existing VA programs for homeless veterans and further provides for new joint Federal initiatives targeted at preventing homelessness among the most vulnerable veterans.

With this legislation, Congress has identified ending chronic homelessness among veterans within the decade as a national goal. We believe that the authorities provided by Public Law 107-95 will greatly assist in that effort. However, it will take significant resources to implement many of these provisions. Many of these programs must be weighed against other VA health care priorities.

President Bush signed Public Law 107-95 on December 21, 2001; less than nine months ago. Since then, we have made good progress in implementing the programs authorized by this law.

Homeless Advisory Committee

On April 12, 2001, I announced the creation of VA's Advisory Committee on Homelessness Among Veterans. Robert Van Keuren, the Coordinator for Homeless Veterans Programs in Network 2, chairs this 15-member committee. The remaining members of this committee bring together a wide range of knowledge and experience in serving homeless veterans. They represent Veterans Service Organizations, and faith-based and community-based service providers, they have years of experience in mental health and substance abuse treatment, employment training and vocational

rehabilitation. Many represent organizations that are recipients of VA, Department of Housing and Urban Development (HUD), and Department of Labor (DOL) grants that have allowed them to develop successful programs for homeless veterans. They are committed to working with VA to enhance and improve services for homeless veterans.

The committee held its first meeting in Washington, D.C. in early June and plans to hold its second meeting next week in Cleveland, OH. It has formed subcommittees to address health care, benefits, and partnerships. I look forward to receiving the Committee's first report early next year and plan to forward that report to the Congress along with my recommendations by June 30, 2003.

Interagency Council on Homeless – Federal Relationships

The administration has been very focused on making government work better to address the needs of citizens who find themselves homeless. VA is a vital partner in these efforts.

President Bush has revitalized the United States Interagency Council on the Homeless (ICH) and VA is an active participant. We held the first cabinet – level meeting in six years on July 18, 2002. Mr. Philip Mangano, the executive director, has experience both as a provider and advocate on behalf of the homeless. The Secretary of the Department of Housing and Urban Development, Mr. Martinez, brings strong leadership to the council, and I will be an active partner.

This Administration has aimed to end chronic homelessness in a decade. While this is an ambitious request, VA and the ICH are actively pursuing this goal.

VA, the Department of Health and Human Services (HHS), and HUD have developed a working definition of chronic homelessness: “an unaccompanied adult homeless individual with a disabling condition who has either been continuously homeless for a year or more or has had at least four episodes of homelessness in the past three years.” This definition is significant because it focuses national attention on those with the greatest needs. As you know, a significant percentage of the chronically homeless are veterans.

We have been working closely with HHS and HUD to partner with Federal and state efforts to assist homeless persons through state-level policy academies that bring decision makers together to plan comprehensive strategies to aid all homeless persons in their states. VA participated in a policy academy about the best practices for ending chronic homelessness. Others are scheduled in the next fiscal year. Also, a national meeting involving all states and significant Federal agencies targeted to assisting the chronically homeless is being planned.

VA is actively working with HUD, HHS, the Departments of Justice, Labor, and Agriculture and the Internal Revenue Service on a variety of issues to improve veterans' access to homeless related services and homeless prevention services.

Homeless Providers Grant and Per Diem Program

The Homeless Providers Grant and Per Diem Program has been one of VA's most successful programs in addressing the needs of homeless veterans. This program allows VA to assist state and local governments and 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. Since the program was authorized in 1992, VA has obligated \$63 million to the grant component of the program. These funds are helping to develop 5,700 transitional housing beds and 17 independent service centers, and helping to purchase 128 vans. These projects are in 45 states and the District of Columbia. To date, 3,400 of the 5,700 grant-funded beds (60%) have become operational. It is expected that over 7,900 episodes of care will have been provided in those beds by the end of this fiscal year.

In addition to community-based beds that have become operational as a result of VA grants, VA supported the dedication of existing community-based beds to homeless veterans through a 2-year "Per Diem Only" award in FY 2000. Approximately 1,200 beds in existing community-based programs were supported under this initiative, and it is expected that 2,800 episodes of care will have been provided to homeless veterans by the end of FY 2002.

As a result of the success of the Homeless Providers Grant and Per Diem Program and its cost effectiveness as compared to the contract program, VA is shifting \$13.5 million from contracted community-based residential treatment to the Grant and Per Diem Program. There is no appreciable difference in outcomes between homeless veterans placed in contracted beds and homeless veterans placed in per diem funded beds, and the cost per episode in per diem funded beds is significantly less.

In addition, VA's budget for FY 2003 identifies an additional \$8 million for expansion of faith-based and community-based services for homeless veterans under the Grant and Per Diem Program.

In June, VA announced the availability of "Per Diem Only" funding. Over 270 applications for funding were submitted from applicants in 45 states and the District of Columbia. Funding was requested to support approximately 5,800 beds for homeless veterans. Approximately 25% of the applications were submitted by faith-based organizations. It is clear from this response that there continues to be a great need to work with our community partners to develop transitional housing for homeless veterans across the country. We expect to announce the Per Diem Awards in October.

Public Law 107-95 has made significant changes to the Homeless Providers Grant and Per Diem Program and has given VA additional grant authorities. Specifically under the law, VA can:

- Recapture unused grant funds.
- Pay for the full cost of a day of care, not otherwise covered by non-VA funding, up to the State Home Domiciliary rate.
- Offer technical assistance grants to assist eligible organizations apply for VA grants and grants from other Federal and state agencies in order to develop programs for homeless veterans.
- Offer grants to grant and per diem recipients to assist them in serving segments of the homeless veteran population with special needs (women, including women with children, chronically mentally ill, frail elderly and terminally ill)
- Offer grants to existing grant recipients to assist them in meeting national fire and safety codes.

We have prepared draft regulations to address changes to the existing program and set forth the rules that will govern the new grant programs. The draft regulations are going through a final review in VA and we expect to send them to OMB this fall.

In addition, VA medical centers' Fire and Safety Engineers have worked with our existing grant recipients to identify deficiencies in compliance with national fire and safety standards and the cost of correcting those deficiencies. A report of these findings has been forwarded to the national Grant and Per Diem Office and VA's Office of Facilities Management for final review. This information will assist in preparation of the grant offering to assure that existing grantees can improve their programs to meet federal fire and safety standards. A preliminary review of the information by existing grant recipients suggests that approximately \$3.5 million in grant funds will be required to assist the effort.

We are also making internal changes to improve our management and oversight of the services provided by our grant and per diem recipients. The following actions are in process:

- VHA is preparing a directive that will outline administrative and clinical responsibilities for VA medical center staff that are assigned as liaisons to grant and per diem funded programs. This directive will also outline annual inspection procedures to include fiscal, clinical and safety reviews of operational community-based programs.
- VA medical center staff that serve as liaisons will be required to file annual financial disclosure statements, which includes an ethics training requirement.
- VA's Northeast Program Evaluation Center (NEPEC) continues to closely monitor outcomes for homeless veterans who receive services in per diem funded programs.

Coordination of Outreach Services for Veterans At Risk of Homelessness

Both internal and external efforts are underway to address the needs of veterans at risk for homelessness that are being released from institutions after inpatient psychiatric care, substance abuse treatment, or imprisonment.

The Director, Homeless Veterans Programs is involved in regular meetings with staff from the Department of Justice and the Department of Labor to develop a coordinated plan to assist incarcerated veterans transition from jails or prisons. VA is reviewing a Memorandum of Understanding (MOU) that would allow VA staff to provide technical assistance to the Department of Justice on matters relating to release of veterans from penal institutions.

The Departments of Justice, Health and Human Services, and Labor have agreed to provide grants to public and private sector organizations to assist individuals released from prison to reintegrate into society. Since veterans are approximately 10-15% of the prison population, it is expected that these grant funds will assist many veterans who would be at risk for homelessness upon release from jails and prisons.

VA expects to assist incarcerated veterans primarily through the provision of transitional housing made available through the Homeless Providers Grant and Per Diem Program.

VA's staff of the Health Care for Homeless Veterans (HCHV) Programs is conducting outreach to veterans who recently spent time in inpatient treatment settings and in penal institutions. In FY 2001, HCHV staff contacted 44,845 veterans through outreach. Of those contacted, 18.3 percent (approximately 8,200 veterans) had spent time in a hospital or residential treatment facility in the 30 days immediately prior to the outreach contact. In addition, about 7.4 percent (approximately 3,300 veterans) contacted had spent time in prison or jail during the 30 days prior to outreach.

Several of the HCHV programs, including those at Greater Los Angeles Health Care System, New York Harbor Health Care System, VAMC Albany, N.Y. and VAMC Columbia, S.C. have initiated formal outreach initiatives to veterans in jail. In a very unique initiative, the Los Angeles County Sheriff, Mr. Lee Baca, has established a 96-bed unit for veterans within the Los Angeles County Jail. VA staff work with veterans in this unit to assist with their transition to the community and to link them to VA health care services upon release.

To facilitate services to homeless veterans, each of VA's 206 Vet Centers has an identified staff person who functions as a homeless veterans coordinator. In Fiscal Year 2001, the Vet Centers saw approximately 130,000 veterans and approximately 10,000 of the total veterans seen (8%) were homeless. Over 21,000 visits were provided to homeless veterans by Vet Center staff. In addition, Vet Center staffs made over 31,000 referrals on behalf of homeless veterans to VA and non-VA mental health and primary care services, VA and non-VA employment services, family support services and

community programs that provide shelter and other basic services. A recent survey of Vet Centers conducted by the readjustment Counseling Services in VACO found that 153 Vet Centers conducted outreach to homeless veterans in homeless shelters and 109 Vet Centers conducted outreach to incarcerated veterans.

VA Central Office staff from the Mental Health Strategic Health Care Group, Readjustment Counseling Service, and the Veterans Benefits Administration is planning to meet to assure more coordinated efforts to homeless veterans and veterans at risk for homelessness.

Domiciliary Care Programs

VA's Domiciliary Care for Homeless Veterans (DCHV) Programs is an important component in VA's continuum of care for homeless veterans. Over the past 15 years, VA has established 35 DCHV programs with a total of 1873 beds. These programs are designed to provide biopsychosocial rehabilitation to homeless veterans who have medical problems, psychiatric disorders or both. In FY 2001, 5,498 homeless veterans were treated in DCHV programs. Of those who were treated, 80% were either housed at discharge or placed in another residential care program and 53% were either competitively employed or engaged in a Compensated Work Therapy (CWT) Program at discharge.

I am pleased that VHA, even with very good national outcomes associated with the DCHV programs, is taking steps to identify and correct programmatic concerns. For example, VHA has established a Board of Advisors made up of service chiefs and former chiefs of domiciliary care programs to serve as consultants and advisors to VACO, VISN Directors and new chiefs of domiciliary care programs. The Director of Domiciliary Care Programs in VACO is revising the program manual to update quality of care standards for the program. Domiciliary Chiefs just attended a two-day training program that focused on new approaches to rehabilitation and emphasized the use of best practice models in the delivery of care.

HUD – VASH Program

In 1992, VA joined with the Department of Housing and Urban Development to launch the HUD-VASH program. HUD-VASH was initiated to further the objectives of serving the homeless mentally ill veteran through two closely linked interventions: (1) a housing subsidy provided through HUD's Section 8 voucher program, and (2) a community-oriented clinical case management effort. The goal of the program is to offer the homeless veteran an opportunity to rejoin the mainstream of community life, to the fullest extent possible. HUD funded three rounds of almost 600 vouchers each (a total of 1,753) for this program. At the same time VA medical centers formed clinical case management teams, usually social workers or nurses.

Through the end of FY 2001, 4,016 veterans had been served by the program, with 1,405 currently active in the program, and they had participated for an average of 3.5 years. Of veterans enrolled in the program 90% successfully obtained vouchers and 87% moved into an apartment of their own. A rigorous experimental, 3-year follow up study found that HUD-VASH veterans had 25% more nights housed than veterans receiving standard VA care and had 36% fewer nights homeless. Three years after entering the program 80% of veterans remained housed in the program.

This VA – HUD partnership, started 10 years ago, highlights the success of linking ongoing clinical care to permanent housing to assist homeless chronically mentally ill veterans.

HUD and VA have agreed to continue and, to the extent that resources will permit, expand this valuable partnership as directed by section 12 of Public Law 107-95.

Veterans Benefits Administration (VBA) Staffing at Regional Offices

Homeless veterans outreach coordinators at all VA regional offices work in their communities to identify homeless veterans, advise them of VA benefits and services, and assist them with claims. The coordinators also network with other VA entities, local government, social service agencies and other service providers to the homeless in order to link homeless veterans to other benefits and services available to them. During fiscal year 2001, the coordinators visited 1,992 shelters, and made 3,739 referrals to agencies and 4,873 referrals to the VHA and the Department of Labor Homeless Veterans Reintegration programs. 20,233 homeless veterans sought VA regional office assistance during fiscal year 2001.

Effective October 1, 2002, each of the 20 regional offices with the largest veteran populations will have a designated full-time homeless veterans outreach coordinator, thus complying with section 2003(a) of title 38, United States Code (added by section 5 of Public Law 107-95).

Also effective October 1, 2002, all regional offices will maintain an active record of all compensation and pension claims received from homeless veterans. Each record will document the date received, type of claim, whether it is an initial or reopened claim, the final decision and, denial reason, and date of final decision. The data will assist the VBA determine the average processing times for pending and completed claims, by type of claim; ratio of granted to denied claims; reasons for denial; etc. The information will be useful in meeting the annual reporting requirements on VA's assistance to homeless veterans.

Loan Guaranty for Multifamily Housing for Homeless Veterans Program

As you know, this innovative program to provide long-term transitional housing with support services for formerly homeless veterans was authorized over 3 years ago by Public Law 105-368.

VA has made some progress to implement this program; however, the steps necessary to initiate this program have taken far longer than we expected.

As required by the law, VA hired contractors to assist with the development of the program. Birch & Davis, Inc., now Affiliated Computer Services, and its subcontractor, Century Housing Corporation assisted with the initial phase of program development. For the second phase of program development and implementation, we have obtained the services of KPMG Consulting, Inc.

Despite the best efforts of our consultants during the past three years, VA lacked the in-house financial expertise to implement this program rapidly. This has changed.

I have asked Claude Hutchinson, Director, Asset Enterprise Management Office, to take the lead for the Department in implementing the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans Program. Mr. Hutchinson's wealth of experience makes him ideally suited to oversee the complex financial aspects of this Loan Guaranty program. During his 30 years in the private sector he served as a corporate leader and founder of financial institutions. In 1983, he founded Civic Bancorp/Civic Bank of Commerce in Oakland California. The bank served independent businesses and grew to over \$415 million in assets under his leadership. In 1994, he founded Smith & Crowley, Inc., a specialized investment banking firm providing strategic planning, consulting, merger, and acquisition services to independent financial institutions.

KPMG has given us a draft Notice of Fund Availability (NOFA) and a revised draft of Stage I and Stage II Application Packages to be completed by developers. Once Mr. Hutchinson and other members of the program implementation team have reviewed these documents, we will be ready to move forward with this program. I support the initial implementation of this program. We believe we will be able to offer the first loan guarantys by the beginning of FY 2004, or perhaps sooner.

Summary

In summary, in the few short months since this law was enacted, VA has made significant progress in implementing or enhancing VA's programs and services for homeless veterans. In addition, VA is collaborating closely with other Federal agencies, state and local governments and community-based organizations to assure that homeless veterans have access to a full range of health care, benefits and support services. However, we still have much to do to end chronic homelessness among veterans in America. We are eager to work with you to meet the challenge.

This concludes my testimony.



TESTIMONY OF

RAYMOND G. BOLAND

Secretary

WISCONSIN DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE
HOUSE VETERANS AFFAIRS COMMITTEE

PUBLIC LAW 107-95
COMPREHENSIVE VETERANS HOMELESS ASSISTANCE ACT OF 2001

SEPTEMBER 12, 2002

Mr. Chairman, members of the Committee, I appreciate this opportunity to testify and comment on the status of homeless veterans programs and the implementation of legislation that will improve these programs.

As the State of Wisconsin Secretary of Veterans Affairs, I have been directly involved in the homeless veteran issue for the past ten years. We have used state government in Wisconsin to establish a system of support and assistance to homeless veterans that is well known across the nation. Our model is part of Governor Scott McCallum's vision for building the future of our state by investing in its people. This vision is focused on economic development goals that include investment in education, job training, health care and housing. These are also key components for any program to succeed in helping veterans to break the chain of homelessness and unemployment.

I have served as Vice President of the National Coalition for Homeless Veterans and President of the National Association of State Directors of Veterans Affairs. I was also appointed by Secretary Principi to serve on the newly established Advisory Committee on Homeless Veterans. My personal journey to understand and deal with veterans' homelessness has been a unique learning experience. This is a complex issue that fell victim early on to stereotype thinking, which slowed progress for many years. Due to the stalwart advocacy efforts of people like the founders of the National Coalition for Homeless Veterans, we were able to achieve a state of public awareness and an evolution of policies that brought us to where we are today. The Comprehensive Veterans Homeless Assistance Act of 2001 was another major step forward.

Today we have best practice examples from coast-to-coast of programs that can end homelessness for veterans. I believe the time has come to build upon these successes and reach for a new level of capability. To do this we must create large increases in housing capacity. The Veterans Transitional Housing Opportunity Act of 1997 is a vehicle that could jump start the expansion of the housing supply but unfortunately, it has not been implemented.

I want to tell you about an example of what could be happening in high need areas across the country if the VA loan guarantee program was in operation. In Wisconsin we accomplished something very similar to what the federal legislation provides by using state funds to secure a loan made by a bank to a community-based, not-for-profit organization for the purchase of property for veterans' transitional housing.

We had a community based provider organization in our largest city, Milwaukee, who sought to expand capacity for support to homeless veterans. A vacant hospital building was for sale at an inner city location that was ideally suited to become a 100 bed transitional housing facility. It is located one mile from a VA Medical Center. It was agreed that the county, the community organization and my agency would share a down payment on a loan to purchase the building. But due to the uncommon nature of the project and perceived risk, the lender would not make the loan without additional default security. Using state veterans' funds, which also happen to be in an invested account, we furnished the additional amount required to guarantee the loan. This was eight years ago. Since then, this facility has served more than 2,000 veterans and the non-profit provider has also received enough revenue and grant monies to liquidate the mortgage balance.

None of this would have been possible without our help. In most cases it will not happen elsewhere without this kind of help and that is why the VA loan guarantee program is so important. I don't know of any other

new way the VA could have such a big impact on helping homeless veterans. I believe this concept reflects the kind of creativity needed to move us to the next level. It incorporates the diverse strengths of government, non-profits, and the private sector. It furthers an urgent social agenda with no additional cost to the taxpayer. This initiative makes sound economic and business sense. The legislation addresses a critical component of the process needed to transition homeless veterans back into the mainstream of society. That component is housing affordability.

Our program in Wisconsin provides the supportive services veterans need to end their homelessness. We have four separate transitional centers totaling 220 beds. Three of the sites are in rural locations. The primary strength of our model is that we require residents to work and to restore financial responsibility. Those who require treatment of rehabilitation due to substance abuse, mental disorder or other conditions that inhibit their ability to hold employment, are screened and referred to treatment by our on-site VA clinicians. The VA is a full-time partner in the program. Following treatment, or while receiving treatment if the condition is not debilitating, residents enter a rigorous daily schedule of employment, job training, and community service as they proceed through a phased process toward self sufficiency. When they complete this program, they leave with full employment, enough savings to begin a new life, and a manageable budget. Others who are unable to work and receive disability pensions also contribute to their upkeep. At the heart of our model is the belief that work is therapy. But an employed veteran can only acquire living accommodations that are available and affordable.

Collaboration between the USDVA, state government, community organizations and the private sector to end veterans' homelessness is a model that has proven itself but we urgently need more capacity to expand. This is where we need help.

The legislation gave the USDVA the opportunity to expand its key role within the collaboration in a new way. With the authority to provide the financial guarantees necessary to assure the lending sector, the legislation enables a demonstration that will serve as a prototype for the full national effort we require.

We should no longer leave homeless veterans missing in action on the battlefields of society. We must do all we can to ensure they are brought back into the fold and certainly we must make full use of all the resources and the authority we have been given by the Congress to do the job.

Once again, I appreciate the opportunity to testify today. I would be happy to answer any questions you might have.

STATEMENT
of
G. Allan Kingston
President and Chief Executive Officer
Century Housing, a nonprofit corporation

before the
United States House of Representatives
Committee on Veterans' Affairs

September 12, 2002

Mr. Chairman and Members of the Committee:

My name is G. Allan Kingston. I am the President and CEO of Century Housing Corporation, a nonprofit company serving the Los Angeles metropolitan area. I am a veteran, having served in the United States Navy for 13 years combined active and reserve duty. I am joined today by my colleague, Robert J. Norris, Jr., Executive Vice President of Century Housing and a United States Marine Corps Vietnam Veteran, who currently serves as a Board Member of the National Coalition for Homeless Veterans.

Thank you for this opportunity to speak to you about how the Department of Veterans Affairs can help to create more transitional housing for homeless veterans.

Speaking as a veteran myself, I have long been frustrated by our nation's inability to deal with and make significant progress in providing opportunities for homeless veterans so that they might fully participate in all of the rights and responsibilities of citizenship. It is obvious that housing is a critical starting point for recovery in each homeless veteran's search for a better way of life.

In the Los Angeles area, we at Century Housing have spent the last 20 years providing affordable housing opportunities for families and individuals of all incomes. More than 15,000 low-income families and individuals have been assisted by Century's financing the development of some 10,000 units of affordable housing, in 40 different communities in southern California. In doing this, Century Housing has invested more than \$500 million in funding into these mostly low-income communities.

Through Century Housing's primary mission of linking affordable housing with social services we call "More Than Shelter[®]," we have helped to create affordable, quality, aesthetically pleasing housing—always enhanced by much-needed services designed to help residents in their most critical areas of need, such as free on-site child care, after-school tutoring for at-risk youth, job training for men and women to enter the construction trades, and health wellness programs for seniors. We believe that these amenities are the vital difference between simply housing people and giving people a new chance on life.

Among our proudest accomplishments, Century has invested more than \$17 million to finance the two largest transitional housing facilities for homeless veterans in the nation. Westside Residence Hall, located in Inglewood, California, and Villages at Cabrillo, located at the former Long Beach Naval Station, together provide more than 900 beds for homeless veterans transitioning back into mainstream society. These two facilities, Westside and Villages at Cabrillo, developed in collaboration with Cantwell-Anderson, a for-profit builder, and U.S. VETS, a nonprofit service provider, have served more than 6,000 veterans, and have saved VA tens of millions

G. Allan Kingston
Testimony to House VA Committee
September 12, 2002
Page 2 of 10

of dollars in medical costs, due to reduced emergency admissions and lengthy hospital stays.

As a nonprofit, Century was able to fund these two projects because our social purpose allowed us to accept a high risk of loss, which is offset for us by the social return of serving homeless veterans. In contrast, a private sector lender would not make these high risk loans without a guaranteed financial return, mostly because of the uncertainty of the tenant's income stream to provide enough return to service the debt. It has always been our belief that government guarantees would allow private sector lenders to finance this type of development. That is the underlying concept of Public Law 105-368.

Nearly one-quarter of homeless people in the United States are veterans. On any given night, there are more than 25,000 homeless vets on the streets of Los Angeles County alone. The national figure is more than ten times that amount. Assisting homeless veterans is a specific element of Century's mission.

Our first involvement with homeless veterans was Westside Residence Hall, financed with a \$5.6 million loan from Century. Developed by Cantwell-Anderson, a for-profit firm, with services provided by U.S. VETS, a nonprofit veterans service provider, Westside Residence Hall serves formerly homeless veterans with transitional housing and services such as employment assistance, case management, counseling, job training, and career planning—all in a safe, sober environment. After 90 days in a clean and sober environment, the veterans enter Westside and are provided a range of social services, including career and substance abuse counseling, job search assistance and classes in computer technology and general education, and VA services. Once veterans are successfully placed in jobs, they begin paying rent. All residents agree to regular drug testing, and according to U.S. VETS, 97% to 100% of the residents are drug free at each semimonthly testing.

Our most recent veterans transitional housing accomplishment is Villages at Cabrillo, an unprecedented 26-acre community, owned by Century and administered by U.S. VETS. It is the largest residential social service complex of its kind in the nation, integrating transitional housing with a broad variety of services. Coordinating existing support service agencies, including VA, at one location provides efficient delivery for services such as substance abuse treatment, employment training and placement, residential employment, and special programs for female, Native American, senior and disabled veterans. Homeless families and youth are also served, with programs such as child care, a school for homeless children, and after-school tutoring provided by Century. Upon completion, the project will serve thousands of veterans with its 1,000-bed capacity.

The Villages at Cabrillo development, primarily funded by \$11.4 million from Century, earned national recognition last year when it was presented, nearby in the Russell Office Building, with a Tax Credit Excellence Award by the national Affordable Housing Tax Credit Coalition. John Hancock Realty Advisors invested \$7.1 million in tax credit equity in the project.

U.S. VETS, which manages both of these projects, reports that the programs at Westside and Villages at Cabrillo have had an 85% success rate in getting homeless veterans back to work within 35 days. Several graduates have gone on to start their own small businesses, and some have even purchased their own homes. This success rate is an indication that such programs can work.

Compared to Century's funding of Westside and Villages at Cabrillo, I am unaware of any transitional housing facilities for homeless veterans of significant size that have been funded by other than public or philanthropic sources. The real estate

G. Allan Kingston
Testimony to House VA Committee
September 12, 2002
Page 3 of 10

lending industry does not provide funding for this type of development, because the risks associated with transitional housing exceed the economic yield that such developments are able to provide.

The assurance of repayment provided by a federal guarantee would both facilitate low-cost financing and mitigate the lender's risk of loss, as demonstrated by FHA mortgage insurance programs within the Department of Housing and Urban Development. With a federal guarantee, private capital markets would be willing to finance transitional housing for homeless veterans. Without a federal guarantee, private capital markets are not willing to finance such transitional housing. Instead, such housing will require funding sources that are able to assume substantial risks without commensurate reward. Such funding sources do not exist in the private capital markets today.

As First Vice President of the National Housing Conference, and as a former member of the Board of Directors of the National Coalition for Homeless Veterans, I have seen and studied facilities for homeless veterans in many cities, including Baltimore, New York, Boston, Milwaukee, San Francisco and Los Angeles.

Based on our experience, Century was attracted to the potential of, and actively supported the passage of Public Law 105-368, The Veterans Programs Enhancement Act of 1998, which the President signed into law on Veterans Day four years ago, creating the Loan Guarantee for Multifamily Transitional Housing for Homeless Veterans. That statute provided that, in carrying out the program, the Secretary "...shall enter into contracts with a qualified nonprofit organization, or other qualified organization, that has experience in underwriting transitional housing projects to obtain advice...."

Century was pleased to be retained by Birch & Davis Associates, now known as ACS Federal Healthcare, to serve as the "qualified nonprofit organization" as a subcontractor to the U.S. Department of Veterans' Affairs (VA) for the development of the Pilot Program for the Loan Guarantee for Multifamily Transitional Housing for Homeless Veterans.

In the four years since the passage of the enacting legislation, implementation of the Pilot Program has moved at a glacial pace. In my opinion, absent the work of Century and ACS, there would be little, if any, progress to show for the time that has elapsed since the legislation was enacted.

As I believe you will hear from others today, the unmet need for housing to serve homeless veterans remains great. The Department of Veterans Affairs estimates that there are 275,000 homeless veterans on any given night, and more than a half million experience homelessness at some time during the year. Based on VA's estimates, fewer than 10 percent of those ex-service men and women are provided with services each year by the Department.

It is unfortunate, but I believe that it was due to a lack of priority and commitment of resources by the Department, that after nearly four years the Pilot Program is still not operational. In our experience, VA consistently demonstrated a lack of understanding and enthusiasm for implementing the Pilot Program.

This lack of understanding of the nature of the Pilot Program initially was made apparent by VA's assignment of the Pilot Program to the Mental Health program area of the Veterans Health Administration, rather than a real estate- and finance-oriented unit of VA (e.g., the Loan Guarantee Administration of the Veterans Benefits Administration).

G. Allan Kingston
Testimony to House VA Committee
September 12, 2002
Page 4 of 10

The lack of enthusiasm in implementation of the Pilot Program resulted in delays, caused by: 1) The failure of the Department to champion the Pilot Program within its own bureaucracy; 2) The need to constantly revisit basic concepts due to the failure of assigned VA personnel to grasp the technical aspects of the recommended real estate and financing structure; and 3) The failure of assigned VA staff to respond to the consultants' work in a timely manner.

A specific example of VA's failure to respond in a timely manner is illustrated by VA's response to Century's Task #3 Deliverable. Century submitted a draft deliverable for VA review on July 5, 2000, and did not receive a response from VA until September 12, 2000. This was two months after expiration of the VA's contractual review period of 10 working days.

Further, I am puzzled by VA's lengthy and unresponsive treatment of our efforts to assist in effective implementation of the Pilot Program. The most recent delay was VA's failure to respond to Century's submission of December 18, 2001, which recommended changes to the Guarantee Structure, based on the inclusion of construction-period loan guarantees, and use of the Federal Financing Bank as the source of funds for the VA-guaranteed loans.

Notwithstanding the fact that throughout the contract period VA never expressed any dissatisfaction with the work performed by ACS or Century, VA apparently retained KPMG, without any notification or consultation with ACS or Century, to perform an analysis of Century's work. KPMG identified four primary concerns with Century's work. We believe that KPMG's conclusions were unfounded, partially because VA apparently did not provide KPMG with the full scope of Century's prior work. This is detailed in Exhibit 4.

As a veteran, I personally find it disheartening that four years have passed, but VA does not have even the beginnings of a Pilot Program that could provide a solution to the tragic problem of homelessness among America's veterans. More than one quarter of a million veterans, who gave of themselves in the service of our great nation, sleep on the streets every night. These four years should have been used to create and roll out an innovative program to spur private investment in transitional housing for homeless veterans, transitional housing that has been proven to help individuals break the cycle of homelessness and reenter the mainstream of society.

Despite the difficulties and challenges in attempting to implement the Pilot Program over the past four years, I am heartened to hear that Secretary Principi may now move the Pilot Program forward, as a priority objective of the Department, in order to meet the goal of financing development of transitional housing for up to 5,000 homeless veterans.

Whether Century participates further in this effort is not our decision, but it will be worth the time, effort and money we have expended over the past several years, if the result is that more homeless veterans are given a chance at a new and better life.

EXHIBIT 1

G. ALLAN KINGSTON, Biographical Data

G. Allan Kingston is President/CEO of the Century Housing Corporation. He has directed financing programs which have added more than 10,000 units of affordable housing, in 110 developments in 40 communities, throughout the Los Angeles area, and has brought to reality the innovative policy of "More Than Shelter."[®]

Acting as an intermediary to community-based organizations and nonprofit and for-profit developers, affordable housing developments financed by Century include funding of innovative inner city developments which feature "More Than Shelter," combining housing with after-school tutoring/college prep programs, academic counseling, transitional housing for homeless veterans, child care, energy efficient homes, preapprenticeship training, HIV and substance abuse counseling, training programs for women in nontraditional jobs, and other socially responsive programs.

In addition to being a Board member of Century Housing, Mr. Kingston also is First Vice President and a member of the Executive Committee of the National Housing Conference. He is a Board member of the National Association of Affordable Housing Lenders, the Center for Housing Policy, and Shelter Partnership, and he is Chairman of the California Housing Consortium.

Mr. Kingston has been an executive in affordable housing lending, real estate development, and private and public sector management. He has administered affordable housing finance programs, large-scale urban redevelopment, new town developments, and individual commercial, residential and resort projects.

In the past, Mr. Kingston has directed the real estate development activities and projects of large corporations, and was a partner in several commercial and residential projects in California, Hawaii, and the Midwest. He has managed large scale residential and commercial projects for, among others, Tecon Realty Corporation, Le Meridian Hotel (Coronado), Oceanic Properties (Castle and Cook), The Hawaiiana Company, Centre Properties, and University Development, Inc. His career began with federal and local urban renewal agencies in California. He served as Executive Director of the Fresno Redevelopment Agency, as Deputy Director of the Oakland Redevelopment Agency, and with the U.S. Housing and Home Finance Agency and HUD.

Mr. Kingston is a former Board Member of the National Coalition for Homeless Veterans, the nonprofit organization dedicated to bringing about the end of homelessness among veterans. As a Navy veteran himself, Mr. Kingston's avid support of veteran and affordable housing issues has served as a powerful link in keeping veterans issues at the forefront with affordable housing advocates.

EXHIBIT 2

STATEMENT DISCLOSING FEDERAL GRANTS AND CONTRACTS

Century Housing Corporation is a participant in one (1) Federal contract relevant to the testimony of G. Allan Kingston. Century Housing is a subcontractor to ACS Federal Healthcare, Inc. (previously Birch-Davis), the prime contractor to the Department of Veterans Affairs under Prime Contract Number V101(93)P-1442. Century Housing entered into this contract on February 11, 2000.

G. Allan Kingston
 Testimony to House VA Committee
 September 12, 2002
 Page 6 of 10

Century was informed on August 15, 2002 that the Department informed ACS Federal Healthcare on July 30, 2002 that "...the report prepared by Century Housing Corporation (the Deliverable dated December 18, 2002) was considered to be unacceptable." The communication from ACS Federal Healthcare also informed Century that KPMG had been contracted to complete the project.

EXHIBIT 3

Chronology: Task Deliverables Homeless Veterans Loan Guarantee Pilot Program

Summary Table: Dates of Submissions and Responses

| Title | Deliverable Submitted to VA | VA Comments Due [Received] | Revised Deliverable Submitted to VA |
|--|-----------------------------|---|-------------------------------------|
| Task #1 Deliverable ? Work Plan | February 16, 2000 | March 2, 2000 [March 1, 2000] | March 10, 2000 |
| Task #2 Deliverable ? Draft Guidelines for Establishing Loan Guarantee Program | March 31, 2000 (Draft) | April 14, 2000 [April 27, 2000] | May 15, 2000 |
| | May 15, 2000 (Revised) | May 29, 2000 [May 25, 2000] | June 7, 2000 |
| Task #3 Deliverable ? Rating, Ranking, and Selection Process | July 5, 2000 | July 19, 2000 [September 12, 2000] | September 28, 2000 |
| ? Responses to OMB for Waiver Request | November 27, 2000 | December 11, 2000 [No Comments Received from VA] | January 17, 2001 |
| Task #2 Deliverable Modification ? Draft Guidelines for Establishing Loan Guarantee Program | December 18, 2001 | January 7, 2002 [No Comments Received from VA] | Awaiting Response |
| Task #4 Deliverable ? Evaluate Proposals | Contract Terminated by VA | NA | NA |

EXHIBIT 4

Detailed Chronology of Contract Events

Legislation establishing the Program was signed into law by President Clinton on Veterans' Day, 1998, directing VA to develop and implement a loan guarantee program to induce private capital to assist in funding the development of multifamily transitional housing for homeless veterans.

VA issued its initial Task Order Request in 1999. Birch & Davis Associates (later ACS Federal Healthcare, Inc.) was selected as the prime contractor in December 1999, with Century as a subcontractor. In negotiating the specific work to be performed, VA informed Century that the work of marketing and soliciting development proposals would be performed by VA, and that Century would not be involved in those specific activities. Century developed a work plan (Task #1 Deliverable) defining work products and deliverable timing, as required in the Task Order Request, and presented this plan to VA in February 2000.

G. Allan Kingston
Testimony to House VA Committee
September 12, 2002
Page 7 of 10

The Task #2 Deliverable, *Guarantee Structure*, was delivered to VA in June 2000. The Deliverable described the proposed program structure and laid down the financial structuring parameters, including the amount and timing, of the guarantee. Specifically, Century recommended that VA provide a guarantee of 100% of the total amount of the loan. The guaranteed loan was anticipated to equal about 60% of the total project cost. Per the legislation, the guaranteed loan amount could not exceed 90% of the total project cost. Century further recommended that VA's guarantee cover only the permanent loan period, and not cover the construction period, in order to insulate VA from the considerably higher risk of loss during the construction period. Century also recommended that tax-exempt bonds, guaranteed by VA, be the source of funds for the loans.

The Task #3 Deliverable, *Selection Criteria*, was submitted to VA in July 2000. The Deliverable described the proposed project features and requirements, and application and selection processes. Century recommended that borrower/developer qualifications, development characteristics and services, and the development's economic and supportive services feasibility be considered in initially assessing proposals seeking VA-guaranteed financing. Those proposals that met the basic criteria would then be invited to fully develop a plan for a project.

While work progressed on the Task #2 and Task #3 Deliverables, VA invited representatives of OMB to participate in the development of the Pilot Program. OMB introduced the issues of the Federal Credit Reform Act of 1990 (FCRA) and Circular A-129, which mandate special circumstances for permitting the full (100%) guarantee of a loan by the federal government. Century was tasked with providing OMB with justification for the 100% guarantee recommendation, to support VA's request for a waiver to the requirements of FCRA. Century produced several presentations and documents to support VA's waiver request, which OMB approved in February 2001.

In accordance with FCRA, OMB stated that the Federal Financing Bank (FFB) must be the source of funds for a loan that is 100% guaranteed by the federal government, to prevent the creation of a market for securities equivalent to Treasury issues in risk, but with higher yields. Century held discussions with the Department of Treasury/FFB regarding lending policies and how FFB funds could be integrated into the program. The mandate to utilize FFB, however, appeared to be contrary to the intent of the legislation, which specifically states that the program is an incentive for private capital.

The inclusion of FFB raised the issue of including construction-period financing under the VA guarantee, to take advantage of FFB's low-cost funds. Century was then tasked with describing to VA the risks attendant with construction financing, in order for VA to reasonably decide if construction financing should be fully examined as an option. Century submitted this report in May 2001. Upon VA's review, it decided that construction-period guarantees should be fully examined with the inclusion of FFB funds as the Program's source of guaranteed financing.

Century submitted a Modified Task #2 Deliverable in December 2001. This revised deliverable examined the circumstances under which construction-period guarantees would be recommended and the impact of using FFB funds instead of the tax exempt bonds, as had been previously recommended. Century recommended that construction-period guarantees be used only if strict controls, parallel to those mandated under Department of Housing and Urban Development/FHA's 221d(3) and 221d(4) mortgage insurance program (for the new construction or substantial rehabilitation of multifamily rental housing) were used and enforced. Using FFB funds for construction and permanent financing was also recommended, because of the preferential interest rate at which they are available.

G. Allan Kingston
Testimony to House VA Committee
September 12, 2002
Page 8 of 10

VA failed to respond to Century's submission of December 18, 2001. This lack of response, within the agreed upon ten-day comment period provided under the contract, left the implication that VA accepted Century's recommendations regarding the changes to the Program, to include construction-period loan guarantees and the FFB as the source of funds for the VA-guaranteed loans.

VA, apparently consequently, retained KPMG to evaluate if Century had complied with the requirements of the Task Order Request. Apparently, VA did not provide KPMG with the full scope of Century's work. KPMG appeared, therefore, unable to provide an accurate analysis. KPMG's report of March 2002, reported four primary criticisms:

1. Century should have included more detailed descriptions of specific aspects of the program.
2. Century failed to include some requirements stated in VA's Task Order Request.
3. Century should have developed procedural manuals for the Pilot Program.
4. Century did not performed a thorough survey of existing federal loan guarantee programs.

These criticisms are unfounded, as Century did perform all of the requirements of the Task Order Request, as outlined below; and in response to the four KPMG criticisms:

1. Century provided substantial detail, both in the December 18, 2001, and prior Deliverables, to fully describe the proposed guarantee structure to industry professionals, without simply adding unnecessary and redundant information.
2. Century addressed all of the requirements of the Task Order Request; this may not have been obvious to KPMG, as VA may not have provided all of Century's prior submissions to KPMG for review.
3. Century did not create an entire procedural manual because that would negate the intent of a Pilot Program, which is meant to determine the potential for success through flexible and innovate approaches. Creating a new manual would have also required that Century "reinvent the wheel," as existing federal programs already provide sufficient procedural guidance for the Pilot Program.
4. Century utilized its extensive experience in the affordable housing industry in determining which federal loan guarantee program would provide the most adaptable framework for the Pilot Program. Century representatives interviewed several professionals in the real estate financing industry, extensively surveyed existing federal guarantee programs and convened interviews for VA representatives with other federal government officials (GSA) who administer federal guarantee programs.

In sum, Century and ACS Federal Healthcare met all contractual deadlines timely and within budget amounts.

EXHIBIT 5

**List of Documents Provided to VA As Part of Task #2 Deliverable Modification
 submitted December 18, 2001**

Exhibits to Pilot Program Task#2 Deliverable Modification

| | |
|-----------|---|
| Exhibit 1 | Diagram of Guarantee Structure |
| Exhibit 2 | Letter of Commitment Provide Loan Funds (Legal document) |
| Exhibit 3 | Deed of Trust Note (Legal document) |
| Exhibit 4 | Deed of Trust (Legal document) |
| Exhibit 5 | Regulatory Agreement (Legal document) |
| Exhibit 6 | Term Sheet |
| Exhibit 7 | Project Model |
| Exhibit 8 | Flow Charts |
| Exhibit 9 | Loan Loss Analysis |

HUD/FHA closing documents

| Document Title | HUD Form Number |
|---|----------------------------|
| 1. Opinion of Mortgagor's Counsel | |
| 2. Agreement and Certification – 207/223(f) 223(a)(7) | |
| 3. HUD Amendment to AIA Document B181 | |
| 4. Building Loan Agreement | |
| 5. Escrow Agreement – Unpaid Construction Costs/Delayed repairs | 92476.1 |
| 6. Escrow Agreement for Latent Defects | |
| 7. Escrow Agreement for Working Capital | |
| 8. Escrow Agreement for Incomplete Construction | HUD 2456 |
| 9. Agreement of Sponsors to Furnish Additional Funds (Including Escrow Agreement) | FHA 2476/a |
| 10. Mortgagor's Oath | FHA 2478 |
| 11. Mortgagee's Certificate | HUD 2434 |
| 12. Agreement and Certification (Insurance Of Advances) | HUD 3305 |
| 13. Agreement and Certification (Insurance Upon Completion) | HUD 3306 |
| 14. Residual Receipts Note (Nonprofit Mortgagors) | HUD 91710 |
| 15. Instructions For Leasehold Projects | HUD 92070 |
| 16. Promissory Note (Surplus Cash) | HUD 92223 |
| 17. Performance Bond – Dual Obligee | HUD 92452 |
| 18. Payment Bond | HUD 92452-A |
| 19. Request for Approval of Advance of Escrow Funds | |
| 20. Off-site Bond – Dual Obligee | HUD 92479 |
| 21. Construction Contract | |
| 22. Regulatory Agreement for Multifamily Projects and Healthcare Facilities | |
| 23. Multifamily/Health Care (Mortgage, Deed Of Trust, Or Other Designation As Appropriate In Jurisdiction) Assignment Of Rents And Security Agreement | |
| 24. Multifamily/Healthcare Facility Note (Multistate) | |
| 25. Request For Endorsement Of Credit Instrument, And Certificate Of Mortgagee, Mortgagor And General Contractor | HUD 2455 |

New Pro Forma documents created for Pilot Program

1. Construction Loan Commitment Letter
2. General Conditions of Construction Loan Commitment
3. Promissory Note
4. Construction Loan Agreement
5. Completion/Repair Security Agreement
6. Construction Loan Deed Of Trust, Security Agreement, And Fixture Filing
7. Subordination, Nondisturbance And Attornment Agreement
8. Assignment Of Agreements (Construction)
9. Assignment Of Rents And Leases (Construction)
10. Permanent Loan Commitment Letter
11. Multifamily Note
12. Environmental Indemnity
13. Multifamily Deed Of Trust, Assignment Of Rents, Security Agreement And
Fixture Filing (California)
14. Tri-Party Takeout Agreement
15. Replacement Reserve And Security Agreement
16. Form Of Borrower's Counsel Opinion
17. Compliance Monitoring Agreement
18. Agreement To Amend Or Comply
19. Assignment Of Management Agreement
20. Document Preparation Information

**Testimony of Mr. Robert Van Keuren,
Chairman, Advisory Committee on Homeless Veterans**

Thank you Mr. Chairman and members of the committee. It is my privilege to be here today to talk with you about the Advisory Committee on Homeless Veterans. As you know, the appointment of this committee was implemented by the VA as part of PL107-95. The Secretary has appointed 15 members, the names whom you already have before you. I am very pleased that Secretary Principi appointed me to chair this group. The Advisory Committee on Homeless Veterans was appointed in April. The committee has been and will continue to be actively engaged. We held our first meeting in June, and we expect to meet next week for our 2nd meeting in Cleveland, Ohio.

Since we begin meeting, we have found what you already know that the issues that impact homeless veterans are broad and diverse. We have organized the committee into 3 working subcommittees; one dealing with health care; one with housing and benefits issues, and one dealing with partnerships, particularly federal and national partnerships.

The committee has actively been pursuing issues and will be preparing a series of recommendations to the Secretary on ways to improve services to homeless veterans. Given your charge to the committee, we will look beyond VA's own internal capacities and will determine what other agencies and other national, state and local programs may be enlisted to further assist veterans who are homeless.

While there have been no recommendations yet made, we do look forward to making those recommendations to the Secretary as you've instructed us to do by March of next year. I have personally met with the Secretary, and I am assured that our recommendations will be seriously weighed.

Mr. Chairman, other than telling you how pleased I am to work with so many dedicated committee members, and staff, not only from VA, but also other federal agencies, veterans service organizations, state and local governments, and homeless veterans themselves, I can assure you that our efforts will help keep the focus on ending homelessness among veterans.

Mr. Chairman, I thank you for inviting me to this hearing. I am more than willing to answer any questions that you or any other member of the committee may have.

82

STATEMENT

of

Linda Boone
Executive Director

of the



NATIONAL COALITION
for HOMELESS VETERANS

before the

Committee on Veterans Affairs
United States House of Representatives

The Honorable Christopher Smith
Chairman

September 12, 2002
Washington, DC

Chairman Smith and Committee members:

The National Coalition for Homeless Veterans (NCHV) is a nonprofit 501(c)(3) corporation, established in 1990 by a group of community based veteran service providers to educate America's people about the extraordinarily high percentage of veterans among the homeless and to place homeless veterans on the national public policy agenda.

These providers, all former military men, were concerned that policy makers did not understand the unique reasons why veterans become homeless and the fact that these veterans, men and women who defended America's freedom, were being dramatically under served in a time of personal crisis.

In the years since its founding, NCHV's membership has grown to almost 225 organizations in 42 states and the District of Columbia.

The majority of NCHV's members provide front line housing and supportive services to homeless veterans and their families. Services fall within the full continuum of care system including drop-in centers, emergency shelters, transitional supportive housing, and permanent housing.

The mission of NCHV is to end homelessness among veterans by shaping public policy, promoting collaboration, and building the capacity of service providers.

The National Coalition for Homeless Veterans (NCHV) is committed to assisting the men and women who have served our Nation well to have decent shelter, adequate nutrition, and acute medical care when needed. NCHV is committed to doing all we can to help ensure that the organizations, agencies, and groups who assist veterans with these most fundamental human needs receive the resources adequate to provide these services to perform this task. Our veterans served us faithfully, often heroically. Each of us can do no less than to do our part to ensure that these men and women are treated with dignity and respect.

NCHV believes that "homeless veterans" is not a generic and separate group of people who are homeless as a permanent characteristic. Rather, NCHV takes the position that there are veterans who have problems that have become so acute that a veteran becomes homeless for a time. In a great many cases these problems and difficulties are directly traceable to that individual's experience in military service or his or her return to civilian society.

The specific sequences of events that led to these American veterans being in the state of homelessness are as varied as there are veterans who find themselves in this condition.

It is clear that the present way of organizing the delivery of vitally needed services has failed to assist the veterans who are so overwhelmed by their problems and difficulties that they find themselves homeless for at least part of the year.

Mr. Chairman, on behalf of the National Coalition for Homeless Veterans, I thank you for the opportunity to present our views here today. NCHV salutes your vision and leadership in enacting and monitoring the progress of legislation to support our nation's veterans. For veteran advocates it can be frustrating to see legislation enacted but never implemented, but with your oversight leadership we are confident many of our concerns will be addressed.

Veterans' Transitional Housing Opportunities Act of 1998-PL105-368

The National Coalition for Homeless Veterans was intimately involved with the development of HR3039, Veterans' Transitional Housing Opportunities Act of 1998, which became PL105-368 on November 11, 1998. Several members of our Board of Directors worked with the staff of this committee on the concept, details and the advocacy to garner support for enactment.

It is with NCHV's great disappointment that this law has not been implemented by the Department of Veterans Affairs. On Veterans Day it will be four years since this law was passed and this nation has **missed the opportunity to offer assistance to hundreds of homeless veterans**. NCHV's expectation was that this law would create an additional 5,000 beds in long term transitional housing for homeless veterans. There continues to be a need for a significant number of new units of transitional housing for veterans, NCHV believes that the need is clear, apparent, and pressing in most areas of the country. There are 275,000 veterans who are homeless on any given night, with double that number during the course of a given year. NCHV members and others express the need for safe, clean, sober housing for veterans as being one of the most pressing needs in their efforts to assist veterans, if indeed not the most pressing need.

In the original hearing for this legislation on December 18, 1997 held by this committee in Buffalo, NY the VA declined to present official views and during a February 24, 1998 hearing declined to support the bill citing a lack of experience in multifamily housing. From NCHV's perspective the VA has continued to drag its feet in the process to implement the law mandated by Congress. During NCHV's annual conferences over the last four years our membership has been inquisitive about the progress and availability of this approved loan guarantee. To which the VA consistently reports that the process is being developed or is in review. It is our feeling that the VA is trying to provide "death by review" for this law.

NCHV understands this is a complicated process and there is supportive VA staff but the VA hired experts to provide advice and still not to have an implementation plan after four years appears morally wrong and flaunts defiance of Congressional mandates.

NCHV is hopeful that VA Secretary Principi, who inherited this situation, will show strong unwavering leadership by mandating to his staff to implement the requirements of Veterans' Transitional Housing Opportunities Act of 1998.

IMPLEMENTATION OF PL107-95 HOMELESS VETERANS ASSISTANCE ACT

The President signed this law on December 21, 2001 and it is NCHV and Congress' expectations this will be implemented. The Department of Veterans Affairs has the primary role in the responsibilities for provisions in this law. While it has been nine months since the law was enacted NCHV has not been advised of a development plan to implement the provisions of the law.

From our viewpoint, as the only national organization with the mission of ending homelessness among veterans, we would expect to be included in development of planning and briefings from the VA on homeless issues. This occurs infrequently and informally. It is our impression the VA tends to believe they are the "supreme being" when it comes to all issues concerning veterans and do not enter into partnerships well unless they have the superior role. They use the list of VA Homeless Providers Grant and Per Diem grantees as a list of their "partners" in the homeless issue but this is a subservient role that the grantees play and are not true partners.

The VA has expressed concern that PL107-95 is an unfunded mandate and they do not have the resources to implement its provisions. In reviewing the history of VHA budget requests compared to Congressional appropriations since 1997, each year Congress has **provided VHA more funding than they requested**. So what is the real issue? Perhaps the internal priorities of the VA need adjustment. Since VHA resists having special purpose funding requirements made on the Department in order for them to have maximum flexibility to determine internal and local VISN priorities, even if funds were appropriated by Congress specific for homeless programs how would the money be internally allocated?

NCHV is pleased that Secretary Principi has implemented one piece of the legislation dealing with the establishment of an advisory committee on homeless veterans. He has assembled a knowledgeable committee and they are about to have their second full

meeting. NCHV was somewhat surprised that NCHV was not asked for a representative to serve on this committee. While many of the committee members have membership in NCHV, no one represents the only national organization with the mission of ending homelessness among veterans.

Here we are highlighting sections of the law that are critical to community based homeless veteran providers and our comments.

Section 5 Improvement and consolidation of provisions of law relating to homeless veterans.

2013 Transitional Housing Funding Homeless Providers Grant and Per Diem Program appropriation authorizing: \$60m FY02, \$75m FY03, \$75m FY04, \$75m FY05 in expenditures. *The VA Secretary needs to allocate these amounts in the internal budget priorities.*

Approximately 5,000 transitional housing beds will be available funded through the Homeless Providers Grant and Per Diem program for veterans of which 2,076 are currently activated. The need for increased funding for beds through this program has never diminished since its inception. There is an un-addressed need for housing that is safe, clean, sober and has responsible staff to ensure that it stays that way, and that supportive services are regularly provided as to be sufficient to help veterans fully recover as much independence and autonomy as possible.

In FY02 the most recent "notice of funds available" the VA only offered \$13.5 for new per diem grantees and no funds were made available for the "grant" piece of bricks and mortar for new or expansion of programs. Approximately \$32 million will be allocated for continuation funding of previous per diem grantees.

VHA has made a policy decision to terminate contracts with community-based providers under a "per diem" process that had provided operating expenses, outside the Homeless Providers Grant and Per Diem Program, which was approximately \$15 million annually. These contracts were to provide services that were similar to the Grant and Per Diem Program, but often more intensive for veterans that often are sicker and employment is not a realistic outcome expectation. The "per diem" rate average was approximately \$39 per day, compared to the anticipated per diem rate in FY03 of approximately \$27. The contract "per diem" providers must now compete within the Homeless Providers Grant and Per Diem Program process which focuses on employment as an expected outcome.

The melding of the contract "per diem" with the Homeless Providers Grant and Per Diem Program has created an illusion of sorts that the VA is allocating more resources to the Homeless Providers Grant and Per Diem Program, when actually total resources for homeless veteran grants to community based organizations has decreased.

As NCHV predicted in our testimony before this committee in September 2001, that when the new per diem rate became effective that was part of this bill, that there would be a decrease in the beds funded if the VA did not allocate the full authorized amount to this program.

2021 Homeless Veterans Reintegration Programs

Authorization of appropriations: FY02 through FY05, \$50million

The Homeless Veteran Reintegration Program (HVRP) managed through the US Department of Labor, Veterans Employment and Training Service is virtually the only program that focuses on employment of veterans who are homeless. Since other resources that should be available to our member organizations to fund activities that result in gainful employment are not generally available, HVRP takes on an importance far beyond the very small dollar amounts involved.

Work is the key to helping homeless veterans rejoin American society. As important as quality clinical care, other supportive services, and transitional housing may be, the fact remains that helping veterans get and keep a job can be the most essential element in their recovery and reintegration for those that work is a realistic outcome.

The Homeless Veteran Reintegration Program is a job placement program begun in 1989 to provide grants to community-based organizations that employ flexible and innovative approaches to assist homeless, unemployed veterans reenter the workforce. Local programs offer employment and job-readiness services to place these veterans directly into paying jobs. HVRP provides the key element often missing from most homeless programming.....job placement.

Through HVRP funds veterans gain access to civilian assistance, veteran benefits and entitlements, education and training opportunities, legal assistance, whatever is needed to begin the rebuilding process towards employment.

HVRP programs work with veterans who have special needs and are shunned by other programs and services, veterans who have hit the very bottom, including those with long histories of substance abuse, severe PTSD, serious social problems, those who have legal issues, and those who are HIV positive. These veterans require more time consuming, specialized, intensive assessment, referrals, and counseling than is possible in other programs that work with other veterans seeking employment.

This program has suffered since its inception because it is small and an easy target for elimination or reduced appropriations. **DOL does not ask for the full appropriation for HVRP in the budget they submit to OMB.** The reason they have given is that they do not have the capacity to manage an increased grant activity. **Leaving money on the table that could translate into decreasing the number of homeless veterans across our nation is unconscionable in NCHV's viewpoint.** There are a myriad of solutions to the capacity issue for DOL VETS and NCHV believes the Department lacks a sense of leadership, understanding and urgency for their role in ending homelessness among veterans.

NCHV would also ask members of this committee to appeal to their fellow Representatives on the House Appropriations Committee to appropriate the amount you recommended.

2022 Coordination of outreach services for veterans at risk of homelessness. Focus on discharge from mental health programs, substance abuse and penal institutions. Development of plan from Readjustment Counseling Services and Mental Health Services calling for coordination of services with other entities and an annual report to Congress. *VA needs to develop the plan working with community based organizations, and fund this through internal budget priorities.*

2023 Demonstration program relating to referral and counseling for veterans transitioning from certain institutions who are at risk for homelessness. Authorizes "at least six locations" one which shall be Federal penal institution over 4 year period. *VA needs to develop a plan working with community based organizations and fund this from internal money.*

Requirements of sections 2022 and 2023 are prime opportunities to work on **prevention** of homelessness among veterans that has long been ignored. It we are to reach the goal of ending homelessness among veterans resources need to be focused on prevention efforts.

2061 Grant program for homeless veterans with special needs. Grants (\$5m, FY03-05) to health care facilities and grant and per diem providers for programs that target: women; frail elderly, terminally ill, chronically mentally ill. *The VA Secretary needs to allocate these amounts in the internal budget priorities.*

2062 Dental Care

Adds criteria for care to homeless veterans.

The VA does not now provide dental care for all eligible veterans because they do not direct resources to fund. It is unlikely that homeless veterans will ever receive services unless the VA directs resources to comply with this Congressional mandate.

2064 Technical Assistance

Competitive grant to provide technical assistance to community based groups applying for grant and per diem grants. \$750,000 per FY02-05. *The VA Secretary needs to allocate these amounts in the internal budget priorities.*

It is very clear that it takes a network of partnerships to be able to provide a full range of services to homeless veterans. No one entity can provide this complex set of requirements without developing relationships with others in the community.

Community-based nonprofit organizations are most often the coordinator of services because they house the veterans during their transition. These community-based organizations **must orchestrate a complex set of funding and service delivery streams with multiple agencies** in which each one plays a key critical role.

There is a wide variety of Federal, state and private funds that veteran service providers are eligible for in the course of serving homeless veterans. The challenge is in accessing them. Many veteran specific providers lose several years before being able to position themselves to successfully compete and receive ANY federal, state or local agency funds.

The veteran community-based organization system faces a capacity gap around managing this complexity in order to respond successfully to the distribution system for accessing funds and then if awarded the resources to pay for management and financial reporting systems to properly service those funds.

The goal for this technical assistance allocation, for community based homeless veteran service providers, is to significantly increase their ability to access federal, state and private funding streams and to enhance the efficiency of utilization of these funds and their organizations.

Section 8 Programmatic Expansions

(a) Access to Mental Health Services – VA to develop standards to ensure mental health services available to veterans in a manner similar to primary care.

The VA needs to make this a priority.

Public Law 104-262 enacted in October 1996, required the VA to “maintain capacity to provide for specialized treatment and rehabilitative needs of disabled veterans (including veterans with spinal cord dysfunction, blindness, amputations, and mental illness) within distinct programs or facilities of the Department....”

However the VA has not maintained that capacity to serve these veterans and PL107-95 is even more specific.....how will the VA respond? The reductions and curtailment of services are drastic in mental health and substance abuse disorder programs which concerns NCHV. In the December 1999 report issued by the Interagency Council on the Homeless, found that **76% of homeless veterans have a mental health and/or substance abuse issue**. It is shocking to hear from the VA Advisory Committee on Seriously and Mental Ill Veterans an estimate that over \$600 million has been diverted from mental health programs over the last few years. **An April 2000 GAO (HEHS-00-57) report concluded that between 1996-1998 inpatient services to serious mental ill patients decreased by 19%. Substance abuse disorder inpatient treatment was reportedly decreased by 41% in the same GAO report.**

That same GAO report reported that the VA generally believed that alternative care settings developed to move patients to an out patient treatment setting were appropriate

for special disability populations, although no clear evidence exists to support this position. **Many communities do not have adequate resources to support this increase in demand that had once been provided by the VA** and homeless veterans need safe and sober housing to go to when receiving treatment in an out patient model.

Additionally this GAO report concluded that VA managers are not specifically accountable for special disability programs and that responsibility for maintaining capacity is fragmented among organizational units. NCHV is concerned that the funding Congress intends to have used serving this vulnerable population has been redirected and VA accountability is lacking and veterans are suffering as a result. How many veterans are not receiving assistance? How many get turned away or virtually turned away by not having services available?

In a recent Senate hearing testimony was provided that stated "total per capita expenditures for veteran mental health patients has declined by 20.6% since 1995. Between 1995 and 2001, the number of veterans in need of mental health service has increased 26%, yet mental health expenditures have increased only 9%."

What types of veterans should the VA be serving? In PL104-262 it specified seven priority categories. At the time of this law's enactment, priority 7 veterans (non-service connected and typically higher income) made up 3% of those who used the health care system. The VA's budget submission for FY03 discloses that **priority 7 veterans are expected to make up 33%** of VA enrollees. These veterans often have other health care coverage but the VA is redirecting resources to serve these veterans. While VA mental health and substance abuse programs, which overwhelmingly serve service connected and low income veterans, have suffered severe cost cutting. The VA has allowed a redirection of funds to non-mental health care in clear violation of the capacity law. It is shocking to realize the VA has diminished its support to veterans who are most vulnerable and most in need and in doing so **has altered its mission to serve an ever-growing number of those with the lowest claim to VA care.**

Section 10 Use of Real Property

(a) Limitation of declaring property excess to the needs of the department – adds wording specific to homeless veteran services.

(b) Waiver of competitive selection process for enhanced-use leases for properties used to serve homeless veterans.

The VA seems to be waiting for the CARES process to be completed before making properties available, while six million square feet of underutilized VA space sits waiting that in many cases could be used for homeless veteran community based programs.

NCHV members that have entered into enhanced sharing agreements for use of VA space to provide services to homeless veterans are reporting that hospital directors are significantly increasing the reimbursement rates for use of that space. The hospital directors are citing VHA Directive 1660.1, August 3, 2000 as the authorizing authority to **charge these homeless veteran service providers local fair market rates.**

Less than full cost may be considered only when the VA decides the contract is necessary to maintain the level of quality or to keep a program in existence for veteran use. However, since the VA has been shifting their service to "priority 7" veterans, and the need to offset their local hospital budget requirements has increased, services to homeless veterans are not seen as in their mission. Even though homeless veteran service providers are most often supplying services the VA does not provide such as housing, counseling, employment services, family reunification, and legal counseling that homeless veterans need to complete their transition out of homelessness.

Homeless veteran providers are being **required to decrease services in order to increase rent payments to the VA or close down their programs. Often the money that is used for rent has been procured through a grant from another Federal agency. How much sense does this make when we are spending tax dollars?**

Section 12 Rental Assistance vouchers for HUD Veterans Affairs supported housing program.

Increase in number of vouchers: FY03 500, FY04 1000, FY05 1500, FY06 2000.

No report from HUD as to their implementation plan.

NCHV looks forward to working with this committee and its staff on solutions that will assist with the implementation of its mandates that are intended to lead to the end of homelessness among veterans.

Mr. Chairman, thank you for this opportunity.

CURRICULUM VITAE

Linda Boone, Executive Director, National Coalition *for* Homeless Veterans took over the management of this national advocacy organization in April 1996. Linda's activities on veteran issues started in 1969 as a volunteer in her local community. Her advocacy for homeless veterans began in 1990 after meeting veterans living under a boardwalk near her home.

Prior to becoming executive director for NCHV Boone spent over 20 years in materials management positions at high tech manufacturing companies and as a consultant to companies and organizations for competitive management practices.

The National Coalition for Homeless Veterans was founded in 1990 by a group of veteran service providers when they became frustrated with the growing numbers of homeless veterans that were coming into their facilities and the lack of resources to adequately provide services.

The mission of NCHV is to end homeless among veterans by shaping public policy, promoting collaboration, and building the capacity of service providers.

FEDERAL GRANT OR CONTRACT DISCLOSURE

The National Coalition for Homeless Veterans received a \$60,000 grant from the US Department of Labor in FY2000 to provide incentive grants to NCHV members for employment programs serving homeless veterans.

An appropriation from Congress was provided to NCHV in the FY2001 budget for \$400,000 to provide technical assistance for service providers. Through FY02, \$330,000 of that appropriation has been accessed.



Non Commissioned Officers Association of the United States of America

610 Madison St. • Alexandria, Va. 22314 • Telephone (703) 549-0311

STATEMENT OF

RICHARD C. SCHNEIDER
DIRECTOR OF STATE/VETERANS AFFAIRS

BEFORE THE

COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
OVERSIGHT HEARING

ON THE

Public Law 105-368,
Veterans Transitional Housing Act of 1998

And

Implementation of Public Law 107-95,
Comprehensive Veterans Homeless
Assistance Act of 2001

Chartered by the United States Congress

DISCLOSURE OF FEDERAL GRANTS AND CONTRACTS

The Non Commissioned Officer Association of the USA (NCOA) does not currently receive, nor has the Association ever received, any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.

Mr. Chairman and distinguished Members of the Committee:

A year ago the Non Commissioned Officers Association of the USA (NCOA) was most grateful that in the immediate aftermath of the Terrorist Attack on America that the Committee of Veterans Affairs held a hearing focused on homeless veterans. That hearing stood as a shining beacon telling the world that the legislative processes of the United States Government for the people of the United States were in tact following the catastrophic events of 9/11. A year and a day later we gather again focused on the status of programs that were designed to break the vicious cycle of chronic homelessness of veterans.

NCOA is appreciative of the opportunity to share its perspective and concerns on the implementation of two Public Laws that were crafted to establish special authorities to reduce the number of homeless veterans.

The Association would also point out that the vast number of homeless veterans were former enlisted members of the Uniformed Services of the United States. This association's membership is exclusive in its representation of enlisted personnel of Active, Reserve, and Guard Service Components, the USCG, military retirees and veterans. As such, the majority of homeless veterans on the streets of America are without doubt our former comrades in the profession of arms.

NCOA is strongly committed to this issue and recognizes that today's homeless veterans are not only former comrades-in-arms from years gone past, but has begun to include enlisted personnel who but short years ago were serving proudly in the Armed Forces. We're ever mindful that today's homeless veterans are those same disciplined warriors that this Nation hailed as the best educated, motivated and trained military force in the world.

Mister Chairman and distinguished Members of the Committee, The Non Commissioned Officers Association of the United States of America (NCOA) is most pleased to have the opportunity to testify at this oversight hearing on Public Laws 105-368 and 107-95 both of which were established as bridges to provide the movement of homeless veterans from the streets of the nation to productivity and an enhanced life style.

BACKGROUND

The Association notes that over the recent years that there has been a number of significant changes that impact the historical philosophy of VA by fundamental shifts in its health care delivery, evolution of the veteran population served, and health care and prescription drug cost in providing services. These factors, summarized below, directly or indirectly may delay the implementation of any program directed by public law such as those which are the subject of today's hearing.

- Transitioning Veterans Health Care to an outpatient delivery system was necessary to deliver efficient state of the art ambulatory health care while concurrently dramatically reducing the cost associated with unnecessary hospitalization.
- Limiting, and continuing to limit, the capacity of inpatient mental health and substance abuse beds.
- Establishment of a Health Care Enrollment Category 7, which provides access of non-service, connected veterans to a VA Health Care Network that serves all veterans.

VA did not secure subvention funding for VA to bill Medicare eligible veterans for delivered health care.

- Community Based Outpatient Clinics were established to deliver health services to dense veteran populated areas.
- Health Care Enrollment of large numbers of non-service connected veterans, a population which is expected to represent nearly 35 percent in 2003 delays access of service disabled veterans to health care and substantially impacts VA 's budget resources which jeopardizes new program initiatives.
- Access to health care is delayed for service connected veterans and other special category veterans, including homeless veterans, for whom the Veterans Health Care Administration was originally chartered to serve.
- Implementation of any new VA service initiative (health care, benefits, and cemetery) has required a considerable investment in planning, logistical coordination, and resource dollars to implement worldwide.
- Also significant is the bureaucracy's attitude and reluctance to accept a recommendation of a new initiative.

The limited factors described above translate to years of endeavor to implement a new program initiative be it in benefits delivery, health care, service to homeless veterans, or memorial affairs. The process is oftentimes further stymied by "authorization" of a program without the corresponding fiscal appropriation or personnel authorizations to implement the new program. Authorization without the necessary fiscal appropriation dictate that new programs compete for limited program dollars which may result in the termination of established programs, inadequate funds for all programs, and possibly limited implementation of all programs that result in end of year fiscal shortfalls. The newly authorized programs could also end up below the cut line in priorities and be deferred pending necessary resources.

Public Law 105-368
Transitional Housing Pilot Program

Enacted Veterans Day 1998, the Department of Veterans Affairs is authorized to guarantee 15 loans to provide multifamily transitional housing projects for homeless veterans and other homeless people. To date the VA continues to develop criteria and guidelines for the management of this program. The VA loan guaranty program previously had no experience, or history in facilitating multifamily transitional housing, procurement, or other development concerns as would be related to homeless people.

The Secretary of Veterans Affairs reported in March 2001 to your Committee that considerable time and effort has been devoted by VA over the years to resolve funding levels associated with acquisition, to secure consulting and technical services to ensure the administrative criteria and process would result in the effective utilization of the \$100 Million authorized for this program.

NCOA urges VA to establish the authorized three (3) pilot programs for homeless transitional housing as soon as possible. Transitional housing bed spaces are critical to provide the controlled environment to ensure that formerly homeless veterans being discharged from inpatient VA care programs and Domiciliaries have a safe and controlled place to complete reintegration into the community and workforce. It is essential that planning be complete to provide necessary supportive services as well as the transitional housing opportunity through this grant program but should not be further delayed to study the program endlessly.

Recommendation(s):

Establish the first "Transitional Housing Pilot for Homeless People" as authorized in the law early in 2003. Monitor the project and program using the experience and lessons learned to continue the award for the development of additional housing projects at strategic locations to help end chronic homelessness.

Future consideration to cooperatively manage the Transitional Housing Project by both the Department of Veterans Affairs and Department of Housing and Urban Development. HUD has considerable housing experience in multifamily projects and could facilitate the acquisition of such projects. The law envisioned some utilization of the facility by other than formerly homeless veterans which would appear to make HUD involvement appropriate.

PUBLIC LAW 107-95

The Comprehensive Veterans Homeless Assistance Act of 2001

NCOA, other major veteran organizations, and homeless advocates worked collaboratively to secure P.L. 107-95 designed to end chronic veteran homelessness in a decade. The Association maintains its complete endorsement of the provisions and program authorizations contained in this law and acknowledges the earnest commitment of this Committee to secure passage.

- The authorization process was complete in 2001.
- Regrettably, the Appropriations Committees did not secure the fiscal resources to fund the approved authorizations.
- Funding must compete with other programs in the VA Budget.

NCOA strongly believes that VA is under-funded to sustain its existing program despite apparent annual budget increases. As noted, VHA Health Care Priority Category 7 for non-service connected veterans has grown so significantly that the cost of health care including pharmaceuticals impacts the care for service disabled and special emphasis programs including homelessness. The impact can best be equated to delayed access for appointments at primary and specialty clinics. The problem of access and health care is further complicated for homeless veterans with substance abuse, mental health problems, or dual diagnosed with both conditions.

NCOA recognizes that PL107-95 provides a comprehensive continuum of care and services taking the veteran from the street back to an independent self-sufficient life style.

VA is now working the implementation concept for the comprehensive homeless veterans act. It is too early to assess the implementation of the initiatives required by the law. It can be stated that every program and initiative described in the Law is a spoke forming cogs that inter-relate with other elements of the program. At this early stage, lacking adequate fiscal resources it appears that the spokes are too short for the part they play to make each segment of the program go forward and interact with the other components to form the continuum or range of services required to end homelessness. Simply stated:

TRANSITIONAL HOUSING

- There is not enough transitional Housing across the Nation to serve an estimated homeless veteran population in excess of 265,000 on any night of the year.
- The Homeless providers Grant and Per Diem Program is authorized at levels that VA may not have fully utilized in past fiscal years. Programmed increase in per diem rate may in fact negate growth in the per diem program.
- Congress has authorized homeless Domiciliaries whose value seems questionable by the VA and whose development should be monitored.
- Noted already has been the need for the bed spaces that could be made available by project awards under the Veterans' Transitional Housing Opportunity Act of 1998 and remains under policy development.

HOMELESS VETERANS REINTEGRATION PROGRAM

The Department of Labor's Homeless Veterans Reintegration Program (HVRP) is another key program in the continuum of care for homeless veterans that remain under-utilized.

The key to ending homelessness is employment. HVRP provides those programs for veterans to prepare for access and gain employment. Authorized at \$50 Million a year from FY 02 through 05, DOL has not requested full fiscal year funding in FY02 to implement this program across the Nation.

DENTAL CARE

Homeless Veterans were authorized dental care by VA as a new program initiative in the law. This program needs an infusion of money to become a reality. VA must secure and dedicate the fiscal resource for this program to begin.

Currently, veterans rated 100 percent are entitled to dental care. Those rated with a temporary 100 percent rating are also entitled to dental care that few ever receive.

TECHNICAL ASSISTANCE

VA is authorized to contract out competitive grants not to exceed \$750,000 to provide technical assistance to community based groups applying for grants under the Grant and Per Diem Program. Community based providers need the assistance of experts to develop the competency to compete in this VA Grant Program. Recommend VA make this funding available in FY03 and consider the

National Coalition for Homeless Veterans, the national advocate for homelessness, as the sole source organization to provide technical assistance to community based organizations.

CONCLUSION

Mr. Chairman, and Members of the Committee it has been a privilege to voice the perspective of NCOA at this oversight hearing. I would emphasize that:

- Its past time to award the pilot grants to establish Veterans Transitional Housing Projects under PL 105-358.
- Not enough time has elapsed to evaluate the implementation of the Homeless Veteran Assistance Act of 2001. A number of the new initiatives, including dental care and inpatient substance abuse and mental health programs will require additional fiscal resources before they become a reality.
- The issue on an agency not fully utilizing the budget resources for programs in the continuum of care or services for homeless veterans should be a concern and further evaluated.

Again, thanks for the opportunity to share this perspective.

**TESTIMONY OF PHILIP F. MANGANO
EXECUTIVE DIRECTOR
INTERAGENCY COUNCIL ON HOMELESSNESS
BEFORE THE COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

SEPTEMBER 12, 2002

Chairman Smith, Ranking Member Evans and Members of the Committee, I bring you good news. The initiative and work which all of you invested in revitalizing the Interagency Council on Homelessness has had the desired performance outcome. In March, President Bush appointed me as the fifth Executive Director of the Council. And on March 15 of this year I was sworn in by Secretary Mel Martinez, the Chairman of the Council.

The commitment of this Committee, I believe, was instrumental in revitalizing the Council. Chairman Smith, I have been especially encouraged and inspired by your unwavering commitment to all veterans and especially to the plight of those veterans who have fallen into homelessness. Your avowed commitment to end chronic homelessness among veterans in the next decade is a serious charge to the work of the Council and is resonant with the President's call to end chronic homelessness in this country.

The Administration's revitalization of the Interagency Council on Homelessness is consistent with this Committee's intuition and initiative regarding the reactivation of the Council as a means to insure further collaboration among federal departments and agencies.

I am honored to report to you that Section 11 of PL 107-95, which called for meetings of the Council to be held minimally annually, has been implemented. On July 18 of this year, the revitalized Council had its inaugural meeting at the White House. This meeting was the first meeting of the Council in more than six years.

While early in the history of the revitalized Council, the meeting was scheduled to reconfirm the continuing commitment of the federal government to all of our neighbors who are at risk of, or who are, experiencing homelessness. We scheduled the meeting in July to coincide with the fifteenth anniversary of the signing into law of the McKinney Homeless Assistance Act in 1987. That legislation now known as the McKinney-Vento Act is the cornerstone of the targeted federal response to homelessness.

With the support of Secretary Card the meeting took place, as mentioned, at the White House. One observer, who has attended every one of the dozen Council meetings spanning the fifteen years, indicated that the July 18 meeting was the highest-ranking meeting in the history of the Council. All eighteen of the Council members were represented and several other agencies sent observers.

In the meeting, one of the first activities of Chairman Martinez was the introduction of Department of Veterans Affairs Secretary Principi who in his opening remarks confirmed his commitment to ending chronic homelessness for veterans. Along with Secretary Martinez and HHS Secretary Tommy Thompson, he joined in the announcement of a preliminary \$35 million joint effort between HUD, HHS, and the VA targeted to those experiencing chronic homelessness. This unique and innovative collaboration of three Federal departments on behalf of homeless people is a significant step towards creating a template for future joint collaboration and funding. The agencies have engaged in preliminary discussions of a NOFA for this collaboration which would permit applicants to respond to one announcement of funding from multiple federal agencies and thereby tap into a combined pool of resources from these agencies that covers the housing and supportive service needs of chronically homeless people.

There were other initiatives announced at the historic Council meeting including:

- A Re-entry Initiative targeted to ex-prisoners returning to communities. A total of eight federal agencies led by the Departments of Justice and Labor participated in this collaborative effort to ensure that those leaving prison all across our country would have an appropriate reintegration trajectory on release, including a strong link to employment opportunities. Just as veterans would be a focus of the joint HUD, HHS and VA effort on targeting chronic homelessness, there is no question that incarcerated veterans will benefit from this re-entry effort to insure appropriate treatment, jobs and housing.
- The Department of Education announced that the President's signature of the NO CHILD LEFT BEHIND Act would help ensure a liaison for homeless children in every school district in America. The work of the liaison is to coordinate resources for homeless children to promote educational parity and long term prevention for another at risk generation.
- The Department of Labor announced new efforts, including Incarcerated Veteran Transition Demonstrations and a Job Corps/Foster Care Initiative, to make its resources more accessible to homeless veterans, ex-offenders, disabled people and age outs from the foster care system.
- The Department of Health and Human Services announced that the National Institutes of Health would be releasing its first targeted program announcement for research on the homelessness issue in over a decade. This collaborative undertaking among the National Institute of Alcohol Abuse and Alcoholism, the National Institute on Drug Abuse and the National Institute on Mental Health will support "health services research projects designed to increase understanding of the efficiency, effectiveness and diffusion of services provided to homeless persons with alcohol, drug abuse and/or mental disorders." Such an intra-agency supported research effort will provide the basis of further policy development related to those experiencing chronic homelessness.
- And in another collaborative effort between HUD, HHS, and the VA, technical assistance was offered to every state to assist in making mainstream services - whether substance abuse treatment, mental health resources, Medicaid, or housing - more available to those experiencing chronic homelessness. These "Policy Academies" will be offered in the next year with the objective of increasing federal, state and local collaboration in reducing and ending chronic homelessness.

In the spirit of the inter-departmental collaboration so evident in the meeting, Secretary Principi spoke about the Multifamily Housing Loan Guarantees and sought a broader partnership, especially with HUD, in the implementation of this important resource.

Through these interactions and collaborations, the work of the Council moved beyond symbolic gesture to substantive reality. And that new reality is informed by policy considerations and emphases that have become the building blocks of a new federal approach.

When research tells us that the number of homeless people in the country is greater than it was 10 years ago; and when we read in our newspapers that the number of homeless families and the number of homeless individuals on the streets and so-called "encampments" is on the rise; and when we discover that there are now 40,000 programs for homeless people in our country, we are ready to acknowledge that we need change.

Change based on a new diagnosis that leads to a new prescription and a much needed cure. To an outside observer, it might appear that our performance outcomes for the past decade are increased homeless people, increased street people, and increased programs.

The reality is that all over this country the people who work in these programs serving homeless people, making personal sacrifices for a moral cause, are frustrated. Frustrated by the burgeoning numbers, frustrated by punitive and criminalization approaches in some places, frustrated that their sacrifice and dedication has not had more visible outcomes of reducing homelessness and we are frustrated that our attempts to honor the lives of those who have served their country are often strategically inadequate. We need to address these frustrations with a renewed commitment and strategy.

In the Council we are developing the new federal **strategy** based on the following policy objectives:

1. **First, preventing homelessness.**

For too long we have, in the words of former HUD Secretary Cisneros, been "bailing a leaking boat." We move some out the back door of homeless programs, beyond homelessness, only to see many more come in the front door to fill every emptied bed. We've been doing this bailing for twenty years now. Our backs ache. And so do our hearts.

This Administration has prioritized prevention as a policy cornerstone in building the new federal strategy. Prevention that focuses on more appropriate outcomes for people leaving mainstream services, places of incarceration and, service to our country. People coming out of substance abuse programs, mental health treatment, prisons, foster care, or the military service should not fall into homelessness. We need to do a better job at every level of government to promote more appropriate discharge planning when people are leaving systems. We need to break the "bailing" cycle. Prevention of homelessness needs to be a declared and contracted performance measure for all systems.

2. **Second, eliminating chronic homelessness.** Now, I'm from Boston. So I'm an abolitionist. It's in the gene pool. We see a moral wrong and we want to right it. We see a social evil, we want to cure it. Is there any manifestation of homelessness more tragic or more visible than the chronic homelessness experienced by those who are suffering from mental illness, addiction, or physical disability?

The President called for the ending of this disgrace in the next ten years. And again, I know that you, Mr. Chairman, and this Committee have enlisted in this initiative on behalf of veterans experiencing chronic homelessness.

As Secretary Martinez rightly pointed out in the Council meeting, the research tells us that this 10 to 20 percent of the homeless population utilizes more than half of all resources. Dennis Culhane, a leading researcher on these issues from the University of Pennsylvania, confirmed this data and analysis at our Council meeting.

While some believe that this initiative seems undoable, the new research and new housing technologies tell us the opposite. Across the country from New York to San Francisco, and places in between, innovators have developed **housing first** efforts that rely on aggressive, clinically based street outreach combined with scattered site and congregate housing options. This service/housing strategy is working to create supportive housing units with customized service packages that support tenancies and end homelessness for our most vulnerable neighbors. Once stability is achieved, many of those previously experiencing chronic homelessness

request a next step – a job. And Department of Labor programs are increasingly responsive to that request. All together, these programs are securing the performance outcomes that we seek – ending chronic homelessness.

3. **Third, collaborating in interagency, intra-agency and intergovernmental approaches with the private sector and faith communities as partners.** The work of the Council is to facilitate coordination among federal departments and agencies. But it doesn't take long to understand that the collaboration sometimes needs to start at an intra-agency level and needs to extend to where "the action is," in the states and communities of America. And that the resources, physical and spiritual, of the private sector and faith communities need to be harnessed to governmental efforts.
4. **Fourth, accessing the mainstream resources.** A GAO report a few years ago indicated that the 14 targeted homeless programs of the federal government scattered among 7 agencies, valued at \$2.1 billion, needed to be supplemented by federal mainstream resources available to poor and homeless people valued at hundreds of billions of dollars. Whether, as the Report indicated, those resources are substance abuse and mental health treatment services, Medicaid, TANF, housing, or veterans' benefits—all of them are available and need to be accessed. That's why the case management resources in your bill make sense. Case management should open the door to access. The Policy Academies I mentioned earlier, in which VA is a crucial partner, are important in opening up state resources to homeless people.
5. **Fifth, and finally, innovating new solutions based on performance outcomes.** The President has called for the elimination of chronic homelessness. "Elimination." Abolition. These are the appropriate outcomes we are seeking for homelessness. No veteran should be homeless. No American should be homeless.

Our efforts are not to **manage** the crisis, or **maintenance** the effort, or to **accommodate** the wrong. Our work is to bring this disgrace to an end.

For twenty years we have been reticent to apply performance outcomes to the homelessness effort. Perhaps we thought we could not achieve our goal. But in the last few years, as cities and states are embracing 10-year goals to end homelessness in their jurisdictions, we are encouraged to come back to our true mission and embrace the notion of performance outcomes.

On the streets of our cities, in the hidden homelessness of our suburbs and rural communities, in the parks that adjoin resort communities, in the shelters that accommodate overflow, we need to adopt a new standard of expectation.

We want to see **visible, measurable, quantifiable** change in the numbers and circumstances of homeless people. Not through punitive, criminalization approaches that only hide the problem, but through innovative, entrepreneurial initiatives that solve the problem.

The new research and new technologies are already out there all across America. Those who would say it's not possible or that we don't know how to do it or that we've tried everything and nothing works - well, they just need to get out more. In New York City, Boston, Philadelphia, Miami, Indianapolis, Columbus, St. Louis, Denver, and Los Angeles, innovative approaches are being incubated and replicated. Discharge planning strategies, clinically based aggressive outreach, housing first strategies - all are working. And most importantly, these efforts have performance

outcomes of decreasing street populations, decreasing inappropriate discharges, increasing housing and, increasing hope.

The work of this Committee has been foundational in creating these new initiatives. Your collective work on behalf of homeless veterans has had a broader impact on homelessness policy. The five themes I've just sounded as the cornerstones of a new federal approach are familiar to the members of this Committee. Through your Chairman and enactment of PL 107-95, the Homeless Veterans Comprehensive Assistance Act, you have called directly or indirectly for prevention, elimination of chronic homelessness, collaboration among governmental agencies and the private and faith sectors, and innovation tied to performance outcomes.

You have made the connection between treatment, case management and housing assistance which is the focus of the innovative housing first approach. You have called for accountability, the basis of performance outcomes. You have ensured that employment, the basis of self-sufficiency, is a focus. You have emphasized housing as the appropriate antidote for homelessness, without ignoring support services. You added prevention and outreach to put a tourniquet on the hemorrhaging. You created an Advisory Committee to ensure inductive input and accountability. You established coordinators at regional offices who will now have the opportunity to collaborate more broadly with homelessness-oriented coordinators at other federal agencies.

And you affirmed the work of the Interagency Council on Homelessness as a vehicle to accomplish the objectives of this Committee. Mr. Chairman and members of the Committee, I want to assure you that the work of the Council is exactly that: to work with you to end the disgrace of homelessness for our neighbors who are veterans. We'll focus first on those experiencing chronic homelessness and we'll keep working until our job is finished, our mission, accomplished.

Thank you.

**STATEMENT OF
JOHN KUHN, LCSW, MPH
CHIEF, HOMELESS SERVICES
DEPARTMENT OF VETERANS AFFAIRS
NEW JERSEY HEALTH CARE SYSTEM
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES**

September 12, 2002

Mr. Chairman and Members of the Committee:

First, I would like to thank the Committee for the focus and leadership you have brought to the issue of homelessness. The Homeless Veterans Comprehensive Assistance Act of 2001 is landmark legislation that, if fully funded, will literally save the lives of thousands of America's homeless veterans. Furthermore, as a direct result of this Committee's support, Operation New Hope's mission has been protected. The Somerville Depot will continue to provide surplus clothing worth millions of dollars to homeless veterans throughout the country at Stand Downs and others venues.

Homelessness degrades and ultimately destroys the spirit of those who have served our Nation well. Although homelessness is a social condition, its roots can generally be found in poverty, often with the complications of mental and physical illness and substance abuse. Before these veterans can accept the help available for them, they must feel that there is hope for them to have a meaningful life. Transitional housing is a critical ingredient of the rehabilitative process, but as The Homeless Veterans Comprehensive Assistance Act of 2001 recognizes, solving homelessness requires a coordinated response that includes outreach, treatment, employment, and permanent housing.

Legislative authority and resources are essential in addressing homelessness. But even the visionary leadership of persons like Ms. Gay Koerber is not sufficient without similar commitments at the local level. Mr. Kenneth Mizrach, the Director of the VA New Jersey Health Care System and Mr. James Farsetta, the VISN 3 Network Director, have been willing to take risks and provide the support needed to create the dynamic new homeless services now found in New Jersey. They made this commitment in spite of the enormous strains VERA has placed upon area resources. Their commitment stems from their understanding and their will – the will required to tackle this complex, life threatening condition.

One of the great challenges we have faced and one of the greatest needs identified by homeless veterans is assistance in finding employment. Almost all homeless veterans come to us with poor job histories and many have criminal records. It is difficult to find employers who will take a chance on hiring them.

However, after a period of meaningful work and skill development, we have found that veterans can find work in the community. The challenge has been to develop the opportunities where homeless veterans can gain those skills and experiences.

I am indeed fortunate to work in a VA medical center where risk taking is encouraged. As we have reached out to the local community, we have found willing partners who share our vision. Sitting next to me is Carroll Thomas, the CEO of Middlesex County's Economic Opportunity Corporation (MCEOC). They have partnered with us to form MAVERIC (Moving America's Veterans into Employment and Residences In the Community), creating scores of employment opportunities and new housing without spending medical appropriations. MAVERIC has allowed us to open a greenhouse, a retail store, a construction team, a catering business and soon a golf driving range. These self-sustaining enterprises provide paid jobs for homeless veterans throughout New Jersey while contributing to the local economy. In fact, these businesses have also helped produce the revenue to open two homes now housing formerly homeless veterans. MCEOC bought these houses inexpensively from the VA's foreclosure list. The cost was low because they were run down, although located in pleasant residential areas. MAVERIC was then able to employ the Veterans Construction Team to rehabilitate these homes.

Other groups, excited by the potential of these partnerships, have made significant contributions. For instance, we are nearing completion of a golf course driving range dedicated to assisting homeless veterans. Arthur Muller, the National President of Rolling Thunder has pledged \$100,000 to this project. Rolling Thunder's generosity made this project possible. Design services of a preeminent golf course architect, John Harvey, were donated in the planning of this facility. MCEOC will handle the financial and business management of the course. These contributions from sources outside the VA are a statement of caring and belief that together the VA and the community can help homeless veterans rebuild their lives.

If given the opportunity, there are many who are willing to make a difference in the lives of homeless veterans. This committee has had staff visit with Craig Panzano of the Somerset Hills YMCA. The YMCA offers the Adventure Program, involving New Jersey's homeless veterans in Outward Bound-type activities. These activities help participants learn how to cooperate and forge the trusting, positive relationships they need to support their recovery. The list of community partners, veterans service organizations, and state and local officials willing to make a difference in the lives of homeless veterans is long; but none of this would be possible without local commitment.

I cannot emphasize enough that these accomplishments are a direct result of this Network's commitment to forging community partnerships to develop and expand services for homeless veterans. Mr. Farsetta, the VISN 3 Director and Mr.

Mizrach, New Jersey Health Care System Director, have given their full support to these entrepreneurial projects. As a result of Mr. Farsetta's leadership, we are the only Network in the country that has a Homeless Veterans Programs Service Line. This enhances our ability to coordinate services to homeless veterans throughout the New York/New Jersey area. It allows us to integrate outreach, treatment, employment services and transitional housing within a single organization, ensuring that homeless veterans have direct access to all services and programs in VISN 3.

Unfortunately, other areas of the country do not place priority on providing services to the homeless. After all, the problems they present are complex and often require significant resources. Homeless veterans are not well-organized and make relatively few demands. However, the economic impact of not treating these veterans is significant. Studies indicate that it costs \$40,000 a year in the New York area to maintain a homeless person as they become frequent users of hospital emergency rooms and the criminal justice system. The loss of their productivity adds still more to society's economic loss. The spiritual and moral cost to these veterans and our community as a whole cannot be measured.

It is my ardent hope that the entrepreneurial spirit nourished by the leadership in VISN 3 will be replicated in other VA Networks. Ultimately, homelessness must be addressed at the local level. If local VAs take leadership in engaging their communities in creative service partnerships, we can make a meaningful impact on reducing the tragedy of homelessness among our Nation's veterans.

Testimony for Congressional Hearing-Veteran Affairs

My name is Carroll Thomas; I am the President and CEO for the Community Action Agency serving Central New Jersey. It is indeed my pleasure to be here today.

Middlesex County Economic Opportunities Corporation (MCEOC) has been serving low income and disadvantaged persons for 37 years. We run a host of programs, all designed to provide the opportunity for persons to become self-sufficient.

Today, I'd like to talk about a partnership that has worked, MAVERIC (Moving American Veterans into Employment and Residences in Community). The cornerstone of MAVERIC is providing opportunity to comprehensive services that lead to meaningful employment, while protecting the dignity and honor of our veterans. MCEOC acquires foreclosed properties. The property is repaired and brought up to code in partnership with veteran's homeless services. We house the veterans who pay rent of \$300 to \$400 per month. The veterans are employed by our agency in one of our programs, or are employed within the community. In other words this is a win win situation for the veterans and the taxpayers. They are immediately contributors to society. We, in partnership with Veterans Industries operate several businesses: a thrift shop in Bound Brook, a Horticultural business, and we have begun renovations at the train station in Perth Amboy for a coffee and novelty shop. We will employ six to eight veterans there. The spring of next year will find us opening a golf driving range and in January of 2003 we will operate a computer-recycling venture. We will refurbish computers and make them available to low-income families. We also assist in the transportation of the veterans through our contract with Veterans Industries.

Tomorrow I will return to New Jersey because we will be piloting the first Community Land Security Project across the nation. It will employ one of our veterans who will educate the untutored to the nation's anti-terrorist initiative.

There could be no greater call to service for veterans than to continue serving his country in our mission against terrorism. What we know in Community Action is that if there is going to be an incident of bio-terrorism, the communities we serve, the young, the old and the sick will be most vulnerable.

I wish that I could put into words the impact that the work of John Kuhn, the Veteran staff and the staff of MCEOC is making a difference on the lives of our veterans by returning them to the work force by generating additional revenue. Through their entrepreneurial efforts, by stabilizing communities, by rehabilitating foreclosed homes, and by preserving historical structures such as (the Perth Amboy Train Station) and by assisting in the building of a state of the art Head Start Center in Carteret, New Jersey. In fact, the newly developed Johnnie Stevens Child Care Center is named after a local hero who freed Normandy as a part of the Black Infantry.

MAVERIC is just that! It's taking hold of initiatives, looking outside the box, in order to assure that our Veterans are included in the American Dream.

As we all remember 911 and the new mission against terrorism, our soldiers, primarily those of color, must know that America will never forsake them.

STATEMENT OF RICHARD JONES, NATIONAL LEGISLATIVE DIRECTOR,
AMVETS

MR. CHAIRMAN, RANKING MEMBER EVANS, AND MEMBERS OF THE COMMITTEE:

On behalf of National Commander W.G. "Bill" Kilgore, it is my privilege to present AMVETS remarks on assistance to homeless veterans, specifically, Public Law 107-95, the Comprehensive Veterans Homeless Assistance Act of 2001, and homeless veterans programs in general.

According to Department of Veterans Affairs estimates, more than a quarter-of-a-million veterans have no place to call home on any given night in America. Of these veterans, nearly half suffer from mental illness and some seventy percent suffer from addictions to alcohol and drugs. Clearly, it is imperative that we as a society do all that is possible to provide these veterans with healthcare, addiction treatment, and skills training that can help homeless veterans live as self-sufficiently and independently as possible. To this end, transitional housing is a key component in bringing homeless veterans in off the street and empowering them to become productive individuals.

AMVETS supports every reasonable effort to provide emergency shelter, food, employment services, counseling, and affordable transitional housing to assist homeless veterans. It is important to understand that AMVETS does not place the burden of helping our veterans solely on the federal government. AMVETS's departments and posts are engaged across the country in various programs aimed at helping homeless veterans and providing them with shelter, transportation, and help in combating their dependency on drugs and alcohol.

Last year, AMVETS presented testimony and gave support along the way to the successful passage of the Comprehensive Veterans Homeless Assistance Act of 2001. Among the many beneficial provisions of this legislation, now P.L. 107-95, is the authority for increased funding of the Homeless Grant and Per Diem Program and HUD-VASH (HUD Veterans Affairs Supported Housing) Program, both critical to getting the job done.

In our view, there are few things more important than ensuring that homeless veterans have a place to shelter. Safe shelter in transitional housing can free those in distress from the fears and intimidation of living on the streets. We firmly believe that this type of transitional housing

works to great benefit for our homeless, and it gives the homeless a measure of dignity, so important, as they work toward getting their lives back in order.

Mr. Chairman, at our recently concluded 58th annual national convention, AMVETS delegates overwhelmingly approved a resolution urging Congress to provide adequate funding for the implementation of P.L.107-95, the Homeless Veterans Comprehensive Assistance Act 2001. In addition, our membership urges Congress to support all related appropriations of funds for homeless veterans programs. By doing this, AMVETS is confident that our nation can give meaningful assistance to those veterans at their time of greatest need. A copy of this resolution is attached for your review.

AMVETS knows that the members of this panel will do all they can to make it possible to help veterans overcome homelessness. We applaud the Committee for holding this hearing and thank the Committee for extending us the opportunity to present written remarks on this important matter. We look forward to working with the Committee to strengthen, enhance, and improve the earned benefits of our nations' veterans and their families.

Approved by Delegates at AMVETS 58th Annual National Convention August 2002,
Louisville, Kentucky.

RESOLUTION: Homeless Committee Resolution 02-01
SOURCE: Homeless Committee
SUBJECT: Fund Public Law 107-95 and Support Funding Homeless Programs

WHEREAS, Congress has passed various legislation to assist various homeless programs, such as Public Law 107-95; and

WHEREAS, programs to assist homeless veterans are sorely needed to assist various groups, organizations and the Department of Veterans Affairs to enhance the funding of veterans programs: Now, therefore, be it

RESOLVED, That AMVETS urge Congress to provide adequate funding to implement Public Law 107-95, the Homeless Veterans Comprehensive Assistance Act 2001; and be it further

RESOLVED, That AMVETS urge Congress to support all bills for appropriations of funds for homeless veterans.

*STATEMENT OF
BRIAN E. LAWRENCE
ASSISTANT NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION
UNITED STATES HOUSE OF REPRESENTATIVES
SEPTEMBER 19, 2002*

Mr. Chairman and Members of the Subcommittee:

I am pleased to submit the views of the Disabled American Veterans (DAV) regarding the implementation of Public Law 107-95, the Homeless Veterans Comprehensive Assistance Act of 2001.

The DAV is an organization devoted to the welfare of disabled veterans and their families. Approximately thirty percent of the hundreds of thousands of homeless veterans incurred physical and mental conditions while serving on active military duty. The DAV is deeply committed to ensuring that such honorable citizens receive basic health care, housing, financial counseling, and vocational training, to help them break the bitter cycle of homelessness. The DAV Homeless Veterans Initiative helps homeless veterans make the transition from life on the streets to one of productivity and normalcy. Our motto, "We don't leave our wounded behind," is a heartfelt principle and a promise we strive to uphold.

We were very pleased last year when Public Law 107-95 was enacted. It was evident that both Congress and the President shared our compassion toward homeless veterans, and recognized the need for this comprehensive law. Public Law 107-95 establishes grant programs for homeless veterans with special needs, authorizes limited dental care for VA homeless programs, provides rental vouchers for homeless veteran housing programs, and increases funds to community providers for care of homeless veterans.

If implemented, these provisions would take meaningful steps toward accomplishing Congress' stated goal of ending chronic homelessness among veterans within a decade. However, the Appropriations Committees have not allocated funds to support the programs. Without proper resources, the VA cannot implement the approved authorizations established by Public Law 107-95, and the legislation accomplishes nothing.

The DAV acknowledges that only nine months have passed since the law was enacted, and that such ambitious commitments require time to fulfill. Still, it should be remembered that nine months is a very long time to a person living on the streets. We strongly encourage full funding for the provisions of Public Law 107-95. With proper resources, the Secretary of the Department of Veterans Affairs (VA), Anthony Principi, may ensure expeditious implementation of these desperately needed programs.

Secretary Principi has already implemented one very important low-cost provision of Public Law 107-95—the Homeless Advisory Committee, a 15-member committee consisting of advocates for homeless veterans from a variety of backgrounds. The DAV is pleased with the Secretary’s selections, and we are confident that the committee will fulfill its purpose and become a valuable source of expert advice on homeless veteran issues.

We eagerly await implementation of other equally important provisions of Public Law 107-95, such as full funding for the VA Homeless Providers Grant and Per Diem Program. This program allows the VA to assist state and local governments in developing transitional housing and support centers. Such facilities are vital to homeless veterans in their ascent to productive citizenship.

As its title indicates, Public Law 107-95 is comprehensive in that it affects many programs and government agencies. The Department of Labor Homeless Veterans Reintegration Program (HVRP) is a training/employment program that has long suffered the consequences of limited funding. Public Law 107-95 authorized an increase for HVRP funding to \$50 million, yet the program has not been funded accordingly.

Every night in the United States, more than 275,000 men and women who served this country find themselves without decent shelter. Homeless veterans have the potential to better themselves and their existence, and once again become contributors to society. Those who find their way above a life of emptiness often motivate others to follow their course. Homeless veteran programs give them the course to follow. Highly successful programs, such as the Maryland Center for Veterans Education and Training, offer security and a tightly disciplined regimentation quite similar to that found in military training. Homeless veterans experience a sense of familiarity and belonging in such environments. They are reminded of a time in their lives when they rose to a challenge and successfully faced adversities. Indeed, many homeless veterans face powerful adversities like chemical dependency and mental illness. With basic needs fulfilled, they can concentrate on battling whatever affliction holds them down. Step-by-step, homeless veterans regain confidence and self respect and are able to re-enter society. Meeting such people is a moving experience that clearly illustrates the importance of Public Law 107-95. The 1.3 million members of the DAV urge Congress to fully fund all provisions authorized by the Homeless Veterans Comprehensive Assistance Act of 2001.

This concludes my testimony. I will be glad to answer any questions my statement may have inspired.

113

STATEMENT OF

VIETNAM VETERANS OF AMERICA

SUBMITTED FOR THE RECORD

BY

**SANDRA A. MILLER
CHAIR
VIETNAM VETERANS OF AMERICA
HOMELESS TASK FORCE**

**BEFORE THE
HOUSE COMMITTEE ON VETERANS AFFAIRS**

REGARDING

**THE DEPARTMENT OF VETERANS AFFAIRS HOMELESS VETERANS
PROGRAMS AND THE IMPLEMENTATION OF P.L. LAW 107-95, THE
COMPREHENSIVE VETERANS HOMELESS ASSISTANCE ACT OF 2001**

SEPTEMBER 12, 2002

Mr. Chairman, and members of the committee my name is Sandra A. Miller, and I serve as Chairman of Vietnam Veterans of America Task Force on Homeless Veterans. On behalf of VVA, I thank you and your colleagues for this opportunity to express our views on homeless veterans.

VVA believes the Department of Veterans Affairs is long overdue implementing section 601 of Public Law 105-368, which established the Pilot Program for VA Guaranteed Loans for Multifamily Transitional Housing for Homeless Veterans.

These pilot projects were authorized almost 4 years ago and there is no excuse that thousands of veterans still sleep on the streets because these pilots have not been started. While different agencies of the Executive branch bicker amongst themselves about implementing this program, homeless veterans are denied decent shelter. VVA believes that the permanent staff of the Office of Management & Budget (OMB) has deliberately delayed implementation of this program. The permanent staff of OMB essentially said that they would do this in a public meeting at the VA *before* the law was enacted, and that if the law was enacted, that it would still be theirs' to implement (or not). OMB's objection was to use of private funds that might actually weaken their total control over any program, even though they know nothing about homeless veterans. OMB has done what they as much said they would do, while America's veterans who are homeless needlessly suffer. Now is the time to stop this irresponsible behavior. Now is the time to demand that the Administration implement the law as Congress intended.

Frankly, the delays are puzzling to VVA: Is it private capital the current Administration does not like, or is it our most vulnerable veterans, many of them disabled, that the Administration does not like? VVA cannot understand why the continued delay, particularly with the professed values of this Administration.

Once these projects are implemented, they will expand the vitally needed supply of transitional housing for homeless veterans. The pilot loan guarantee program was established by Public Law 105-368 enacted November 11, 1998. This is a limited pilot program, and a maximum of 15 loans may be made. VVA believes that because of the delays, all 15 projects should be funded. As the projects are underway, VA can review the process and make the necessary administration alterations that are needed.

Vietnam Veterans of America (VVA) enthusiastically supports these pilot programs as a creative and yet thoroughly prudent approach that will help meet the increasing needs for transitional housing for veterans. By "transitional housing" we mean housing that is safe, clean, sober and has responsible staff to ensure that it stays that way, and that supportive services are regularly provided as to be sufficient to help veterans fully recover as much independence and autonomy as possible. VVA believes that involving private sector funds in solutions to America's problem of veterans who are homeless is essential.

Vietnam Veterans of America believes that the mechanism created by these pilot projects could create an additional 5,000 beds in long term transitional housing for homeless

veterans in the next five years. This estimate of 5,000 beds is based on the experience of USVETS in the renovation and construction of the type of transitional housing units that would be created by this proposed authority. The experience is that it should cost no more than approximately \$20,000 per bed. It is the belief of VVA and the National Coalition of Homeless Veterans that in some cases this cost could possibly be reduced a bit with more experience, at least in some areas of the country.

While the Vietnam Veterans of America is very committed to the creation of additional pools of capital that would enable some of our service providers to be able to create additionally needed transitional housing for homeless veterans, VVA is equally committed to ensuring that adequate safeguards be taken in regard to the administration of such projects to ensure that they contribute to helping homeless veterans return to a productive role in American society.

The provisions of the pilot programs were established by the consulting firm, Birch and Davis Associates, Inc. A member of their team included a subcontractor, Century Housing Corporation of Culver City, California. Century Housing has experience in the development and financing of transitional housing for homeless veterans. They were the developers of the Westside Residence Hall in Los Angeles, California which was the model which the pilot loan program was based.

As a result of this experience we are urging the Committee to direct the Secretary of Veterans Affairs to fund all 15 pilot projects at this time. VVA is aware that projects financed pursuant to this new authority require veteran residents to maintain sobriety as a condition of occupancy, charge a reasonable fee to occupants, provide supportive services and counseling (including job counseling), and requiring the veteran resident to obtain and keep employment (or engage in an education or training program designed to lead to meaningful employment) are all requirements that VVA supports. VVA believes that forcing veterans to pay rent and keep active helps those residents re-establish personal responsibility, pride, and self esteem necessary to successful recovery and reintegration into mainstream society.

VVA holds that the goal of transitional housing must not be just to create more units of housing, but rather to create more units of safe, clean, sober, supportive housing that promotes the recovery of self sufficiency and exercise of responsibility of each veteran who is currently homeless. The stringency of the rules must be matched by the positive environment and quality supportive/counseling services established. The difference here is not just one of semantics, but rather reflects a commitment to an approach that works.

VVA has a commitment to its members to respect our veterans enough to move beyond "warehousing" to help create additional projects where each veteran has the opportunity to re-establish his or her sense of self-worth and pride. Finally funding these projects will be one more solid step in the direction of creating enough tools to assist veterans to overcome problems and realize their potential.

It is a fact there is a need for a significant number of new units of transitional housing for veterans; VVA believes that the need is clear, apparent, and pressing in most areas of the country. There are 275,000 veterans who are homeless on any given night, with double that number during the course of a given year. VVA members and others express the need for safe, clean, sober housing for veterans as being one of the most pressing needs in their efforts to assist veterans, if indeed not the most pressing need.

VVA agrees with those service providers who believe that the need for such housing is accelerating as a result of both the shift of the delivery of health care services by the Veterans Administration (VA) from inpatient based models to outpatient models of service delivery, as well as the system wide pressures on VA to "save money."

VVA has much anecdotal evidence to indicate that the diminishment or virtual elimination of adequate quality substance abuse treatment and other neuro-psychiatric treatment services is a significant problem in virtually every major city. In some cases the inpatient resources devoted to these purposes have not been shifted to delivery of similar services on an outpatient basis. In other cases the lack of safe, clean, sober housing for veterans while in outpatient treatment or participating in partial hospitalization programs destroys any effectiveness that the treatment might provide toward rehabilitation and recovery of the veterans affected, particularly veterans who are homeless.

VVA believes the time for discussion of this program is long past, it is time this program became a reality. We urge this committee to direct the Secretary of VA to finally finalize the administrative guidelines that will govern these loans. At the same time the VVA requests the Secretary of VA to issue RFP's for the pilot projects before the end of the current year.

At this time VVA also wants to be on the record to urge Congress to fully fund the VA Homeless Grant and Per Diem and the DOL HVRP programs authorized by Congress with passage of P.L. 107-95, The Homeless Veterans Comprehensive Assistance Act of 2001, in their FY03 budgets. Over the years, these programs administered by the Departments of Veterans Affairs and Labor, have been a vital resource in providing assistance to homeless veterans, Congress should fully fund these homeless programs at the authorized levels in Fiscal Year 03 in order to carry out the comprehensive intent of the law as passed.

Mr. Chairman, the Department of Veterans Affairs has testified before the House and Senate Appropriations Committees regarding its FY03 appropriations request. It has not included funding for homeless veterans. Why is the VA not asking for this funding? How does the VA expect to provide the care and services as set forth in P.L. 107-95 without appropriate funding to do so?

VVA is requesting that funding, authorized under P.L. 107-95, be designated by this committee solely to help homeless veterans. Far too often the VA comes before this committee and cannot account for the allocated funding that has been appropriated to

them. For this reason, VVA is asking that \$135 million be earmarked in the VA FY03 budget and \$75 million for each of the next four years for the VA Homeless Grant and Per Diem program.

Lastly, VVA urges full funding to the authorized level of \$50 million for the Homeless Veterans Reintegration Program (HVRP) administered by the Department of Labor. This training/employment program has long suffered the consequences of limited funding. How can the Department of Labor extol a commitment to the training of homeless veterans and deny them the full funding that has been requested under P.L. 107-95?

Mr. Chairman, on behalf of Vietnam Veterans of America, I thank you and your distinguished colleagues for the opportunity to offer our views regarding our nations homeless veterans and urge your support by providing full funding of P.L. 107-95.

VIETNAM VETERANS OF AMERICA
Funding Statement
September 12, 2002

The national organization Vietnam Veterans of America (VVA) is a non-profit veterans membership organization registered as a 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

VVA is not currently in receipt of any federal grant or contract, other than the routine allocation of office space and associated resources in VA Regional Offices for outreach and direct services through its Veterans Benefits Program (Service Representatives). This is also true of the previous two fiscal years.

For Further Information, Contact:
Director of Government Relations
Vietnam Veterans of America.
(301) 585-4000, extension 127

(Letter was also sent to Chairman Young)
June 26, 2002

Honorable Robert Byrd
Chairman
House Appropriations Committee
S-128 Capitol Building
Washington, DC 20510

Dear Chairman Byrd:

Vietnam Veterans of America (VVA) urges Congress to fully fund the VA Homeless Grant and Per Diem and the DOL HVRP programs authorized by Congress with passage of P.L. 107-95, The Homeless Veterans Comprehensive Assistance Act of 2001, in their FY03 budgets. Over the years, these programs administered by the Departments of Veterans Affairs and Labor, have been a vital resource in providing assistance to homeless veterans. Congress should fully fund these homeless programs at the authorized levels in Fiscal Year 03 in order to carry out the comprehensive intent of the law as passed.

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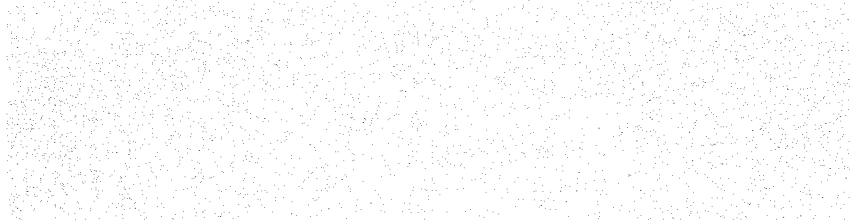
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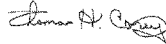
Honorable Robert Byrd
Chairman
House Appropriations Committee
June 26, 2002

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Mr. Chairman, on any given night in the United States over 275,000 men and women who served this country find themselves without a decent place to lay their heads. They struggle every day with the burden of daily existence on the streets.

VVA urges you and your colleagues to support America's homeless veterans by providing the full funding and ensuring them the reality of P.L. 107-95.

Sincerely,



Thomas Corey
National President

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES
CHAIRMAN SMITH TO DEPARTMENT OF VETERANS AFFAIRS

**Post-Hearing Questions for
Secretary Anthony J. Principi
From the Honorable Christopher H. Smith
September 12, 2002 HVAC Hearing on
P.L. 107-95, the Comprehensive Veterans
Homeless Assistance Act of 2001**

Question 1: Mr. Secretary: What are VA's plans to implement the provisions we approved in Public Law 107-95 to provide limited dental benefits to veterans enrolled in VA's homeless programs and when will that new dental benefit be made available to obviate some of the problems we reviewed during our hearing?

Response: VHA is in the process of completing the VHA Directive that will be distributed to all VA medical care facilities to provide guidance for medically necessary outpatient dental care to eligible veterans enrolled in VA's Homeless Programs. The VHA Directive should be ready for distribution to VA medical care facilities by the end of this year. VHA is also drafting regulations that will complete the implementation of the dental authority contained in Public Law 107-95.

Question 2: VA considers its homeless assistance programs part of VA health care? Your written statement indicates you must "weigh" homeless programs' resource needs against those of other VHA health care programs. Please explain what you mean by the need to weigh them.

Response: The homeless programs are a part of the overall VA continuum of care. Homelessness removes the foundation upon which effective health services delivery can reliably occur.

Question 3: Apparently VA has made a judgment that aligning these programs in the health care system is the best way to manage them. How does a homeless assistance program fare competitively with a VA health care program that is short of necessary funds to meet all known needs?

Response: VA's FY 2001 Capacity Report shows that funds spent on specialized care for homeless seriously mentally ill veterans increased by 44% between 1996 and 2001. It should also be noted that funding to support the Homeless Providers Grant and Per Diem Program, one component of the homeless veterans assistance program, is distributed directly by VA Central Office. These funds are sent directly to grant recipients, upon receipt of invoices, to pay for the purchase, renovation or construction of buildings, or the purchase of vans. Funds to support the per diem component of the program are distributed to the nearest VA medical center so that per diem payments can be made on a monthly basis based on the number of veterans served in each program.

Question 4: You have issued VA regulations that set a system in place, ensuring that service connected veterans receive priority in outpatient and inpatient services. Do VA's homeless programs receive high priority for funding?

Response: Interim Final Rule 2900, AL-39, Priorities for Outpatient Medical Services and Inpatient Hospital Care, gives priority access to veterans with service-connected disabilities rated 50 percent or greater and to veterans seeking care for a service-connected disability. Under this regulation, a homeless veteran would receive priority for care based on his or her service-connected status. Approximately, 15 percent of homeless veterans who receive services in VA's specialized homeless programs have a service-connected disability.

In FY 2003, VA anticipates that total treatment costs associated with homeless veterans will be approximately \$1.3 billion. In addition, funding for specialized homeless veterans programs is expected to be approximately \$164.294 million in FY 2003. Program emphasis has been on outreach, case management, transitional residential care in VA or community-based residential treatment and rehabilitation programs and supported housing programs; assistance with income support, assistance with permanent housing and follow-up and after care.

Question 5: Public Law 107-95 authorizes almost \$1 billion over 5 years for homeless assistance programs. This year's budget contains a net \$8 million increase in intended spending on VA's homeless assistance. With all due respect, this level of spending increase is barely noticeable. How can we work with you to get more attention paid to these unmet needs in the President's next budget?

Response: VA only identified funding under the Grant and Per Diem program with a noted increase. VHA estimates expenditures under the Grant and Per Diem Program at approximately \$26 million this fiscal year. \$8 million represents a 30 percent increase over the current fiscal year expenditures and should be considered a substantial effort aimed at enhancing community-based programs for homeless veterans.

Question 6: In her written statement, Ms. Boone of the National Coalition for Homeless Veterans states that her organization is not even represented on your new advisory committee on homeless veterans. What were your reasons for not making the Coalition a member, even on a *ex officio* basis, of your committee?

Response: The Advisory Committee on Homeless Veterans is by law allowed to have fifteen members and four specific *ex-officio* members representing the U.S. Departments of Defense (DOD), Labor (DOL), Housing and Urban Development (HUD) and Health and Human Services (HHS).

While there is currently no "seat" on the Advisory Committee for the National Coalition for Homeless Veterans (NCHV), that organization does have extensive ties to the Advisory Committee. Three of the founding members of the National Coalition for Homeless Veterans (Mr. Robert VanKeuren, Mr. Michael Blecker and Mr. Ralph

Cooper) sit on the Advisory Committee. Mr. Thomas Cray, the current president of NCHV's Board of Directors, and Mr. Ray Boland, a past board member, also serve on the committee.

Question 7: VA's and the military services' chaplain corps do a wonderful job bringing spiritualism into the healing process, and I am very interested in the reference you made in your written statement about faith-based programs as a part of VA's homeless assistance effort. In fact I would like to see VA using more of these approaches in your mental health, alcohol and drug abuse efforts, in addition to the homeless assistance programs. What can you tell me about the status of faith-based initiatives in VA, especially in the mental health and homeless assistance programs?

Response: We appreciate your praise for our Chaplain Service. We share your understanding of the vital role of spirituality in promoting healing and wellness. VA chaplains have a significant role in VA's holistic treatment programs for homelessness, substance abuse and mental health.

Currently, nearly one-quarter of all VA's grantees under the homeless program describe themselves as faith-based organizations, but virtually every program has connections to faith-based partners who aid in restoring veterans to their highest level of functioning.

VA continues to improve coordination and cooperation between this Department and faith-based organizations. Homelessness, substance abuse and mental health are multi-faceted problems with medical, social and spiritual aspects. We must bring every available resource to bear as we address these issues. The contributions of faith-based organizations are extremely valuable in this effort. Chaplains of the Veterans' Health Administration are well integrated into the communities in which our medical centers are located and can serve as excellent liaisons in helping to identify faith-based organizations that might serve our veteran population without compromising the quality of care veterans have earned and the respect they deserve.

VA is working with representatives from the faith community in order to increase that community's involvement in providing high quality services to homeless veterans. We have been seeking specific advice and will carefully review those suggestions and take appropriate action.

Question 8: Mr. Mangano of the Interagency Council briefly mentions in his statement that at the July meeting of the council, you announced, along with Secretary Thompson and Secretary Martinez, a joint, \$35 million initiative on veterans' homelessness. What is the nature of this initiative and how much funding is VA investing in it?

Response: As described at the committee hearing, staff from the Departments of Veterans Affairs, HHS and HUD are meeting weekly to try to create an integrated system to develop infrastructures that will sustain the services, treatments and inter-organizational partnerships. This is a new and exciting approach however, with the requirements of three authorizing statutes and three sets of appropriations, we are

pursuing this vigorously. VA is committed to providing up to \$5 million, HHS will provide \$10 million, and HUD will provide \$20 million.

While the details of this joint effort have not been determined, VA believes that this effort may have exciting results. We are a partner in this effort because it may lead to both increased housing opportunities for veterans, provided by HUD, and improved community-provided clinical services, provided by HHS. Since this is a collaborative effort, we believe that this approach will match chronically homeless veterans with quality VA health care and benefits assistance, while providing homeless veterans enhanced opportunities for quality housing and clinically appropriate services in the communities in which they live.

Question 9: How did you "weigh" the cost of this new joint investment in homeless assistance that was announced at the advisory committee meeting, against other VHA health care costs, or did these funds come from VA's homeless assistance program allocations?

Response: The announcement of a joint or coordinated notice of funding availability was made at the meeting of the Interagency Council for the Homeless, not at or in conjunction with VA's Advisory Committee on Homeless Veterans. Funds for this initiative will be part of VA's homeless assistance program allocations. While our funding opportunities are limited, we are convinced that a collaborative effort like this will create an environment where the housing, health care and connections to other benefits will be comprehensively addressed.

VA is supportive of this initiative since it will offer a highly monitored collaborative effort. Since our funding can only be used to pay for services directly provided to veterans, we believe this approach will foster enhanced collaborative efforts to serve veterans at the local level.

Question 10: Mr. Secretary, most of these events happened before your term, but what are VA's most important reasons for taking so long to implement the transitional loan program that we authorized in 1998?

Response: There have been several reasons for the delay in implementing the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans Program. These include: 1) obtaining appropriations to administer the program, including \$48.25 million to cover the loan subsidy; 2) justifying and obtaining approval for the 100 percent guaranty; and 3) hiring suitable contractors to assist with implementation of the program.

Question 11: Your statement says VA will try to have the first transition loan ready for award by October 2003, more than a year from the hearing on September 12. Some have suggested this is just more VA bureaucratic foot-dragging, and that the first loan could be made considerably sooner. Would you respond for the record?

Response: Implementation of the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans Program has been a slow process, but VA is now in a position to move forward more rapidly. As you know, there is no model for this type of Federal Loan Guaranty Program, and the need for due diligence to minimize default is essential. The Committee can be assured that I fully support initial implementation of this program in 3-5 locations. I have directed the Office of Asset Enterprise Management and other VA staff who are involved with this program to move forward as quickly as possible to award the initial loan guaranties. We have tentatively estimated that these initial awards can be made by October 2003; however, developers who may be interested in applying for the loan guaranty may require several months to identify potential sites for the multifamily housing program and secure additional funding sources (e.g. low income tax credits) in order to successfully compete for a VA loan guaranty. We know the needs of homeless veterans are great. We are doing everything possible to issue the initial loan guaranties as quickly as possible.

Question 12: Mr. Secretary, you stated that the Administration plans to end chronic homelessness in a decade. Please provide the VA plan by which this goal will be achieved for veterans.

Response: VA continues to increase the numbers of transitional beds with supportive services; nearly 6,000 beds are expected to be available within the next few years supported by VA's grant and per diem program. Nearly 25,000 veterans will access those beds annually. We continue to work with other major partners including HUD where tens of thousands of unique veterans are provided transitional housing under their community continuum of care assistance program. Better identification of those veterans coupled with enhanced linkage to VA's health and benefits assistance programs will greatly support this effort.

In addition, we work with a host of other federal agencies including HHS, the Departments of Labor (DOL), Agriculture, Internal Revenue Service (IRS), Defense (DOD) and Justice (DOJ), in order to improve collaborative efforts to reach, assist and rehabilitate these veterans. This comprehensive approach is still being developed, enhanced and refined; we will continue to keep the Committee informed.

Question 13: Has a target date been set for the national meeting on chronic homelessness between all states and Federal agencies that you discussed in your statement?

Response: No. The Department of Veterans Affairs, along with HHS and HUD, are working on several state-level policy meetings prior to a national summit. As soon as details are determined, we will inform the Committee.

Question 14: Please outline for the Committee the collaborative efforts of the Mental Health Strategic Health Care Group, the Readjustment Counseling Service, and the Veterans Benefits Administration (VBA) in combating an increase in homeless veterans.

Response: There is a long established system of collaboration between the Vet Centers and VAMC-based mental health services. Information contained in the pending report to Congress, as required by Public Law 107-95, documents the high volume of community outreach, case management and referrals provided by the Vet Centers to VAMCs, VA Regional Offices and community resources on behalf of homeless veterans. Also documented are a high number of active partnerships between the Vet Centers and Health Care for Homeless Veterans (HCHV) programs. VA's plan is to further refine and coordinate this pattern of service activity into a formal national plan, the results of which will be reported in the subsequent report to Congress required by Public Law 107-95.

Question 15: You mentioned that VA and HUD will continue their partnerships in diminishing chronic homelessness among veterans, but "to the extent that resources will permit". What can the Committee do in cooperation with you to ensure that VA continues to have these necessary resources?

Response: VA has been extremely strained by an ever expanding population base and limited new resources to serve veterans. We appreciate the Committee's recognition that collaborative efforts with other federal agencies and departments, and with other national, state and local entities, will add value and richness of services and opportunities for veterans who are or have been homeless. We will continue to work with the Committee to keep you informed about these activities.

Question 16: Please address the matters below. All are requirements of Public Law 107-95.

a: Chapter 20, Section 2003 requires one full-time employee assigned to homeless programs at each VBA regional office. Has this been done?

Response: Section 2003 requires at least one full-time employee assigned to oversee and coordinate homeless veterans programs at each of the 20 VBA regional offices that the Secretary determines have the largest homeless veteran populations. Accordingly, the following 20 regional offices have been designated and have HVOCs in place:

| | | | |
|-----------|--------------|--------------|----------------|
| Atlanta | Houston | New York | Seattle |
| Boston | Indianapolis | Oakland | St. Louis |
| Chicago | Los Angeles | Philadelphia | St. Petersburg |
| Cleveland | Nashville | Phoenix | Waco |
| Detroit | Newark | Roanoke | Winston-Salem |

The oversight and coordination responsibilities contained in Section 2003(a)(1)-(7) of the legislation are incorporated into each HVOC position description.

b. Chapter 20, Section 2003 requires a joint outreach plan from the Mental Health Service and the Readjustment Counseling Service to prevent at-risk veterans from becoming homeless. Has this been done?

Response: There is a long established system of collaboration between the Vet Centers and VAMC-based mental health services. Information contained in the pending report to Congress, as required by this law, documents the high volume of community outreach, case management and referrals provided by the Vet Centers to VAMCs, VAROs and community resources on behalf of homeless veterans. Also documented are a high number of active partnerships between the Vet Centers and HCHV programs. VA's plan is to further refine and coordinate this pattern of service activity into a formal national plan, the results of which will be reported in the subsequent report to Congress required by this law.

c. Chapter 20, Section 2022, subsection (f) requires a report no later than October 1, 2002 on outreach activities. Will this be done on time?

Response: This report was sent to the Congress on November 4, 2002.

d. Chapter 20, Section 2023 requires VA and DOL to carry out a demonstration program at six prisons and other institutions to provide social services to veterans transitioning back into society to prevent them from becoming homeless. When will this be done?

Response: Representatives from VA and DOL have been meeting regularly to establish an effective approach to this six-site pilot demonstration project. There have also been meetings with representatives from the US Bureau of Prisons.

While no specific date has been established, we are hopeful that there will be a plan ready to be discussed early next year.

e. Chapter 20, Section 2043 authorizes ten new domiciliary care programs for homeless veterans. What is their status? Did you request funding to support these new facilities?

Response: No additional funding has been earmarked to expand Domiciliary Care for Homeless Veterans (DCHV) Programs. I consider DCHV Programs an important component in VA's continuum of care for homeless veterans as evidenced by the successful housing and employment outcomes of homeless veterans who are treated in these programs. However, given increasing demands on VA's health care resources, any proposals for new funding for new DCHV programs will have to compete with proposals for other programs.

f. Chapter 20, Section 2061 requires you to make grants to assist homeless veterans with special needs, such as women, frail elderly, terminally ill or chronically mental ill. Has this been done?

Response: VHA has prepared draft regulations for the new grant program to assist homeless veterans with special needs, such as women, frail elderly, terminally ill and chronically mentally ill. These regulations are currently undergoing review and concurrence. We expect to send them to OMB by November. A proposal to fund this new grant program will have to compete with proposals to fund other high priority health care programs.

g. Groups: Chapter 20, Section 2064 requires VA to make technical advisory grants to help nonprofit community-based groups to apply for federal funding to assist homeless veterans. Has this been done?

Response: VHA has proposed draft regulations for the new grant programs to make technical assistance grants available to help non-profit community-based groups apply for federal funding to assist homeless veterans. These regulations are currently undergoing review and concurrence. We expect to send them to OMB by November. Funds to support this new grant program will be made available from funds already identified for homeless veterans programs.

h. Section 8 of Public Law 107-95 requires all VA primary health care facilities to develop and carry out a plan to provide mental health and substance abuse services. Has this been done?

Response: Section 1706(c) of title 38, United State Code, as added by section 8(a) of P.L. 107-95, states: "The Secretary shall insure that each primary care healthcare facility of the Department develops and carries out a plan to provide mental health services, either through referral or direct provision of services, to veterans who require such services." Section 1720A(d)(1) of that same title, as added by section 8(c) of P.L. 107-95, states: "The Secretary shall ensure that each medical center of the Department develops and carries out a plan to provide treatment for substance use disorders, either through referral or direct provision of services, to veterans who require such treatment."

In a memorandum from the Assistant Deputy Under Secretary for Health in August 2001, Networks were directed to develop a plan to improve the consistency with which VHA provides mental health services in existing and proposed new Community Based Outpatient Clinics (CBOCs). Networks were informed that mental health services should include the capacity to provide medication management and general counseling or psychotherapy services for all patients requiring such services. The initial planning process was completed Sept 28, 2001.

In March 2002, plans for including mental health services in CBOCs were completed and approved for all VISNs. The third quarter review of plan milestones against timelines for each VISN were critiqued by subject experts and approved in August 2002. Ongoing quarterly reviews of VISN timelines will continue until all plans are completed.

Primary care clinics in all VA medical centers currently have access to both mental health and specialized substance abuse services within the medical centers. Increasingly, the integration of mental health, substance abuse and primary care services has permitted one stop access for veterans who present multiple problems.

I. Section 12 of Public Law 107-95 requires HUD to set aside additional rental assistance vouchers -- 500 in FY 2003, up to 2000 in FY 2006. Is this being done? What steps have you taken to ensure that HUD does this?

Response: My staff is in weekly contact with HUD staff monitoring the status of those rental assistance vouchers. Although HUD's FY 2003 Budget request included these vouchers, neither the House - nor the Senate - reported VA/HUD appropriations bills for FY 2003 included these vouchers. Additionally, the Administration's FY 2003 Budget includes language allowing a portion of the 34,000 incremental vouchers requested in HUD's Housing Certificate Fund to be made available to homeless veterans in accordance with the Homeless Veterans Comprehensive Assistance Act of 2001. We urge the Congress to adopt the Administration's request.

CONGRESSMAN EVANS TO DEPARTMENT OF VETERANS AFFAIRS

**House Committee on Veterans Affairs
Subcommittee on Health
Hearing on Comprehensive Veterans Assistance Act
September 12, 2002
Follow-up Questions for Secretary Principi
Secretary of Veterans Affairs
Department of Veterans Affairs**

Question 1: Mr. Secretary, we heard Allan Kingston's from Century Housing Corporation perception about problems in implementing the multifamily transitional housing loans that were authorized in H.R. 105-368. He claims it was a mistake to give oversight of this project to an entity within the VA that had no experience with dealing with home loans.

After a hold pending the first meeting of the Interagency Council on Homelessness, we were, at last, told that VHA was effectively ready to announce a Notice of Funding Availability (NOFA) for the Multifamily Transitional Loans. Instead, VA has now chosen to move this program's management from VHA to the Office of Asset Enterprise where it is, once again, under review. Your statement projects that VA may not make loans until FY 2004. What was the reason for this decision?

Answer: As mentioned in my testimony, I have asked Mr. Claude Hutchison, Director, Asset Enterprise Management Office, to take the lead in implementing this program. Mr. Hutchinson's background in banking and lending practices makes him highly qualified to lead this effort. Mr. Hutchison is reviewing the steps taken to date to implement this program in order to more effectively guide the program toward implementation at 3 to 5 locations.

VA issued a Stop Work Order to KPMG on July 17, 2002 in order to assess progress made to date and to determine the next steps in the implementation process. VA is now moving to lift the Stop Work Order and will be working with KPMG to re-establish time lines for program implementation.

Based on previous work accomplished by KPMG, we believe that a Notice of Funding Availability can be issued within the next few months. We believe that interested developers may require as much as six months to complete the application for the loan guaranty. VA will require time to review applications and recommend approvals for the loan guarantys. At this time, we believe that the first loan guaranty will be issued early in FY 2004

Question 2: From your perspective, why have there been so many contractors involved in establishing the guidance for this program's implementation? Did VA adequately describe the work product each contractor was to provide? Provide the amount VA has paid each contractor.

Answer: There was one contractor hired to perform tasks for the Loan Guaranty for Multifamily Transitional Housing for Homeless Veterans. The contractor was Birch and Davis Associates, and their contract with VA expired on April 4, 2002.

VA provided the contractor with the statement of work that included legislative requirements specified in the authorizing legislation. The product delivered provided the basic requirements. The work product could have emphasized controls to minimize risk such as eligibility and borrower-reporting requirements as well as use of other Federal, state and local programs to help lower costs and risks. Other significant areas that should have been addressed include types of services for homeless veterans, means of funding and recommendation on retail-to-housing space for a project. Assumptions lacked support and/or comparison with other loan guaranty/insurance programs.

On February 19, 2002, VA hired KPMG to provide quality assurance review of Birch and Davis's deliverables. On April 11, 2002, VA negotiated a contract with KPMG to resume work on structuring the loan guaranty program for VA.

VA has paid Birch and Davis \$369,031.

VA has paid KPMG \$74,343.94 for their quality review and \$369,174 to continue with development of the pilot program.

Question 3: As a member of the Interagency Council on Homelessness will you describe in more detail the joint initiative that was announced by the group and how the \$35 million from the initiative will be used to assist veterans?

Answer: A working group of representatives from the VA, the Department of Housing and Urban Development (HUD) and the Department of Health and Human Services (HHS) have been meeting almost weekly to try to develop a comprehensive approach that will get homeless people, including homeless veterans, off the streets and into safe and decent housing with strong supportive services that will keep them from becoming homeless once again.

VA is committed to this initiative to assist chronically homeless veterans. We believe this coordinated approach will offer more veterans housing and coordinated services than VA could offer without this collaboration. In addition we believe this approach will bring a richer mix of partners and services for veterans.

In addition, VA/HHS/HUD have entered into an interagency agreement. The purpose of this agreement is to design and execute a set of meetings and technical assistance

activities to improve access to health care and services by persons who are homeless. The meetings are intended to develop, implement, and showcase State-level policies and services designed to improve access to mainstream services by people who are experiencing homelessness or who are at risk of homelessness. Two Policy Academies have been held. Policy Academy III will be held January 2003, in Atlanta, Georgia.

CONGRESSWOMAN DAVIS TO DEPARTMENT OF VETERANS AFFAIRS

**House Committee on Veterans Affairs
Subcommittee on Health
Hearing on Comprehensive Veterans Assistance Act
September 12, 2002
Follow-up Questions for Anthony Principi
Secretary of Veterans Affairs
Department of Veterans Affairs**

Question presented by Mr. Evans on behalf of Congresswoman Susan Davis.

Question 1: Mr. Secretary, I asked you during the hearing if you were aware of a domiciliary program in Portland, Oregon, that was engaged in a "pilot program" to provide care for veterans in lodging or "hoptel" beds instead of rehabilitative care beds. I have also heard that some veterans are being transferred from Portland VAMC to the White City VAMC domiciliary.

First, are you aware of this change at Portland? Are there other facilities changing the structure of their domiciliary programs? Does VA Headquarters have plans to discourage the dissolution of these programs?

Answer: There is no pilot program to provide care for veterans in lodging or hoptel beds instead of rehabilitative care beds. Last November, Portland VAMC temporarily took 52 beds out of service due to budget considerations and increased its nine-bed hoptel to 35 beds. During this temporary arrangement, one VAMC Portland patient was transferred to White City.

Initially, VAMC Portland had planned to place the domiciliary beds back in service once funds were available. The current plan is to re-open the domiciliary beds in January 2003. Discussions are also underway as to how programs within the domiciliary will be re-structured to best meet the needs of patients.

Although we are not certain, there may be a few facilities that have similarly designated non-utilized domiciliary beds as hoptel beds (on a temporary basis), when it would not have any negative impact on patient care. However, we do not believe this is a common occurrence. Moreover, as explained in the hearing, hoptel beds provide temporary lodging to veterans who are medically stable and capable of self-care, and who live far away from the facility where they are undergoing extensive treatment or procedures. In contrast, homeless veterans typically suffer from psychiatric and/or substance abuse disorders, as well as other medical problems. As such, these veterans generally require rehabilitative and other medical services provided through a functioning domiciliary unit. VA recognizes the vital role that our domiciliary programs have played, and continue to play, as a form of in-patient care for veterans.

CHAIRMAN SMITH TO RAYMOND BOLAND

1. Could you please provide the Committee more details about some of the businesses within the private sector which have assisted in your housing efforts in Wisconsin?

It became very clear early in the development of the Wisconsin Model that the private sector was a critical component in the successful transition of at-risk veterans back into mainstream society. The overlapping core issues of housing and employment cannot be resolved without support from the business community.

To meet the disparate housing needs of veterans in transition, the Wisconsin Model relies on the collaborative efforts and opportunities of its partners in the government, non-profit, and private sectors. It maximizes the use of an array of housing referral sources and grant opportunities such as the currently under-funded Homeless Veterans Reintegration Project grant to assist in housing placement.

Primary private sector resources for the Wisconsin Model came from the Norwest Bank Corp now merged with Wells Fargo and the Federal Home Loan Bank of Chicago. In 1993 Norwest provided, with supplemental state veterans funding, the loan to a local non-profit organization to purchase a 100-bed transitional facility in inner city Milwaukee. This location has become the flagship facility for Wisconsin and to date has served over 2,400 veterans in residence and an additional 3,200 veterans with day services, to include housing referral, job assistance, and substance abuse counseling. After receiving the loan and proving the success of the program, the organizations received a grant from the Federal Home Bank, which was used to retire the mortgage. It is the use of this private capital to secure a loan that is the foundation of the yet-to-be-implemented Veterans Transitional Housing Opportunity Act of 1998. Recent discussions with Wells Fargo personnel showed strong interest in supporting lending packages with USDVA guarantee.

Private sector business assistance is vital to provide employment of program residents to develop a work history, work discipline, and financial savings to re-enter the community and afford to pay for housing. We have a direct relationship with employers at each of our four transitional housing sites. Together we use the USDVA Compensated Work Therapy Program which provides screening, assessment and monitoring of veterans returning to work to insure appropriate placements, assessment of physical disabilities that prevent or hinder employment, and appropriate medical or clinical referrals. These employers include Ocean Spray, Wal-Mart, Tretop Publishing, American Roller, Barton Rubber, Manpower and Honey Baked Ham.

2. Your model requires residents to work and restore financial responsibility. Are the veterans given a certain amount of time to acquire a job?

Veterans are required to seek and obtain employment within phased time guidelines. These guidelines may differ with each veteran depending on any clinical, medical or educational needs that are discovered during the veterans initial assessment phase in the program.

The Wisconsin Model is a five-phased program progression which commences with intake, assessment and referral and concludes with obtaining post-graduation long-term affordable housing and appropriate follow-on counseling and work therapy. Job training and placement is in Phase III of the program following the establishment of a case plan and typically occurs between weeks 3 and 12 of the veteran's residency.

Residents must show continued progress in meeting the goals of their individual case plan in pursuing treatment for any barriers to employment or community reentry; receiving education or instruction to acquire additional skills to reenter the workforce; or securing and maintaining employment. Lack of progress in these areas may lead to discharge from the program.

3. Based on your participation at our hearing, would you please provide your perspective on whether we are moving VA forward in an appropriate manner to attempt to reduce homelessness among veterans?

The efforts of the House Committee on Veterans Affairs to end the national tragedy of homelessness in the veterans' community are remarkable. Your willingness to first bring

together the major stakeholders to hear current best practices at work and to receive alternatives for positive change and then to take the appropriate steps to enact the legislation to empower states and the non-profit and private sector is testimony to your bipartisan commitment to serve those veterans who have served our nation so well.

The Committee well recognizes that the task at hand is neither an easy or short-term effort, and that solutions lie in the cross-fertilization of ideas and support from the myriad of partners in the struggle. Your recognition that legislative support is necessary to fully implement current public law to expand housing capacity and to ensure the long-term fiscal health of the homeless veterans' initiative is most appreciated.

4. Do you have any recommendations for our Committee to consider that might bring additional approaches to bear?

The enactment of Public Law 105-368 (Veterans Transitional Housing Authority Act of 1997) and Public Law 107-95 (Comprehensive Veterans Homeless Assistance Act of 2001) provide the authority for stakeholders in the veterans' community to pursue the resources and programs to effectively challenge the tragedy of homelessness. Unfortunately, neither law has been implemented. Legislative support is urgently needed to recover the momentum of earlier House Committee on Veterans Affairs efforts.

Full implementation of Public Law 105-368 will finance, with funding participation by local and state governments, the development of up to fifteen multifamily transitional housing facilities to serve the needs of homeless veterans and a guarantee of a maximum of 90% of the total cost of development through fully amortizing loans. As private capital has to date been unwilling to finance transitional housing developments because of uncertainty in determining loss potential and volatile revenue structures, government loan guarantees provided through the authority of Public Law 105-368 may provide the access needed to private capital markets as production of multifamily affordable housing relies upon federal loan guarantee programs for financing as seen from the Wisconsin Model experience.

Public Law 107-95 will enhance the supportive services resources necessary for providers to meet their operational requirements and veterans needs. In addition to the increase in per diem subsidy in the Public Law, targeted programs for minority and incarcerated veterans in transition will not only serve to reinforce our nation's commitment to the successful reintegration into society of at-risk veterans, it also extends assistance to providers who are currently challenged by the vagaries of the economy to obtain the resources to accomplish their mission.

We recommend the Committee also examine the potential for increased partnership between USDVA and DOD to make more transitional housing for homeless veterans available on military installations. The Wisconsin Model has taken advantage of existing DOD regulations that provide for direct agreements between military installation commanders and organizations assisting the homeless. This mechanism has much potential for expanding temporary housing capacity.



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October 4, 2002

The Honorable Christopher H. Smith
Chairman, House Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, D.C. 20515

RE: Response to Questions of September 23, 2002

Dear Chairman Smith:

Thank you for the opportunity to further discuss the Department of Veterans' Affairs Loan Guarantee for Multifamily Transitional Housing for Homeless Veterans Pilot Program. Enclosed please find responses to the questions in your letter of September 23, 2002.

Century is looking forward to assisting the Committee and VA in quickly implementing the Loan Guarantee Pilot Program and creating transitional housing for homeless veterans. As stated in my testimony of September 12, 2002, there are some 250,000 veterans sleeping on the streets throughout the United States every night. Implementing the Pilot Program will be an important step in solving this tragic problem.

If you have any other questions, or need further clarification of any of my responses, please contact me directly at (310) 642-2001.

Sincerely,


G. Allan Kingston
President/CEO

Enclosure



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Responses to Questions of September 23, 2002

- 1. According to VA, the first loan will not be disbursed until October 2003, more than a year from now. In your opinion, can this be done more rapidly? What recommendations can you offer VA in this regard?**

Loans guaranteed by VA under the Pilot Program may be funded prior to October 2003, if 1) VA provides extensive support to the implementation of the Loan Guarantee Pilot Program, 2) there are potential developments that meet VA's locational requirements, and 3) these developments are sufficiently far along their timeline that financing is their final obstacle to completion. Such projects are likely to be acquisition and rehabilitation of existing properties, rather than new construction.

VA's support for the Pilot Program will be demonstrated by dedicating substantial and knowledgeable resources to the Pilot Program; managing the Pilot Program as a true "pilot", with maximum flexibility and using the knowledge gained to develop future policies and procedures, rather than establishing rigid policies beforehand; and by the creation of an autonomous group of staff from the Facilities Management, Contract Administration, and Office of the General Counsel, with the freedom to circumvent time-consuming bureaucratic processes in favor of implementing the Pilot Program.

In order to meet a twelve-month goal for disbursing the proceeds of a guaranteed loan, VA should also immediately begin the process of requesting proposals while at the same time completing the final documentation and internal policies and procedures for the program. By using parallel tracks rather than a linear time-line approach, the implementation stage could be significantly reduced.

Developments that could immediately utilize the Loan Guarantee must be at the point of proceeding with property acquisition and rehabilitation, or new construction, with only the sources of financing undecided. The development site, entitlements, due diligence, design, and development team must be in place in order to meet the short timeframe desired.

A more likely scenario, which will still require substantial VA support to accomplish, is for VA to **commit to provide loan guarantees** by October 2003, with the guaranteed loans funded at a later date. Providing commitments to guarantee in advance of loan funding is common multifamily industry practice.

EVALUATION METHOD

Century recommended a two-stage process for evaluating applications for loan guarantees for proposed developments in its Task #2 and Task #3 Deliverables. The first stage would evaluate all applications to ensure that a proposed development meets the minimum requirements of the statute and of prudent, industry-accepted underwriting. The most acceptable of those applications would then be invited to submit the second stage application, which would be more detailed and fully describe all aspects of the development. VA would provide conditional loan guarantee commitments to all Stage Two applicants. Century recommended the two-stage application process in order to

Honorable Christopher M. Smith
Responses to Questions of September 23, 2002
October 4, 2002
Page 2 of 5

relieve prospective developers, many of which will be nonprofit organizations with limited capital, from incurring substantial predevelopment expenses (e.g., appraisal and environmental reports) without knowing if they will receive a guarantee commitment from VA.

The process for soliciting and evaluating applications, providing loan guarantee commitments, and funding the guaranteed loans, can be generally broken down into four discrete activities:

STEPS NECESSARY TO MEET THE GOAL

The first time activity will be publishing a Notice of Funds Availability, Request For Proposals, or other accepted mechanism, publicly announcing the opening of the Pilot Program application period. This time will be used to market the Pilot Program, distribute the Stage One application and preliminary regulatory materials, and receive applications. This period is expected to take ninety days.

The second activity will be the evaluation of the Stage One applications for completeness, inclusion of the minimum requirements, and to rate the applications by quality. This evaluation will examine each proposed development to see if it meets certain minimum criteria as required by the enacting legislation (e.g., maintenance of a sober living environment). Stage One will also determine if the proposed development team has sufficient experience in developing and operating transitional housing to reasonable ensure success of the proposed development. The evaluation of the Stage One application is expected to take ninety to 180 days.

Those applications that excel in the Stage One evaluation will be invited to Stage Two, the third activity in the loan guarantee commitment and loan funding process. The Stage Two application will be much more detailed than Stage One, providing a complete explanation of the proposed development, including extensive descriptions of the social service plan, financing structure, physical design, and "market study" documenting the need for transitional housing for homeless veterans in the proposed locations. Because developments applying in Stage Two must be effectively ready to proceed at the time of application, up to twelve months will be allowed for the completion of the Stage Two application. All Stage Two applicants will receive a conditional guarantee commitment from VA, which will assist in attracting other sources of funding and generating local political support for proposed developments.

The fourth activity will be the performance of final due diligence, negotiating and creating the legal documentation required for the development and all of its financing. At the end of this period, approximately ninety days, VA's guarantee will be fully committed, allowing a guaranteed loan to be funded.

It will require serious and focused effort on the part of all involved parties – VA, developers, the Federal Financing Bank, local governments – to implement the Pilot Program and meet VA's goal of funding guaranteed loans by October 2003.

2. It is my understanding that part of VA's hesitancy to move forward is a concern that this transitional loan program contains too much potential risk. Is this transition loan program a risky venture?

Real estate risk, which is present in any real estate-secured lending activities. The Pilot Program has been designed, however, to mitigate the risks inherent to all real estate lending, and the risks specific to lending for transitional housing for homeless veterans.

First, with respect to construction loans, the amount of the guaranteed loan is anticipated to represent not more than approximately 60% of the cost of the project. For that reason, there will be significant capital invested in the project by the developer and others, thus providing a financial cushion for the first priority loan to be guaranteed by VA. Secondly, with respect to existing projects, the program contemplates a conservative debt service coverage ratio that will result in a low loan to value ratio, resulting in significant value in the project which will subordinate to the guaranteed loan. Nevertheless, VA must accept the fact that transitional housing facilities are often single purpose projects that will require specialized expertise to manage in the event there is a default and VA takes over the project.

The risks associated with transitional housing developments will also be mitigated by the selection of only experienced service providers, developers, and property management entities. The experience of the development and management team will be a major criteria for selection in the process described in Question 1.

DEFAULT AND LOSS ANALYSIS

As part of its Task #2 Deliverable to VA, Century performed an analysis to determine the probable loss to VA, as a result of guarantee claims paid, in the event of a default on the VA-guaranteed mortgage loan. This analysis compared two scenarios: 1) loss under foreclosure and liquidation and 2) loss under an asset management structure, which was recommended by Century.

The loss to VA under the foreclosure and liquidation scenario was much higher than under the asset management structure, because the value of a transitional housing facility is much lower than comparable properties. This reduced value is due to the low "credit worthiness" of the tenants, formerly homeless veterans; use restrictions placed on the property by VA and other funding sources; structural design of a transitional housing facility (e.g., small rooms and shared bathrooms), which limits its potential for conversion into other multifamily use; and the project location, on surplus VA or other government land. A foreclosure will also place VA in a politically weak position, as homeless veterans will be forced to relocate to other facilities, which will likely be scarce.

Honorable Christopher M. Smith
Responses to Questions of September 23, 2002
October 4, 2002
Page 4 of 5

ASSET MANAGEMENT STRUCTURE

The asset management structure, as recommended by Century, would protect VA's interest by greatly reducing the potential loss under a guarantee claim.

With the assistance of a Special Servicer/Asset Manager, VA would be able to actively monitor the facilities that receive VA-guaranteed financing, in order to be in position to recognize and correct problems prior to a default. If a default does occur, for financial or other reasons, the Special Servicer would perform an analysis and make recommendations to VA regarding the best course of action to protect VA's financial interest and to ensure that homeless veterans continue to be served.

Specific elements of the Pilot Program, including construction controls, property management, and service provision have been designed to ensure that the facilities have the greatest chances for economic and social success.

We must remember that the anticipated rewards of the Pilot Program are self-sustaining transitional housing facilities operated by experienced nonprofit service providers and developed by experienced for-profit and nonprofit developers. By drawing on their respective areas of strength, the risk to VA is more than acceptable.

Honorable Christopher M. Smith
Responses to Questions of September 23, 2002
October 4, 2002
Page 5 of 5

3. Based on your kind and considerate attention to this issue, as well as others that we discussed at our hearing, do you have any additional recommendations for the Committee on addressing the issue of homelessness among veterans?

Based on Century's experience with the issue of homeless veterans, we strongly encourage that the VA Multifamily Housing Loan Guarantee Pilot Program be rolled out as soon as feasible. While much of the financing for the developments enabled by this program will be public, there will still be some reliance upon private, or state and local, loans, and the current low-interest rate environment will significantly contribute to the economic feasibility of these projects. VA needs to move expeditiously to seize this opportunity.

I have read with interest the Administration's commitment to reinstating the Interagency Council on Homelessness, and applaud that effort to coordinate efforts by the different federal agencies addressing this serious issue. However, I believe that, if veterans of our armed services are to receive the attention and services, including housing assistance, that they deserve, all veterans related programs should be moved to the Department of Veterans Affairs for administration. While other departments should be congratulated on their successes, veterans should know that they can go to a single source for all of their needs.

In addition, the Department of Veterans Affairs should be tasked with evaluating all of their assets and operational resources to determine how they could best invest in the recovery of veterans in need. One of the issues we investigated while working to implement the VA Multifamily Housing Loan Guarantee Pilot Program was the reuse of property owned by the Department of Veterans Affairs for transitional housing. It is our understanding that current practice is for VA to attempt to maximize the financial return on those properties rather than commit them to activities that would support program goals. A more aggressive implementation of Title V of the Stewart B. McKinney Homeless Assistance Act to Veterans Affairs properties could make land and buildings available at nominal cost for redevelopment as transitional housing serving homeless veterans.



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October 11, 2002

The Honorable Lane Evans
Ranking Member, House Committee on Veterans' Affairs
335 Cannon House Office Building
Washington, D.C. 20515

RE: Response to Questions of September 30, 2002

Dear Representative Evans:

Thank you for the opportunity to further discuss the Department of Veterans' Affairs Loan Guarantee for Multifamily Transitional Housing for Homeless Veterans Pilot Program. Enclosed please find responses to the questions in your letter of September 30, 2002.

Century is looking forward to assisting the Committee and VA in quickly implementing the Loan Guarantee Pilot Program and creating transitional housing for homeless veterans. As stated in my testimony of September 12, 2002, there are some 250,000 veterans sleeping on the streets throughout the United States every night. Implementing the Pilot Program will be an important step in solving this tragic problem.

If you have any other questions, or need further clarification of any of my responses, please contact me directly at (310) 642-2001.

Sincerely,



G. Allan Kingston
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Responses to Question of September 30, 2002

1. What is the incentive for private sector financiers to get involved in the development of transitional housing facilities for the homeless? Are there some agencies that are "doing well by doing good"? How can we emulate their experiences?

In general, the sole incentive for private sector financiers to become involved in any type of development is the potential for economic returns commensurate with the risk of their investment. The potential value of an investment in transitional housing is low, relative to the risk, for several reasons:

- the low-income and transient tenancy of transitional housing for homeless veterans or other groups;
- use restrictions placed on the property by funding sources;
- structural design of a transitional housing facility (e.g., small rooms and shared bathrooms), which limits its potential for conversion into other multifamily use; and
- the probable project locations, in areas frequented by the homeless population.

The intent of the VA Loan Guarantee Pilot Program is to reduce the risk to private capital to a level commensurate with the potential yield. By providing assurance of repayment, VA will give private capital sufficiently low-risk to justify the low yield of an investment.

There has been very little development of transitional housing for homeless veterans, as the need for the Pilot Program demonstrates. The few facilities that have been developed have utilized a wide range of sources, as no single government agency – Federal, state, or local – has provided a consistent flow of funds to meet this need.

While there has been little development of transitional housing for homeless veterans by Federal, state, or local government agencies, development of other housing, particularly multifamily housing for low-income households, has been successfully aided by Federal agencies. The FHA/HUD 221d Program, which provides loan guarantees to construction and mortgage loans for the construction and substantial rehabilitation of multifamily housing, has proven very successful in meeting a critical housing need. Century recommended in its December 2001 Deliverable to VA that the 221d Program be utilized as a model for the Pilot Program construction financing control, because of the strong control procedures required in developing a project with limited income potential. While the risk profile of transitional housing is more severe than typical multifamily housing, because of the characteristics of likely tenants, the strong controls borrowed from the 221d Program will greatly increase the potential for successful development and reduce the risk to private capital.

Honorable Lane Evans
Responses to September 30, 2002
October 11, 2002
Page 2 of 2

A second point to emulate the experiences of successful government-sponsored financing programs is to not have VA act in a passive manner, but, rather, to actively monitor the construction and continuing operation of facilities developed under the Pilot Program. Century's recommendation for a Special Servicer/Asset Manager, which will monitor the development to see potential problems prior to a loan default or other major negative event, will greatly mitigate VA's risk of financial loss, and the possible loss of a facility due to foreclosure and liquidation. The Special Servicer/Asset Manager will advise VA on courses of action, based on its experience in the development, financing, and management of transitional housing and other multifamily housing products.

Questions for the record
 Ranking Member, Representative Lane Evans
 Committee on Veterans Affairs
 September 12, 2002

**Oversight Hearing concerning the implementation of Public Law 107-95, the
 Comprehensive Veterans Homeless Assistance Act of 2001, and other matters
 dealing with assistance to homeless veterans.**

Response from Linda Boone, Executive Director, National Coalition for Homeless Veterans

1. Tell us about how the availability of VA mental health and substance abuse programs affect your members' ability to provide services for homeless veterans. From your perspective, how can the VA be a more effective partner with the homeless grant and per diem providers?

Member organizations of the National Coalition for Homeless Veterans have reported that due to the reductions of VA in patient services veterans referred to these community-based organizations from the VA are often sicker and not ready for the "transition" phase in the continuum of care. Patients have to be sent back to the VA or other scarce resources in the community are attempted to be accessed to aid these veterans and prepare them for the "transitional" housing and supportive services offered through community based organizations.

According to the VA's NEPEC National Health Monitoring System, from 1996 through 2001 Behavioral Health uniques increased by 22%, spending increased by only 13%, non Behavioral Health uniques increased by 47% and spending increased by 34%; overall Behavioral health spending relative to total spending fell from 15.4% to 12.2%.

It's all about money and priorities within the VA. Congress, the Executive Branch, the Department of Veterans Affairs, and veteran service organizations need to decide who is the VA going to serve and what kind of services they will supply and then fund accordingly. The current process is severely broken and homeless veterans with mental illness and substance abuse issues are unnecessarily suffering because of it.

The majority of "VA Homeless Provider Grant and Per Diem Program" (GPD) grantees are members of the National Coalition for Homeless Veterans. While often the GPD is the funding that gets a program from a vision to reality, it takes a complex set of funding and service delivery streams with multiple agencies, in which each one plays a key critical role to the successful on going operation. The VA was given authorization in PL107-95 to provide for technical assistance to these community based organizations to learn how to orchestrate these complexities. The VA has not taken action to implement this provision of the law.

NCHV believes it is critical to the survival of veteran specific service providers to have this technical assistance available and we have launched a campaign to get a Congressional appropriation for NCHV in the FY03 appropriations to carry out this initiative since the VA does not see it as an internal priority.

We believe the VA GPD administrators have a good relationship with the grantees however there is a proprietary role the VA takes as to the information provided to and from the grantees and in taking credit for the successes of the grantees. For NCHV it often feels like there is a competition from VA staff on who is the "real" representative of community based organizations across the nation. NCHV's role as a national advocacy organization that is often critical of the VA processes and policy has probably created this situation. The VA has one role and NCHV has another and there should be room for both to provide services to community based organizations.

The National Coalition for Homeless Veterans (NCHV) is the only national organization with the specific mission of ending homelessness among veterans. Our coalition comprises of almost 250 organizations in 42 states and the District of Columbia. Together, our coalition provides emergency and supportive housing, food, health services, job training and placement assistance, legal aid and case management support for more than 150,000 homeless veterans each year.

CHAIRMAN SMITH TO CENTURY HOUSING CORPORATION

1. Mr. Kuhn: You mention that your leadership in New Jersey and New York support you and take risks for you, and that this gives you opportunity to innovate. I certainly agree, but inspiration also involves a lot of perspiration too. What can I do as Chairman, if anything, in addition to showcasing your many successes, to get more VA networks and facilities involved in trying new approaches to veterans' homelessness?

Homelessness needs to be on every network's radar screen as an important issue to be addressed in strategic planning. The support of network and medical center management is crucial for VA to build coalitions and partnerships in the community. The service development that exists in New York/ New Jersey is due in large part to the commitment of staff, not only within the VA, but also within the communities we serve, to working together as partners in numerous initiatives. By drawing from the strengths and resources of the public, non-profit and private sectors, we have access to the unique skills and financial support of diverse organizations. These relationships are a spur to the creativity needed to address the complex range of issues faced by the homeless.

Two important steps can be taken to facilitate service improvements:

1. Organization

VISN 3 pioneered and empowered the creation of a network homeless veterans' programs service line. The service line manager has direct access to the VISN Director, Mr. James J. Farsetta. This service line has become a greenhouse for program development as well as coordination and integration of services. It serves as a statement from VISN leadership that homelessness in and of itself requires a specialized range and intensity of services. At the local level, top management and homeless program coordinators work closely together to craft a strategic vision that seeks to change lives, placing the priority on the needs of those we treat. This total commitment

- Ensures that best practices are disseminated throughout the network;
- Integrates diverse programs, expediting access to service delivery and using limited resources to best advantage;
- Holds individual medical centers accountable for maintaining a high standard of care;
- Cogently identifies local needs so that planning can be focused on developing effective interventions

2. Clarify Public Law 102-54.

Homeless veterans consistently state that help finding employment is their most urgent need. In addition to their poorly documented work histories, many homeless veterans have criminal histories related to their years of drug dependence. Poorly documented work histories coupled with criminal records, often leaves homeless veterans unable to find employment.

Nationally the VA has approximately \$11 million in unspent Special Therapeutic and Rehabilitative Activities Fund (STRAF) funds. These resources could create

hundreds of self-sustaining jobs for chronically unemployed veterans. STRAF funds could be leveraged by partnering with local non-profits to create the enterprises that will hire this target group.

A great advantage is that such an investment would not require new VA resources as *STRAF funds are not budgeted medical appropriations*. PL 102-54 authorized the operation of the current Compensated Work Therapy (CWT) program. Specially, it allowed the VA to create STRAF. This special fund enables CWT programs to retain a portion of the revenue obtained through CWT contracts.

STRAF funds can be used to pay for a variety of expenses: materials, clerical support, equipment, space, insurance, accounting, and utilities. For example, STRAF has been used to buy tools and equipment to set up Veterans Construction Teams at several medical centers. STRAF can also be used to contract with firms to place CWT participants in work. Despite this flexibility, there is uncertainty as to whether STRAF can be used to invest in joint ventures that will employ only homeless veterans, and this uncertainty currently blocks such ventures.

It would be extremely helpful if STRAF funds, under appropriate safeguards, could be used in business formation if the purpose of that enterprise is to employ and otherwise benefit homeless veterans.

2. In respect to inspiration, does every VA network need a John Kuhn, or do the John Kuhn's out there need a network?

First, let me thank you for your great support on the issues effecting homeless veterans. Your leadership on this issue has helped the VA focus on the plight of homeless veterans throughout the country. Within the VA, internal inspiration remains robust, led by national advocates such as Gay Koerber and Pete Dougherty.

The VA has a wellspring of talent among the clinicians providing services to homeless veterans throughout the country. This talent and creativity find expression in any hospitable soil. I am confident that as long as the support exists both within a Network and its component medical centers, inspiration will surface.

I believe that our VISN has benefited from having a Homeless Veterans' Programs Service Line. As a group, we are able to prioritize needs and initiatives, share resources and inspire and support each other. While you are familiar with the VA programs in New Jersey, there are many other innovative programs in the VISN 3. Project TORCH, located in Brooklyn, was the first drop-in center in the VA dedicated to serving homeless veterans. They have piloted a number of initiatives including a program for homeless women veterans, peer-assisted case management (using formerly homeless veterans as mentors), shelter-based VA services, and partnerships with New York City and New York State to serve

seriously mentally ill homeless veterans. Within the next month, NYC and NYS will co-locate at that site a multi-service center for all veterans receiving Public Assistance in the Greater New York City area. This will enable us to provide homelessness prevention services to "at risk" veterans as well as an extensive array of health, housing and employment services for homeless veterans.

A major partnership with NYS agencies has resulted in the model Project Pride/Project Hope Program which now is being replicated throughout New York State. We hope to replicate this in New Jersey. Veterans receiving Public Assistance (PA) who are in recovery from substance abuse problems can participate in an integrated program which includes their outpatient substance abuse treatment, case management and Compensated Work Therapy (in lieu of Workfare). They continue to receive PA and must bank their CWT earnings, up to several thousand dollars (depending on the location). The majority of veterans in this program are homeless or at high risk for homelessness. Upon graduation from the CWT Program, the veteran then will have a sizeable savings account to use for housing and other necessities for independent living.

Among many other initiatives, the service line also has developed strong relationships with the criminal justice system. The goal is that veterans released from prison do not fall into homelessness. A fulltime forensic coordinator links these veterans to VA programs.

3. You mentioned that the VISN 3 Network was able to remain committed to eradicating homelessness despite budget shortfalls. What recommendations do you have for other regions to accomplish this as well?

The commitment of our VA leadership to eradicating homelessness has been clear and compelling for many years. We see the devastation that homelessness brings not only through the veterans we treat in VA programs, but also in our communities. Seeing the human toll fortifies us in our responsibilities and reminds us that we are morally responsible to do all we can.

It has been important for the VA to take a leadership role at all levels of government involved in homelessness. We work as a team with city, state, federal and community agencies and veterans service organizations. Developing these relationships has to be a priority if we are to expand resources and opportunities for homeless veterans. Having a service line also empowers us to speak with one voice as one VA.

Nationally, your continued advocacy will help the VA remain focused on treating homeless veterans. The VA's detailed performance standards and the enforcement of the capacity law are the VA's most valuable tools for encouraging best practices throughout the nation.

4. Listening to your testimony, it appeared as though each veteran who enters a homeless program in the New York/New Jersey area goes through four steps: outreach, treatment, employment, and housing. Please describe the mental health services provided to veterans in your program.

A broad range of medical services is available through The VA New Jersey Healthcare System. In addition to its tertiary medical center campuses in East Orange and Lyons, the VA offers care at its community based clinics throughout New Jersey. All veterans entering a VISN 3 Domiciliary Care for Homeless Veterans (DCHV) program have a full medical and mental health evaluation shortly after entry into the program. Often this examination leads to specialty referrals to a variety of disciplines. The most common DCHV referrals are made to psychiatry, dental, GI, cardiology, renal, infectious disease, and endocrinology.

The DCHV is a short-term, residential treatment program. This program provides intensive biopsychosocial rehabilitation services. An interdisciplinary treatment team offers medical, psychiatric, vocational and psychosocial service within a modified therapeutic community structure. The program utilizes a variety of treatment modalities including lectures, workshops, group participation and individual counseling. A strong relapse prevention component includes 12 step meetings. The program's objective is to provide homeless veterans with the knowledge and skills needed to lead productive lives in the community. DCHV is also a gateway into transitional housing programs.

Every homeless veteran in VISN 3 receives a thorough medical and mental health evaluation and is linked to any treatment services that are indicated.

**Mr. Carroll Thomas
Executive Director, CEO
Middlesex County Economic Opportunity Corporation
1215 Livingston Avenue
North Brunswick, New Jersey 08902**

**Oversight Hearing Concerning the Implementation of Public Law 107-95, the
Comprehensive Veterans Homeless Assistance Act of 2001, and other matters
dealing with assistance to homeless veterans**

**Responses for the Record
To Chairman Christopher H. Smith
Committee on Veterans Affairs**

Question 1. Your coalition with VA in New Jersey is a great example of governmental-private cooperation. Is this kind of partnership something we should promote in more local and county-level relationships with VA?

Response: Governmental-private partnerships between the VA and Community Action Agencies should definitely be promoted at the local and county level. As you know, the VA currently serves only 10% of the services needed by homeless veterans through its homeless treatment and assistance network. Community Action Agencies, whose mission it is to provide services that lead low-income persons to self-sufficiency, are governed by a tri partite Board of Directors, consisting of local political, business and community representatives who can oversee and ensure needed services are provided and outcomes achieved to effectively address the needs of homeless veterans.

It is clear that the present way of organizing the delivery of vitally need services has failed to assist the veterans who find themselves homeless. (Linda Boone, Executive Director of the Nation Coalition for Homeless Veterans, Statement before the U.S. House of Representatives Committee on Veterans Affairs, September 20, 2001)

The most effective programs for homeless and at-risk veterans are community-based, non-profit groups, often veterans helping veterans. It is critical that community-based groups reach out to help to provide support resources and opportunities, such as housing, employment and health care needed by homeless veterans.

In the case of the MAVERIC program (Moving American Veterans into Employment and Residences in Community) in New Jersey, a partnership between the Middlesex County Economic Opportunity Corporation/MCEOC (a private non-profit Community Action Agency mandated to provide programmatic services to move low-income persons to self-sufficiency), New Jersey's Veteran Services and local faith-based groups, provides comprehensive support services to provide meaningful employment, skills training and housing to restore dignity and honor to our veterans. The VA provides needed case management, substance abuse and mental health counseling and treatment, and other social services. MCEOC purchases properties for rehab and occupancy by veterans, and operates businesses that provide needed employment opportunities, training and housing for veterans. Local faith-based partners provide on-going on-site counseling and community support for veterans.

Together, the MCEOC/VA partnership addresses the comprehensive needs of veterans, without unnecessary duplication of services and resources. MCEOC purchases and operates businesses (a thrift shop, a horticultural business, a coffee & novelty shops, transportation services and a golf driving range) to provide transitional housing, training and employment for Veterans. The VA can not own property or operate businesses. MCEOC could not provide cost-effective housing or services that lead veterans to self-sufficiency without the VA partnership. Likewise, it is not effective for MCEOC to provide case management for veterans.

The MAVERIC Program and MCEOC is a win/win partnership veterans and American communities because veterans become tax-paying citizens with marketable skills and are placed directly into paying jobs. Work is the key to helping homeless veterans rejoin American society and preventing homelessness. As important as quality clinical care, transitional housing and other supportive services may be, the fact is that helping veterans obtain needed training, and get and keep a job can be the most essential elements in their recovery and reintegration into society. Ownership of housing assets allows non-profits to leverage resources for other social service programs. Long-term equity realized in these properties can support acquisition of additional properties and help sustain other programs a services.

Community-based organizations are most successful in reaching homeless veterans when they work in collaboration with Federal, State and local government agencies, other homeless providers and veteran services organizations. Veterans who participate in these programs have a higher chance of becoming tax-paying, productive citizens.

Question 2. How did you find John Kuhn, or did he find you?

Response: Independently, John Kuhn and I had talked with the Middlesex County Director of Social Services, who oversees the Office of Veterans Affairs, about the need for innovative programs to address the needs and challenges of homeless veterans. When I approached the County Director of Social Services, he informed me that John Kuhn was looking for non-traditional means of partnering with the private sector to acquire properties for transitional means of partnering with the private sector to acquire properties for traditional and permanent housing. As a government agency the VA could not purchase or own property.

Question 3. Describe the process Middlesex County Economic Opportunities Corporation goes through in acquiring foreclosed properties. What is the timeline?

Response: Guided by the Executive Director of a local Housing Development non-profit, MCEOC bids on and purchases foreclosed VA properties at the minimum bid level. We send a team out to evaluate available properties of suitability for transitional and/or permanent housing for veterans. The house and price must meet established criteria for number of bedrooms to support group residential living, location in drug free neighborhoods, transportation accessibility and financial ability to support affordable rentals for veterans. Under the direction of licensed contractors, veterans repair and rehab the properties in which they will reside. Veterans have also been employed to provide transportation services for the veterans. The VA provides case management and clinical services for the veteran residents. MCEOC maintains ownership of the property. Profits from related business ventures are used to fund any gap in resources created by housing project. Long term, equity from housing sales will be used to fund additional home purchases or social service programs.

The entire process from initial house inspection and submission of bid to occupancy of the rehabbed property takes approximately 60 days. Depending on the amount of refurbishment required, houses may be available for occupancy 30 days after closing or sooner. At this time we have limited housing purchases to VA properties because we find the VA process to be friendlier to non-profits, requiring no money down and more flexible financing options, compared to HUD's process which is generally more difficult to navigate.

However, we are concerned that as the real estate market and prices continue to escalate, it will become increasingly difficult for nonprofits to compete (on the open market in purchasing affordable VA homes. Programs providing housing for veterans should given preference in awarding bids on VA housing as long as minimum bids are met, since the original intent of the program was to provide housing for Americans who served our country in the military services.

