STATEMENT OF
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BEFORE THE
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
COMMITTEE ON FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES
ON
HOUSING NEEDS OF LOW INCOME VETERANS

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Madam Chairwoman and Members of the Subcommittee:

Thank you for this opportunity to submit The American Legion's view on the housing needs of low income veterans. The American Legion commends the Subcommittee for addressing this important issue.

The Fiscal Year (FY) 2006 Department of Veterans Affairs (VA) Community Homelessness Assessment, Local Education and Networking Groups (CHALENG) report estimates that there are nearly 200,000 veterans who are homeless at any point in time. According to the February 2007 Homeless Assessment Report to Congress (U.S. Department of Housing and Urban Development 2007), veterans account for 19 percent of all homeless people in America. The National Alliance to End Homelessness reports that there are 195,827 homeless veterans on the street each night. This accounts for 26 percent of all homeless people. They also estimate that 336,627 veterans were homeless in 2006.

Since 2001, approximately 300,000 service members are becoming veterans every year. This large influx of veterans, some of whom have high risk factors of becoming homeless, is unnerving. The mistake in incorrectly failing to recognize the increase in homelessness amongst Vietnam veterans in the late 1970s and early 1980s cannot be made again.

According to the Urban Institute report in relation to the 1980s spike in homeless veterans (Homelessness: Programs and the People They Serve, Findings of the National Survey of Homeless Assistance Providers and Clients): "…some observers felt that the problem was a temporary consequence of the recession of 1981-1982, and would go away when the economy recovered, while others argued that the problem stemmed from a lack of affordable housing and that homeless clients were simply a cross section of poor Americans." This 2000 study stated that of current homeless veterans: "21 percent served before the Vietnam era (before August 1964); 47 percent served during the Vietnam era (between August 1964 and April 1975); and 57 percent served since the Vietnam era (after April 1975). Many have served in more than one time period."

Compounding these numbers with the currently 467,877 veterans with a severe housing cost burden. In order to prevent a national epidemic of homeless veterans in the upcoming years,

measures must be taken to assist those veterans who are homeless. Steps must also be taken to prevent the future homelessness of veterans and their families. The American Legion implores Congress to take action immediately.

THE AMERICAN LEGION HOMELESS VETERANS TASK FORCE

The American Legion coordinates a Homeless Veterans Task Force (HVTF) amongst its 55 departments. Our goal is to augment existing homeless veteran providers, the VA Network Homeless Coordinators, and the Department of Labor's Homeless Veterans Reintegration Program (HVRP), Veterans Workforce Investment Program (VWIP), Disabled Veterans' Outreach Personnel (DVOPs) and Local Veterans' Employment Representative (LVERs). In addition to augmentation, we then attempt to fill in the gaps where there is no coverage. Each of The American Legion's Departments contains an HVTF chairman and an employment chairman. These two individuals coordinate activities with The American Legion's local posts within their state. The three-tiered coordination of these two chairmen and numerous local posts attempt to symbiotically assist homeless veterans and prevent future homelessness.

The American Legion has conducted training with the assistance of the National Coalition for Homeless Veterans (NCHV), DOL-VETS, Project Homeless Connect, and VA on how to apply for Federal grants in various assistance programs, most notably the "Stand Down" and Grant and Per Diem programs. It is our goal to assist the Grant and Per Diem program by enabling individual posts and homeless providers to use The American Legion as a force multiplier. We may not have the job-specific expertise in the fields of social work and mental health, but we do have 2.7 million volunteers with an impressive network of resources within their communities.

The American Legion augments homeless veteran providers with transportation, food, clothing, cash and in-kind donations, technical assistance, employment placement, employment referral, claims assistance, veterans' benefits assistance, and in some cases housing for homeless veterans. The American Legion department service officers are accredited representatives that assist homeless veterans with their VA compensation and pension claims, and are fierce advocates for assuring that all VA benefits are afforded to the unfortunate homeless veterans that they may encounter.

A separate program that we operate is called "Heroes to Hometowns." **"**Heroes to Hometowns" is a transition program for severely injured service members returning home from Operation Enduring Freedom and Operation Iraqi Freedom. The "Heroes to Hometowns" establishes a support network and coordinates resources for severely injured service members returning home.

"Heroes To Hometowns" can provide, a welcome home celebration, temporary financial assistance, pro-bono financial planning, housing assistance, home and vehicle adaptation, government claims assistance, transportation to hospital visits, entertainment options, childcare, counseling, family support, and other benefits.

POTENTIAL HOMELESS VETERANS OF OPERATION ENDURING FREEDOM (OEF) AND OPERATION IRAQI FREEDOM (OIF)

OEF/OIF veterans are at high risk of becoming homeless. Combat veterans of OEF/OIF and the Global War on Terrorism (GWOT) in need of assistance are beginning to trickle into the nation's community-based veterans' service organizations' homeless programs. Already stressed by an increasing need for assistance by post-Vietnam Era veterans and strained budgets, homeless services providers are deeply concerned about the inevitable rising tide of combat veterans who will soon be requesting their support.

Since 9/11, over 800,000 American men and women have served or are serving in a war zone. Rotations of troops returning home from Iraq are now a common occurrence. Military analysts and government sources say the military deployments, then the reintegration of combat veterans into the civilian society, is unlike anything the nation has experienced since the end of the Vietnam War.

The signs of an impending crisis are clearly seen in VA's own numbers. Under considerable pressure to stretch dollars, VA estimates it can provide assistance to about 100,000 homeless veterans each year, only 20 percent of the more than 500,000 who will need supportive services. Hundreds of community-based organizations nationwide struggle to provide assistance to the other 80 percent, but the need far exceeds available resources.

VA's HCHV reports 1,049 OEF/OIF era homeless veterans with an average age of 33. HCHV further reports that nearly 65 percent of these homeless veterans experienced combat. Now receiving combat veterans from Iraq and Afghanistan daily, VA is reporting that a high percentage of those casualties need treatment for mental health problems. That is consistent with studies conducted by VA and other agencies that conclude anywhere from 15 to more than 35 percent of combat veterans will experience some clinical degree of PTSD, depression or other psychosocial problems.

HOMELESS WOMEN VETERANS AND CHILDREN

Homeless veteran providers' clients have historically been almost exclusively male. That is changing as more women veterans, especially those with young children, are seeking assistance. Access to gender-appropriate care for these veterans is essential.

The FY 2006 VA CHALENG (Community Housing Assessment, Local Education and Networking Group) report states, "Homeless providers continue to report increases in the number of homeless veterans with families (i.e., dependent children) being served at their programs. Ninety-four sites (68 percent of all sites) reported a total of 989 homeless veteran families seen, with Los Angeles seeing the most families (156). This was a 10 percent increase over the previous year of 896 reported families. Homeless veterans with dependents present a challenge to VA homeless programs. Many VA housing programs are veteran-specific. VA homeless workers must often find other community housing resources to place the entire family – or the dependent children separately. Separating family members can create hardship."

To assist women and veterans with families, The American Legion supports adequate funding for all domiciliary programs for all qualified veterans.

VA HOMELESS PROVIDERS GRANT AND PER DIEM PROGRAM REAUTHORIZATION AND APPROPRIATIONS

In 1992, VA was given authority to establish the Homeless Providers Grant and Per Diem Program under the Homeless Veterans Comprehensive Service Programs Act of 1992, Public Law 102-590. The Grant and Per Diem Program is offered annually (as funding permits) by VA to fund community agencies providing service to homeless veterans. VA can provide grants and per diem payments to help public and nonprofit organizations establish and operate supportive housing and/or service centers for homeless veterans. There was an initial lag in the congressional authorization and appropriations for this program that delayed the delivery of funding 2 years after the initial legislation passed and only 15 grants were awarded. We have observed that the staff of the program has been working diligently and should be commended, but VA's Central Office staff could use additional members to expand the program to reach even more participants.

The current level of 300 programs and 8,000 beds is not enough to assist 200,000 homeless veterans. Reports of an additional 3,000 beds to come into service as soon as needed construction, renovation or repairs have been completed will bring the total to 11,000 or about 5 percent capacity of all homeless veterans.

Funds are available for assistance in the form of grants to provide transitional housing (for up to 24 months) with supportive services. Funds can also be used for supportive services in a service center facility for homeless veterans not in conjunction with supportive housing, or to purchase vans. VA can provide up to $33.10 for each day of care a veteran receives in a transitional housing program approved under VA's Homeless Providers Grant and Per Diem (GPD) Program. This token amount is far too little to fully assist a single veteran. Finally, all providers must justify that their costs are attributed to veterans.

The American Legion is concerned with the ebb and flow of the homeless veteran population and assert that measures should be enacted that allows a provider to always maintain a space for a homeless veteran. Due to the transient and drifting nature of chronically homeless veterans, seasonal weather changes (allowing more homeless veterans to venture outside), and other factors, there are periods when GPD providers may have an empty bed. If a provider has an empty space dedicated for a homeless veteran under the program and (due to factors out of their control) a bed remains empty for a period of time, they have occasional difficulty justifying the grant and therefore may be penalized. However, there are many instances in which a random appearing homeless veteran requires their assistance and a bed must always be ever ready.

Unfortunately, we have observed that many homeless veteran providers choose not to apply for funding from this program due to difficult mechanisms. As stated above, the accounting process required for reimbursement is in constant flux during the year and the strain of accurately reporting is laden on small community-based providers. Additionally, there are other Federal programs that can provide monetary assistance to homeless veterans, yet the GPD does not allow

these funds to be used as a match for VA programs. This often discourages participation. However, other Federal programs do allow VA funds to be used as a match. VA's GPD program requires unique flexibility due to the nature of the funding, homeless veteran providers, and homeless veterans.

VA reports success in their performance measures to increase access and availability to both primary health care and specialty care within 30 and 60 days. Short-term assistance (30 and 60 days) is imperative in order to prevent chronic homelessness. Many times, a veteran may be in transition due to loss of a job, a medical issue, poor finances, or some other factor and only requires a short-term transitional shelter that can be provided by the GPD program. In FY 2006, VA reported that they provided transitional housing services to nearly 15,500 homeless veterans and expects to assist 18,000 veterans for FY 2007. It is imperative that the number of veterans served by transitional housing services continues to increase and be adjusted to meet the demand. The consequences of inaction will be a stagnant, steady number of homeless veterans rather than a decrease of the number of homeless veterans.

The American Legion strongly supports funding the Grant and Per Diem Program for a five-year period (instead of annually) and supports increasing the funding level to $200 million annually.

DEPARTMENTS OF HOUSING AND URBAN DEVELOPMENT - VETERANS AFFAIRS SUPPORTIVE HOUSING (HUD-VASH) HOMELESS PROGRAM

The American Legion advocates for increased funding for the Grant and Per Diem program. The American Legion adopted a resolution to require mandatory funding for the Departments of Housing and Urban Development (HUD)-Veterans Affairs (VA) Supportive Housing (HUD-VASH) Homeless Program.

The American Legion supports funding for vouchers for the HUD-VASH Program be set aside and transferred to the Secretary of the Department of Veterans Affairs from amounts made available for rental assistance under the Housing Choice Voucher program. The Homeless Veterans Comprehensive Assistance Act of 2001 (P.L. 107-95) codified the HUD-VASH Program, which provides permanent housing subsidies and case management services to homeless veterans with mental and addictive disorders. Under the HUD-VASH Program, VA screens homeless veterans for program eligibility and provides case management services to enrollees. HUD allocates rental subsidies from its Housing Choice Voucher program to VA, which then distributes them to the enrollees. A decade ago, there were approximately 2,000 vouchers earmarked for veterans in need of permanent housing. Today, less than half that amount is available for distribution.

The Veterans Benefits, Health Care, and Information Technology Act of 2006, P.L 109-461, re-authorizes appropriations for additional rental assistance vouchers for veterans. In FY 2007, there will be 500 vouchers available for veterans and increased to 2,500 by FY 2011. At a time when the number of homeless veterans on any given night is approximately 200,000, the need for safe, affordable, and permanent housing is imperative. The House and Senate recently released it conference report for the fiscal 2008 Transportation-Housing spending bill (HR 3074)

that funds programs at the Department of Transportation and the Department of Housing and Urban Development.

The House FY 2008 Transportation, Housing and Urban Development, and Related Agencies (THUD) appropriations bill would provide $75 million for new vouchers for the HUD-VASH Program. Funding, if enacted, should be sufficient to provide assistance for 6,000 vouchers affecting approximately 8,000 to 10,000 homeless veterans.

The American Legion supports Congress' efforts to assist homeless veterans.

CENSUS OF HOMELESS VETERANS

The VA CHALENG program, NCHV, HUD, The National Alliance to End Homelessness, and numerous homeless veteran providers have all collaborated to make rather accurate estimates on the number of homeless veterans on the street each night. This number, approximately 200,000 each night, is a travesty. Because of the numerous systems in place to attempt to count the number of homeless veterans, additional funding should be directed to programs assisting and preventing homeless veterans and not entirely to assist a new census program in counting homeless veterans. Funding would be better spent on programs and not just exclusively on counting.

VA HOME LOAN GUARANTEE FORECLOSURE NUMBERS

The VA Home Loan Guarantee Service reports that there are 6,900 foreclosed homes by veterans in FY 2007. The rate for foreclosed homes through the VA Home Loan Guarantee Service was 1,500 a month five years ago. This number has dropped to between 800-900 foreclosed homes each month through the VA Home Loan Guarantee Service

In the past five years there have been less origination of loans provided by the VA. Contributing factors range from the mandatory funding fee, better programs without the fee, and veterans are unable to afford a loan at this time. There are also fewer defaults and fewer foreclosures over this same time span.

Penalties for the Veteran if a Loan is Foreclosed

If a veteran defaults on a loan and finalizes with a foreclosure since 1990, the veteran is not liable for any repayment to the VA, but the GIF (Guaranteed Indemnity Fund) and Debt Forgiveness applies. Simply put, the Internal Revenue Service (IRS) accounts the total amount of the debt forgiveness as taxable income of which the veteran becomes responsible for. Therefore, if a veteran foreclosed a loan and the VA had to pay $100,000 to guarantee the loan then the veteran would be taxed $100,000 for that year. This is an incredible burden on top of an already desperate situation.

VA does not report any defaults or foreclosures to the "Big 3" credit agencies; however, the lenders generally report all instances of defaults, late payments, and foreclosures to all credit agencies and ultimately the veterans credit is damaged.

If a veteran does foreclose on a VA loan, the veteran does not remains eligible to receive another VA Home Loan, unless the veteran repays VA the amount of the defaulted payment and reapply for eligibility. Typically, the veteran's next home loan will be at a much higher loan rate from a lender due to a previous default, foreclosure, and poor credit history.

THE NATIONAL ALLIANCE TO END HOMELESSNESS (NAEH) REPORT, "VITAL MISSION, Ending Homelessness Among Veterans"

The American Legion agrees with the National Alliance to End Homelessness report and we have been advocating and will continue to advocate these recommendations and others. We implore this committee and Congress to take immediate action to prevent and end homelessness amongst veterans. The American Legion concurs with the three major recommendations put forth by NAEH:

1. Establish a risk assessment process during the first 30 days of discharge and pilot a homelessness prevention program.
2. Create permanent supportive housing options for veterans.
3. Expand rental assistance for veterans.

Housing Cost Burden Amongst Veterans

The American Legion invites this Subcommittee to focus on the report's 'Housing Cost Burden Amongst Veterans' section in reference to our next statement. NAEH reports that currently, over 930,000 veterans pay more than 50 percent of their income towards housing, be it renting or owning a home. (476,877 rent/ 453,354 own)

> "There is a subset of veterans who rent housing and have *severe* housing cost burden (paying more than 50 percent of their income towards housing costs). Of veterans who rent housing, approximately 10 percent (476,877 veterans) pay more than 50 percent of their income for rent. Of those with severe housing cost burden, 20 percent are *very* low income (have incomes at or below 50 percent of area median income) and 67 percent are *extremely* low income (have incomes at or below 30 percent of area median income). More than half of veterans with severe housing cost burden (55 percent) fall below the poverty level and 43 percent are receiving foods stamps. Using bivariate analysis, the National Alliance to End Homelessness found a number of statistically significant differences among veterans with severe housing cost burden and those paying less than 50 percent of their income for housing."

The 2006 American Community Survey (ACS) conducted by the US Census Bureau reports that the median monthly housing costs for mortgaged owners was $1,402, nonmortgaged owners $399, and renters $763. Thirty-seven percent of owners with mortgages, 16 percent of owners without mortgages, and 50 percent of renters in United States spent 30 percent or more of household income on housing.

The American Legion is very concerned with the ever-growing gap of housing expenses versus veterans' income. The 2006 ACS further states that the median income for veterans in the past 12 months is $34,437. The median monthly cost of $1,402 for housing expenses is approximately $400 greater than what the average veteran can afford.

Debt to Income Example *(28/36 qualifying ratio model)*
Yearly Gross Income = $34,437 / Divided by 12 = $2,870 per month income
$2,870 Monthly Income x .28 = $803 allowed for housing expense
$2,870 Monthly Income x .36 = $1,033 allowed for housing expense plus recurring debt

EDUCATION IN RELATION TO INCOME AND THE NEED FOR PASSAGE OF THE TOTAL FORCE GI BILL

The American Legion strongly supports passage of major enhancements to the current All-Volunteer Force Education Assistance Program, better known as the Montgomery GI Bill (MGIB).

The solution to prevent homelessness is multifaceted, but passage of the Total Force GI Bill is a proactive, forward thinking approach that will tremendously assist our nation's veterans. It is a good financial investment to better equip veterans and military members with a secondary education. In turn, highly skilled veterans with advanced degrees can be emplaced in the workforce to ensure the county's competitive edge in the global market in the not so distant future.

According to the 2006 ACS produced by the US Census Bureau in terms of all Americans over the age of 18; 'Men who completed college and received a bachelor's degree earned a median of $55,446. Women who completed a bachelor's degree had median earnings of $36,875.'

Computing the larger of the two numbers, $55,446 produces the following numbers in relation to housing expenses:

Debt to Income Example *(28/36 qualifying ratio model)*
Yearly Gross Income = $55,446 / Divided by 12 = $4,620 per month income
$4,620 Monthly Income x .28 = $1,294 allowed for housing expense
$4,620 Monthly Income x .36 = $1,663 allowed for housing expense plus recurring debt.

As you can see, even with a college degree, it is difficult to reach the national median monthly payments. This is why the passage of the Total Force GI Bill is imperative to allow for veterans to pay for college enabling them to obtain employment. In turn, higher wages will allow veterans to afford suitable housing in line with national averages without severely burdening them with a payment greater than 50 percent of their salaries.

The American Legion has testified to the House Veterans' Affairs Subcommittee on Economic Opportunity in October 2007 that out of the 850,750 members of the Reserve Components who have departed the military since 2002, we conservatively estimate that at least 407,474 veterans have lost earned education benefits. Or, at least 50 percent of the force has lost earned education

benefits that could have been used to increase their earning potential. Noting that our figures are of National Guard and Reserve service members that were deployed in support of OIF/OEF, there are additional Reservists that were called to active duty to CONUS (Continental United States) or deployed to other regions of the world. Hence, our conservative estimate of about 400,000 veterans losing earned benefits is, more likely than not, much greater.

We are in a critical period in our nation and the treatment of veterans. An ever-increasing number of 400,000, predominantly younger veterans are burdened with loss of earned education benefits, rigors of combat tours, and high risk factors of homelessness and PTSD. With the ever-rising costs of living, these veterans may begin to rely on more and more supportive services. The American Legion implores passage of the Total Force GI Bill.

H.R. 4161, THE VETERANS HOMELESSNESS PREVENTION ACT

The American Legion supports this bill. H.R. 4161 would authorize the Secretary of Housing and Urban Development, in coordination with the Secretary of Veterans Affairs, to carry out a pilot program to prevent at-risk veterans and veteran families from falling into homelessness.

In addition, The American Legion supports initiatives that will give preference to America's veterans and their families in obtaining housing through the programs of the Department Of Housing And Urban Development.

CONCLUSION

The Homeless Grant and Per Diem program is effective and should be continued but augmented with additional HUD-VASH Program vouchers. With 300,000 service members becoming veterans each year the availability of transitional housing must be increased. Our observations have shown that when the GPD program is allocated money, they are successful in distributing grants and administering their program and are only limited by the total dollar amount of funds available.

Affordable housing, transition assistance, education, and employment are each a pillar of financial stability. They will prevent homelessness, afford veterans to compete in the private sector, and allow this nation's veterans to contribute their military skills and education to the civilian sector.

The American Legion looks forward to continue working with the Subcommittee to assist the nation's homeless veterans and to prevent future homelessness. Madam Chairwoman and Members of the Subcommittee, this concludes my testimony.