

Fund the Administration's Housing and Services for Homeless Persons Demonstration in FY 2011

July 2010

The Administration has requested funding for a *Housing and Services for Homeless Persons Demonstration*. The Demonstration requests \$85 million from HUD's Section 8 Housing Choice Voucher program to be combined with services provided through Substance Abuse and Mental Health Services Administration (SAMHSA), Medicaid, and the Temporary Assistance for Needy Families (TANF) program within HHS. Housing coupled with services is a model proven to end homelessness for many individuals and families who are experiencing homelessness. **The demonstration has the potential to promote the type of cross-agency partnerships that will greatly improve homelessness assistance. The initiative would have two parts:**

- **Permanent supportive housing to improve the health and housing of individuals experiencing chronic—long-term—homelessness.** One part of the initiative would combine 4,000 HUD-funded Housing Choice Vouchers with services provided through Medicaid and \$16 million in grants from SAMHSA. This proven model, known as permanent supportive housing, combines permanent housing with services, such as mental health and substance abuse treatment, health care, child care, transportation, case management, and employment.

Similar programs are reducing homelessness, improving health, reducing incarceration, and reducing the need for publicly funded services. In addition, these programs have proven to be more cost-effective than allowing people to remain homeless. An analysis of seven cost studies comparing service utilization pre- and post-housing found that permanent supportive housing resulted in cost savings in several categories—\$3,270 in Medicaid, \$1,402 in Emergency Rooms, \$4,966 in Behavioral Health, and \$5,366 in Substance Abuse Detoxification services.

- **Housing assistance and supports to help homeless or at-risk families with children avoid homelessness, improve their children's education outcomes, and achieve their highest possible level of self-sufficiency.** The other part of the initiative uses 6,000 HUD-funded Housing Choice Vouchers to serve families with children. Applicants will have to show how the housing assistance will be integrated with the TANF program, as well as child care, child welfare, health care, employment training, education for homeless children and youth assistance, substance abuse treatment, and other critical services.

A substantial amount of research has demonstrated the effectiveness of housing vouchers as a tool to prevent and end homelessness for families. For example, a randomized study of the use of housing vouchers by families eligible for welfare found that voucher assistance resulted in a 74 percent reduction in the incidence of homelessness.

Current Status

On July 1, the House Transportation, Housing, and Urban Development (T-HUD) Appropriations Subcommittee marked up its FY 2011 appropriations bill, which included \$85 million to fund the demonstration. The Senate T-HUD Subcommittee is still in the process of drafting its bill. Neither the House nor Senate Labor, Health and Human Services, and Education Appropriations Subcommittees have marked up their FY 2011 bills yet.