



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #119

Homeless Veteran Rental Assistance Program (Administration -- Housing and Homelessness)

[LFB 2021-23 Budget Summary: Page 30, #5]

CURRENT LAW

In 2020, the U.S. Department of Housing and Urban Development (HUD) estimated that Wisconsin had 337 homeless veterans on any given night, representing 8% of homeless residents. Of these veterans, 218 were in transitional housing, 102 were in shelters, and 17 were unsheltered.

Several state and federal programs currently assist homeless veterans. The veteran housing and recovery program, administered by the Wisconsin Department of Veterans Affairs (DVA), provides transitional housing and support services to homeless veterans and veterans at risk of becoming homeless. The veterans outreach and recovery program, also administered by DVA, provides outreach, treatment, and support to veterans who have a mental health condition, with a focus on veterans who are homeless or at risk of becoming homeless. The federal supportive services for veteran families program distributes funds to Continuum of Care (CoC) organizations to connect homeless veterans and families with housing and services. In addition, the federal HUD-Veterans Affairs Supportive Housing (VASH) program provides rental assistance, case management, and clinic services to eligible veterans.

The federal American Rescue Plan Act of 2021 provides \$2.5 billion in direct payments to Wisconsin to respond to the pandemic. On May 10, 2021, the U.S. Department of the Treasury indicated that funds may be used for investments in housing and neighborhoods, such as housing vouchers and services to address individuals experiencing homelessness. The one-time allocation must be used prior to December 31, 2024, and therefore would not provide ongoing program support.

The Department of Administration (DOA) administers a number of programs intended to

address homelessness and ensure residents have access to affordable housing. While veterans may be eligible to receive housing assistance through existing DOA programs, the agency's programs do not currently provide services specifically to veterans.

DISCUSSION POINTS

1. Veterans face unique challenges with finding safe and affordable housing. According to an analysis by the National Conference of State Legislatures, "Not only must they navigate the affordable housing market, they often face economic hardships, multiple and extended deployments, and, in some cases, mental illnesses that hinder one's ability to find the assistance they need." The U.S. Interagency Council on Homelessness reports that best practices for addressing homelessness among veterans include state and local coordination, a coordinated entry system to ensure wraparound services, and a housing first assistance model.

2. The state Department of Veterans Affairs administers two programs that provide assistance to veterans experiencing homelessness or who may be at risk of experiencing homelessness. The veteran housing and recovery program spent \$2.2 million in 2019-20 (\$1.4 million from federal funds, \$593,600 from veterans trust fund allocations, and \$206,500 from program revenue) for direct housing assistance for veterans. The veterans outreach and recovery program was provided \$723,500 in 2019-20 from the veterans trust fund appropriation.

3. The federal supportive services for veteran families program distributes funds to CoC organizations. In 2019-20, CoCs in Wisconsin received \$3.3 million to assist veterans. The program relies on a housing first model, which "focuses on helping individuals and families access and sustain permanent rental housing as quickly as possible and without precondition, while facilitating access to needed health care, employment, legal services, and other supports to sustain permanent housing."

4. The federal HUD-VASH program combines rental assistance for veterans with clinic services. Participating veterans rent privately-owned housing and contribute no more than 30% of income towards rent. In 2019-20, the program provided \$139,100 in vouchers for 25 veterans in Wisconsin, an average monthly allocation of \$465. However, the supply of vouchers is limited and veterans are only eligible if they have an honorable discharge status.

5. To provide additional support for the state's homeless veterans, 2021 Assembly Bill 68/Senate Bill 111 would create a rental assistance grant program and provide \$1.0 million GPR annually. The recommended funding level is based on reports from local agencies on the number of veterans seeking homelessness assistance. Over the past 11 years, housing authorities in Wisconsin have administered 1,241 housing vouchers for formerly homeless veterans, an average of 113 veterans assisted each year. The state's CoC organizations recently reported that there were over 150 veterans on homeless coordinated entry lists requesting assistance.

6. Grants would be awarded to each CoC designated by HUD. Wisconsin has four such federally-designated organizations: the Homeless Services Consortium of Dane County, the Milwaukee Continuum of Care, the Racine Continuum of Care, and the Wisconsin Balance of State Continuum of Care. The federal government designates CoC organizations to promote

community-wide planning and strategic use of resources to address homelessness. The Department of Administration would work with CoCs, and the state and federal Departments of Veterans Affairs to distribute funds in accordance with the number of eligible veterans in each community.

7. Funds would be distributed by CoCs as subsidies to veterans, a distribution method known as tenant-based assistance. Rather than funding particular rental projects, the program would fund individual tenants. The subsidies are portable and follow the tenant, who has flexibility in selecting a residence. The rationale for creating a tenant-based voucher program, rather than a project-based program, is that it can be implemented faster to address urgent need. Project-based solutions can take years to implement, due to the timeline of securing and constructing housing units. In addition, partnering with CoC organizations to distribute funds will help connect veterans with supportive services and case management if needed.

8. Under current law, housing is considered affordable if it costs less than 30% of income. Comparable to other housing programs administered by CoC organizations, DOA would require a subsidy calculation that ensures veterans do not spend more than 30% of income on rent. Assistance would generally be limited to fair market rent, as determined by HUD. For example, the average fair market rent for a one-bedroom unit in Wisconsin is \$637 per month. A veteran earning 100% of the federal poverty line (\$12,880 per year) and renting a one-bedroom unit would be expected to contribute \$322 and receive a subsidy to cover the remaining \$315.

9. The administration estimates that an annual allocation of \$1.0 million would provide rental assistance for between 100 and 200 veterans each year, a sufficient amount to fund monthly rental subsidies between \$417 and \$833. Given identified need and the experience of CoC organizations in providing assistance, the Committee could provide \$1.0 million annually to provide rental assistance for veterans experiencing homelessness. [Alternative 1]

10. Alternatively, the Committee may wish to support the program but at a lower amount. The Committee could therefore create the program and provide \$500,000 GPR per year, sufficient to support rental subsidies for 50 to 100 veterans per year. [Alternative 2]

11. Given the number of other state and federal programs designed to assist homeless veterans, the Committee could decide that it is not necessary to create another veterans assistance program at this time. Therefore, the Committee could take no action. [Alternative 3] Veterans in Wisconsin would still be able to apply for housing assistance through other state and federal programs.

ALTERNATIVES

1. Create an annual GPR appropriation, allocated \$1.0 million annually, to provide rental assistance for homeless veterans. Specify that grants must be awarded to each Continuum of Care designated by the U.S. Department of Housing and Urban Development and be used to provide tenant-based rental assistance to homeless veterans in Wisconsin.

ALT 1	Change to Base
GPR	\$2,000,000

2. Create an annual GPR appropriation, allocated \$500,000 annually, to provide rental assistance for homeless veterans. Specify that grants must be awarded to each Continuum of Care designated by the U.S. Department of Housing and Urban Development and be used to provide tenant-based rental assistance to homeless veterans in Wisconsin.

ALT 2	Change to Base
GPR	\$1,000,000

3. Take no action.

Prepared by: Angela Miller