



**Office of Public and Indian Housing
Washington, DC**

**HUD's Veterans Affairs Supportive Housing
Program**



Issue Date: June 18, 2014

Audit Report Number: 2014-LA-0003

TO: Milan Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs, PE

//SIGNED//

FROM: Tanya E. Schulze, Regional Inspector General for Audit, Los Angeles Region, 9DGA

SUBJECT: HUD Adequately Implemented and Monitored the HUD-VASH Program, but Changes Are Needed To Improve Lease Rates

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG), final results of our review of HUD's implementation and monitoring of the Office of Public and Indian Housing's Veterans Affairs Supportive Housing (VASH) program.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 213-534-2471.



June 18, 2014

HUD Adequately Implemented and Monitored the HUD-VASH Program, But Changes Are Needed To Improve Lease Rates

Highlights

Audit Report 2014-LA-0003

What We Audited and Why

We reviewed the U.S. Department of Housing and Urban Development, (HUD), Office of Public and Indian Housing's Veterans Affairs Supportive Housing (VASH) program regarding HUD's implementation and monitoring. We initiated our review because there had been no prior Office of Inspector General reviews of the HUD-VASH program. Our objective was to determine whether HUD's implementation and monitoring of the program was adequate.

What We Recommend

We recommend that HUD's Deputy Assistant Secretary for Public Housing and Voucher Programs continue working with the U.S. Department of Veterans Affairs (VA) to increase referrals to HUD's VASH program, collaborate with VA to reevaluate the target percentage of chronically homeless veterans so that a higher number of homeless veterans can be served, and continue efforts to find consistent additional resources for move-in costs.

What We Found

HUD adequately implemented and monitored its HUD-VASH program. However, the HUD-VASH vouchers were not fully used because of challenges in getting veterans initially into housing and the significant turnover after lease-up. These challenges required a higher number of referrals from VA to use all available vouchers. The HUD-VASH program has yet to be used to its full capacity. In 2013, only 76 percent of vouchers were leased. In addition, the overall goal of the program is to serve all veterans and their families. Although focusing a high percentage on chronically homeless veterans was commendable, it contributed to less veterans being housed, as it narrowed the pool of referral participants to those that tend to be more difficult to house. Other aspects of the program impacting its success included the lack of suitable housing and the lack of resources for move-in expenses.

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BACKGROUND AND OBJECTIVE

The U.S. Department of Housing and Urban Development's (HUD) Veterans Affairs Supportive Housing (VASH) program is a joint effort between HUD and the U.S. Department of Veterans Affairs (VA) that combines housing choice vouchers from HUD with case management from the VA to house homeless veterans and their families. For veterans to receive a HUD-VASH voucher, they must first receive a referral from a VA medical center or a VA contractor. Once the referral is received, veterans may go to their local public housing agency (PHA) to receive a HUD-VASH voucher.

The 2008 Consolidated Appropriations Act (Public Law 110-161) provided \$75 million in funding for the HUD-VASH program to produce approximately 10,000 units for veteran housing. Congress continued providing HUD \$75 million each fiscal year through 2013, with the exception of providing \$50 million for fiscal year 2011 and a 0.2 percent rescission in 2013. The table below shows the actual number of HUD-VASH vouchers awarded.

HUD-VASH vouchers awarded¹

Year	Vouchers awarded
2008	10,150
2009	10,290
2010	9,519
2011	7,926
2012	10,450
2008 – 2012 total	48,335
2013	9,805
2008 – 2013 total vouchers	58,140

Previous Audits of the HUD-VASH Program

In 2012, both the U.S. Government Accountability Office (GAO) and the United States Interagency Council on Homelessness issued separate reports on HUD-VASH program.

- The GAO report, dated June 2012, had no recommendations but examined (1) the determination of veteran eligibility, (2) what data were collected and reported, and (3) performance. It noted program challenges identified by the VA and PHAs, including the impact of VA medical center case manager workload on referral rates, veterans' difficulties in finding suitable housing, and a lack of resources to assist veterans with moving into housing.
- The Interagency Council's report, dated December 2012, had several recommendations, but the two most relevant to our review were recommendations to provide additional vouchers and address the lack of resources for move-in expenses.

¹ The numbers in this table represent point-in-time data as of September 2013. These numbers are subject to change as vouchers are transferred or reallocated.

HUD Reports to Congress

The Appropriations Committee directs HUD to report on the HUD-VASH utilization rates, challenges encountered in the program, and increases in Veteran self-sufficiency.

- The 2012 HUD-VASH report discussed several program challenges including (1) general staffing problems for the VA, (2) coordination problems between case managers and PHAs, (3) cumbersome PHA processes, (4) challenges with the housing search process, (5) lack of money for utility and security deposits, and (6) increased focus on serving chronically homeless veterans.
- The 2013 HUD-VASH report discussed various program challenges including (1) staffing challenges for PHAs, (2) staffing challenges for the VA medical centers, (3) challenges with the housing search process, (4) lack of money for utility and security deposits, (5) coordination problems between case managers and PHAs, and (6) cumbersome PHA processes.

Our objective was to determine whether HUD's implementation and monitoring of the HUD-VASH program were adequate.

RESULTS OF AUDIT

Finding: HUD Adequately Implemented and Monitored Its HUD-VASH Program, but Changes are Needed to Improve Lease-up Rates

HUD adequately implemented and monitored the HUD-VASH program. However, the HUD-VASH vouchers were not fully leased up. We attributed the under leased vouchers to the program's low rates for placing veterans in housing and significant turnover after lease-up, which required a higher number of referrals from VA to lease up the program. The goal to focus on chronically homeless veterans contributed to leasing difficulties, as it narrowed the pool of referral participants to those that tend to be more difficult to house. In addition, a lack of consistent resources for move-in fees, mental health and substance abuse issues impacts the veterans' ability to lease up and maintain their housing. As a result, HUD-VASH funding has not been fully utilized and HUD therefore chose to hold back fiscal year 2013 HUD-VASH funding for most of its PHAs.

HUD's Implementation and Monitoring Were Adequate

HUD's implementation and monitoring were adequate. Nationally, HUD has monitored the number of referrals from the VA to PHAs, the number of vouchers the PHAs issued, the number of vouchers leased, and the amount of vouchers issued but not housed. Since HUD's systems did not track information on HUD-VASH referrals from VA, HUD has relied on information gathered and reported by VA for its monitoring and reporting on interagency goals. HUD's monitoring made it aware of the referral challenges experienced by the PHAs. As of August 2013, the VA reported 44,150 vouchers had been leased out of 58,140 vouchers awarded (76 percent)². Also, HUD's Office of Public Housing had been in communication with HUD's Office of Community Planning and Development to help secure sources of funds for the veterans' move-in expenses.

The local HUD field offices sampled did a good job in communicating with their local PHAs. For example, the Jacksonville field office monitored the Gainesville Housing Authority monthly. The Los Angeles field office monitored its smaller PHAs monthly but monitored its larger PHAs, such as the Housing Authority of the County of Los Angeles and the Housing Authority of the City of Los Angeles,

² These numbers include the 2013 vouchers awarded to the PHAs but held back by HUD until prior years' vouchers were fully leased.

weekly. The field offices monitored the VA referrals the PHAs received via Excel spreadsheets, which were also used to measure the PHAs' performance.

We also reviewed the Los Angeles City and County Authorities' HUD-VASH voucher processing, including reviewing the applications submitted by the veterans, the PHAs' document verification, and voucher issuance. Based on the completed files reviewed, it took the County Authority an average of 45 days and the City Authority an average of 40 days to issue the veteran a voucher. This time included the processing time from when the veteran was referred from the VA medical center to the PHA until the veteran received a voucher issuance appointment or was issued a voucher. We found no discrepancies with the application processing or issuance of HUD-VASH vouchers. Delays in processing were generally due to incomplete submission of documents to the PHA; for example, the *Statement of Veterans and Family Responsibility* form was incomplete for one client and the *Declaration of Eligibility* form was not completed for another.

Low Placement Rates and Significant Turnover

The HUD field offices monitoring our sample PHAs stated that the lack of referrals from the VA had been a challenge to the HUD-VASH program's success. Traditionally, HUD has expected PHAs to achieve at least a 95 percent³ utilization rate for all housing choice vouchers, including HUD-VASH vouchers. The VA's data as of September 2013 appears to indicate our sampled PHAs individually received a sufficient number of referrals to fully lease up their HUD-VASH vouchers. However, as shown by our three sample PHAs, a significant number of referred veterans did not complete the process and actually move into housing.

- The Housing Authority for the County of Los Angeles had 1,030 HUD-VASH vouchers with 805 being reported by the VA as currently leased giving it a 78 percent lease rate (see appendix C). Although the County Authority, received 1,317 referrals from the VA, which was more referrals than it had vouchers, only 88 percent of these veterans actually obtained vouchers and 67 percent resulted with the veteran being housed. In addition, at least 13 percent of the veterans housed since 2008 were no longer participating in the program.
- The Housing Authority of the City of Los Angeles had 2,520 HUD-VASH vouchers with 1,684 being reported by the VA as currently leased giving it a 67 percent lease rate. Although the City Authority received 3,240 referrals from the VA, which was more referrals than it had vouchers, only 85 percent of these veterans actually obtained vouchers and 67 percent resulted with the

³ This goal was adjusted to 88 percent for HUD-VASH in 2013, as discussed below.

veteran being housed. In addition, at least 28 percent of the veterans housed since 2008 were no longer participating in the program.

- The Gainesville Housing Authority had 170 HUD-VASH vouchers with 114 being reported by the VA as currently leased giving it a total of 67 percent lease rate. Gainesville received 217 referrals from the VA and 97 percent of these veterans obtained a voucher; however, only 76 percent resulted with the veteran being housed. In addition, at least 32 percent of the veterans housed since 2008 were no longer participating in the program.

Nationwide, the VA reported 84,367 referrals to date, 77,561 vouchers issued, and 62,773 vouchers had been leased up as of September 2013⁴. Overall, 26 percent of all referrals ended with the veteran not finding housing (see appendix C). Additionally, while the program had housed 62,773 veterans since 2008, currently only 44,150 vouchers were leased. This suggests 30 percent of veterans that had obtained housing in the program since 2008 had subsequently left the HUD-VASH program. Veterans may have transferred to the regular housing choice voucher program or otherwise left the HUD-VASH program. HUD reported 1,738 veterans had transferred to the regular program but the remaining 17,983 veterans' whereabouts were unknown as HUD's systems do not have the capacity to track this information. The significant rate of referred veterans not finding housing and the turnover of housed veterans required a higher volume of referrals from VA in order for HUD and the PHAs to fully lease up the available vouchers.

The Target Goal for Chronically Homeless Impacted Referrals

We spoke with the VA in both Gainesville and Los Angeles regarding the HUD-VASH program. The Los Angeles VA and the Los Angeles HUD field office acknowledged that the differing roles between HUD and the VA created a challenge, since the VA was focused on case management and treatment while HUD and the PHAs were more focused on housing and using the available voucher funding. The VA described the HUD-VASH program as an intensive case management program with a housing component to help stabilize the veteran so that they can reintegrate back into the community. It stated that although the HUD-VASH program was set up to obtain housing for the veterans, it was important that the VA also provide needed medical care for veterans.

In 2012, the VA and HUD jointly implemented a goal to target 65 percent of all HUD-VASH vouchers on chronically homeless veterans.⁵ Before that time, the HUD-VASH program was focused on homeless veterans with no specific chronic

⁴ The leased up and housed number (62,773) was higher than total vouchers awarded (58,140) due to participant turnover and voucher reissuance.

⁵ The McKinney-Vento Homeless Assistance Act includes a definition for homeless and the chronically homeless (see appendix B).

target. While this target goal was established to help ensure that those veterans most in need received assistance, this change created a challenge for the PHAs. HUD acknowledged in its February 2013 letter to PHA executive directors that the identification, engagement and housing placement process with chronically homeless veterans was more time-consuming. At this time, HUD also changed its lease-up goal to 88 percent of all awarded vouchers. According to HUD's report to Congress, this target goal focusing on chronically homeless veterans further impacted the referral fluctuations and ultimately the PHAs ability to fully lease its HUD-VASH vouchers. The PHAs in our sample believed the emphasis on serving chronically homeless was slowing VA's veteran referrals.

While the VA and HUD have nearly the same national lease-up goal at 90 and 88 percent, respectively, individual field offices set higher alternate goals. Some HUD local field offices set a goal of 100 percent lease-up. Additionally, the Los Angeles VA office had a more aggressive 75 percent target goal of housing the chronically homeless. Additionally, The Housing Authority of the City of Los Angeles reported that the VA's contracted provider, PATH (People Assisting the Homeless),⁶ could refer only the chronically homeless. The Housing Authority of the County of Los Angeles believed that the Los Angeles VA had a referral goal of 100 percent chronically homeless.

Other Housing Challenges Impacted the Lease Rate

Other challenges also impacted the ability of homeless veterans to obtain and maintain housing under the program. The PHAs and the VA reported issues with the lack of suitable housing, the lack of resources for move-in expenses, and the inability to maintain housing. A combination of these challenges has contributed to a total of 687 expired vouchers between 2008 and 2013 among the three PHAs in our sample.

Lack of Resources for Move-in Expenses

An important issue to consider for veterans before they find housing is the move-in costs associated with the housing search. For example, in Los Angeles, the VA noted that veterans were typically able to find housing but it had been difficult getting landlords to hold units because they wanted to receive payment right away. Since the HUD-VASH program has no component to provide funding for this purpose, the veterans had to obtain funding from other sources. The VA had to rely on community agencies to help provide move-in costs. Although HUD's Office of Public and Indian Housing had been able to coordinate with its Office of Community Planning and Development to use funding from the Homelessness Prevention and Rapid Re-Housing Program, these funds were depleted in 2012 leaving no consistent source of funding.

⁶ The VA contracted with PATH to refer veterans to both the City and County Authorities.

Lack of Suitable Housing

There was a lack of suitable housing stock for HUD-VASH program veterans in some areas. In its report to Congress, HUD stated “HUD-VASH sites with a low leasing success rate, or the rate of lease-ups per voucher issued, indicate that Veterans are having trouble finding suitable units.” For example, the Jacksonville HUD office and Gainesville Housing Authority noted that the small community lacked a sufficient number of units to offer the veterans. They stated Gainesville had a high student population occupying most of the available housing, making housing homeless veterans a challenge in the area.

Inability To Maintain Housing

The Gainesville VA stated that one of the main problems the VA faced with HUD-VASH program was that although veterans had to attend case management sessions, there was no mandate to treat their medical issues, such as substance abuse or chronic disorders. The program was set up to provide housing for veterans. As a result, assisting and maintaining housing for chronic veterans had been a challenge. Both VA offices identified a retention problem because many of the veterans that fit the HUD-VASH profile were using substances, dealing with mental health issues, or otherwise having trouble maintaining a steady income. As a result, the emphasis on chronic veterans may be contributing to the retention issue.

Conclusion

HUD adequately implemented and monitored the HUD-VASH program and demonstrated that it had taken proactive steps to help make this program a success. However, HUD-VASH vouchers were not fully leased up. We attributed the lease-up rate problem to low completion rates for vouchers issued but not leased, which then required a higher rate of referrals from the VA to lease up the program. The emphasis on chronically homeless veterans also contributed to the completion and retention rate problems because many of the veterans that fit the chronic profile are dealing with substance abuse or mental health issues. Additional aspects contributed to why a veteran who was issued a voucher did not follow through with housing, including the lack of resources for move-in expenses and the lack of suitable housing. As a result, HUD-VASH funding had been underused and HUD had to hold back fiscal year 2013 funding until PHAs leased up prior vouchers to prevent further accumulation of unused HUD-VASH funds in PHA accounts.

Recommendations

We recommend that the Deputy Assistant Secretary for Public Housing and Voucher Programs

- 1A. Continue working with the VA to increase referrals to the HUD-VASH program.
- 1B. Collaborate with the VA to reevaluate the target percentage of chronically homeless veterans and determine whether an adjustment is needed to serve a higher number of homeless veterans; and work with the VA to ensure it adheres to the agreed upon target.
- 1C. Continue efforts to find consistent additional resources for move-in costs.

SCOPE AND METHODOLOGY

We conducted our audit work at the HUD Office of Inspector General (OIG) in Los Angeles, CA, with site visits to the County of Los Angeles and City of Los Angeles, between October 2013 and March 2014⁷. Our audit period covered May 2008 through September 2013, but we expanded that period as necessary to accomplish our objective.

To accomplish our objective, we

- Reviewed applicable regulations, policies, and procedures;
- Reviewed local PHA policies and procedures specific to HUD-VASH program;
- Reviewed local PHA HUD-VASH funding, units awarded, referrals, and lease-up rates;
- Reviewed local PHA client files;⁸
- Interviewed HUD headquarters staff responsible for the HUD-VASH program;
- Interviewed HUD Office of Public and Indian Housing field office staff responsible for monitoring local PHAs; and
- Interviewed VA staff responsible for referring veterans to the sample PHAs.

We selected a nonstatistical sample of three PHAs: (1) the Housing Authority of the County of Los Angeles, (2) the Housing Authority of the City of Los Angeles, and (3) the Gainesville Housing Authority, based on the following four considerations: (1) selecting PHAs from multiple regions; (2) selecting two PHAs that were in the top 11 recipients, based on vouchers awarded; and (3) selecting a PHA that was a low performer, which meant they had a lease-up rate of less than 70 percent.

We used data received from HUD's Public Housing and Voucher Program department to select our sample. Data such as the amount of HUD-VASH vouchers awarded to each of the sample PHAs and lease-up rates were confirmed with documentation; thus, we determined that the data were reliable for its intended use in addressing the audit objective.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

⁷ We did not visit GHA as we were able to obtain most of the data needed via phone calls and e-mails.

⁸ We did not review client files for the Gainesville Housing Authority due to difficulties in obtaining the files in a timely and secure manner and the lack of issues with the other two PHAs.

objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

INTERNAL CONTROLS

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

Relevant Internal Controls

We determined that the following internal controls were relevant to our audit objective:

- Monitoring of program operations.
- Compliance with applicable laws and regulations.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.

We evaluated internal controls related to the audit objectives in accordance with generally accepted government auditing standards. Our evaluation of internal controls was not designed to provide assurance on the effectiveness of the internal control structure as a whole. Accordingly, we do not express an opinion on the effectiveness of HUD's internal controls over the HUD-VASH program.

APPENDIXES

Appendix A

AUDITEE COMMENTS AND OIG'S EVALUATION

Ref to OIG Evaluation

Auditee Comments

	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT WASHINGTON, DC 20410-5000
ASSISTANT SECRETARY FOR PUBLIC AND INDIAN HOUSING	
MEMORANDUM FOR:	Tanya E. Schulze, Regional Inspector General for Audit, Los Angeles Region, 9DGA
FROM:	Milan M. Ozdinec, Deputy Assistant Secretary for Public Housing and Voucher Programs, PE
SUBJECT:	Draft Audit Report on HUD-VASH Program

Thank you for the opportunity to comment on the Office of the Inspector's General's draft audit memorandum on HUD's Implementation and Monitoring of the HUD-VASH Program, that was issued on April 28, 2014.

The Department believes that the HUDVASH program, through the effective combination of HUD's housing choice voucher assistance and case management services provided by the Department of Veterans' Affairs (VA) has been very successful in assisting homeless veterans and their families. While the hard work and persistent efforts of our public housing agency (PHA) and VA partners have resulted in serving tens of thousands homeless veterans since 2008, the Department is committed to continually seek ways to build upon the successes and further improve the program. HUDVASH is specifically designed to address not only housing need but also the supportive service needs of our most difficult to house homeless veterans. HUDVASH's combination of housing with intensive case management services is ideal to address the needs of our most highly vulnerable veterans that have experienced homelessness for extended periods of time. The effort to target HUDVASH to those who need its combined services the most is the linchpin of the Administration's effort to end homelessness among veterans by 2015.

Evidence supports the policy decision to target these vouchers to chronically homeless veterans, measured by both overall decreases in the number of homeless Veterans on the street, and by system savings.

- HUD and the VA have estimated that approximately 30% of homeless veterans experience chronic homelessness. In January 2013, there were 57,849 homeless veterans in the United States, 40% of which (23,154) were living in unsheltered situations. This is a 16% decline in unsheltered veteran homelessness in just one year, a direct result of targeting chronically homeless veterans in HUD-VASH. While not yet final, initial reports of the 2014 data indicate that this number is continuing decrease.
- Research from the VA National Center on Homelessness Among Veterans showed a cost savings of over \$7,400 per person per year associated with targeting permanent supportive housing to individuals experiencing chronic homelessness. For the 622 Veterans for whom there was complete data, the number of emergency room visits

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decreased by 27 percent and acute inpatient hospitalizations decreased by 33 percent. Perhaps most remarkably, the average length of stay for a hospitalization decreased from 17 days to 5 days and the total number of hospital bed days declined by 71 percent.

The HUD-VASH program is one of several programs available to house veterans experiencing homelessness in order to meet the Administration's goal of ending homelessness among veterans in the United States by 2015. As stated previously, HUD-VASH is a permanent supportive housing resource designed to provide housing assistance combined with intensive case management and supportive services. The VA funds two other programs—Supportive Services for Veteran Families (SSVF) and the Grant Per Diem (GPD) program which can fund a variety of housing and service options ideal for homeless veterans with fewer barriers. HUD-VASH, on the other hand, is ideal for highly vulnerable veterans that have experienced homelessness for extended periods of time—those veterans experiencing chronic homelessness. HUD's other targeted homeless assistance grants programs (Continuum of Care (CoC) and Emergency Solutions Grants) programs may also serve homeless veterans. HUD encourages CoCs to coordinate with local VA Medical Centers to focus those resources on homeless veterans that are not eligible for HUD-VASH and other VA programs.

The Administration's goal of ending veteran and chronic homelessness by 2015 will be unattainable if all of its resources are not utilized as effectively as possible. For HUD-VASH, this means that the majority of vouchers should be reserved for homeless veterans with the highest needs, particularly those that are chronically homeless, until we have ended chronic homelessness among Veterans nationwide. HUD and the VA will continue to provide guidance to PHAs and CoCs on how they can better coordinate efforts to assist homeless veterans and reduce barriers.

This recommendation is outside of the Office of Inspector General's scope for this audit because it is based on a disagreement regarding a policy decision made by the Administration. Specifically, this recommendation targets a policy decision to prioritize the hardest-to-serve Veterans for HUD-VASH, an evidence-based decision that has produced significant results. The stated scope of the audit was to determine "whether HUD's implementation and monitoring of the program was adequate." The report finds that the technical implementation and monitoring of the program by HUD was adequate. Therefore, this finding is inappropriate and HUD has respectfully requested that it be removed from the final audit report.

The Department therefore does not agree with the Office of Inspector General recommendation 1B to reduce the number of chronic homeless veterans that HUD and the VA attempt to assist through the HUDVASH program.

Following you are provided with our comments to address some of the OIG elements within this report.

Comment 1: On page 5, it states that "the goal to focus on chronically homeless veterans contributed to leasing difficulties, as it narrowed the pool of referral participants to those that tend to be more difficult to house." While it is true that veterans experiencing chronic homelessness tend to have more barriers than non-chronically homeless veterans,

Comment 1

Comment 2

evidence shows that permanent supportive housing, such as HUD-VASH, is the most appropriate intervention for this population. For many homeless veterans, there are other interventions such as rapid re-housing (funded through the Supportive Service for Veteran Families Program) which are more appropriate for homeless persons with fewer barriers as these persons are more likely to obtain and *maintain* housing with little to no permanent support. It is HUD's assertion that using limited resources such as HUD-VASH to serve homeless veterans that do not truly need that level of ongoing assistance is not an effective use of resources.

Comment 3

Comment 2: on page 7, in the paragraph explaining nationwide data we recommend replacing the third sentence with "Additionally while the program had served 62,773 veterans since 2008, 44,150 were leased as of September 2013."

Comment 4

Comment 3: on page 7 it states that because HUD systems do not have the capacity to track why veterans leave the program, the whereabouts and circumstances of those who have left is unknown. It is important to note that VA systems have some capability to track the circumstances under which veterans exit the HUD-VASH program. In addition, VA and HUD are currently engaged in a study on HUD-VASH exits. The study will further examine the characteristics of veterans who have exited the program – such as gender, race and ethnicity, age, service era, and substance abuse history – and identify differences in the characteristics of those who have exited the program for positive and negative reasons. Outcomes of the study will inform future HUD-VASH policy decisions, as well as help partnering agencies ensure that veterans remain stably housed and exit successfully from the program.

Comment 5

Comment 4: On page 8 the report discusses the lack of resources for move-in expenses as a barrier. It should be noted that although the Homelessness Prevention and Rapid Re-Housing Program has ended, Emergency Solutions Grants has been used for this purpose. In addition, the VA has the Supportive Services for Veteran Families Program, which has also been used to assist with move-in costs for veterans.

Comment 6

Comment 5: On page 9 under "Inability to Maintain Housing" the report indicates that because there is no mandate to treat participant's medical issues, obtaining and maintaining housing is an challenge. While this is true, it does not absolve either this Department or the VA from serving our homeless Veterans that are most in need - that have severe disabilities and have lived on the streets or in shelter for long periods of time. In fact, it is our duty to ensure that these veterans are prioritized for the program that best suits their needs.

This particular model of permanent supportive housing is called Housing First, which is an approach that has been adopted by both HUD and the VA and is endorsed by the USICH. It is an evidence based model that allows the veteran to receive housing without preconditions, and allowing the case managers to engage the veteran in the services they need over time and when they are ready. HUD's July 2007 Report entitled "The Applicability of Housing First Models to Homeless Persons with Serious Mental Illness" concludes that "the Housing First approach...can promote housing stability and other

positive outcomes for homeless people with serious mental illness and substance abuse issues (page 97).

Comment 7

Comment 6: Also on page 9, under “Inability to Maintain Housing,” it states that the lack of a steady income to pay rent was one of the barriers identified for maintaining housing. Although their lack of income may make it difficult to manage other living expenses, it should not interfere with their ability to pay rent. Under the voucher program the participant pays rent based on the amount of income they receive. Therefore, if a veteran does not have income, the portion of rent paid by the veteran would be adjusted accordingly.

Comment 8

Comment 7: Under the Scope and Methodology section of the report, it is unclear how the criteria that the OIG used to select the three PHAs in this audit apply to the three selected. Gainesville has only received 170 vouchers and is not in the top 11 recipients (it is 95th).

Comment 9

Comment 8: In the “Highlights” section it states that “Generally, HUD adequately implemented and monitored its HUD-VASH program.” The word “generally” should be removed because it implies that HUD did not quite meet the “adequate” standard. The issues raised are not related to the scope of the audit, but question policy decisions made by the Administration as it relates to ending veteran homelessness. It also is not consistent with the title of the report which states that HUD adequately implemented and monitored the HUD-VASH program.

In addition to the comments above, we have the following comments regarding the specific recommendations made in the report.

Recommendation 1A: Continue working with the VA to increase referrals to the HUD-VASH program.

Comments: HUD is committed to continuing its partnership with the VA to increase referrals to the HUD-VASH program.

Comment 1

Recommendation 1B: Collaborate with the VA to reevaluate the target percentage of chronically homeless veterans and determine whether an adjustment is needed to serve a higher number of homeless veterans; and work with the VA to ensure it adheres to the agreed upon target.

Comments: We do not agree with this recommendation for the reason outlined above.

Recommendation 1C: Continue efforts to find consistent additional resources for move-in costs.

Comments: The Department is aware of the need for resources to assist veterans with move-in costs, and has been working with communities over the past several years, including

issuing a best practices report, to assist in these efforts. The Office of Public and Indian Housing will continue to work with its CPD partners in the Special Needs Assistance Programs (SNAPS) at HUD, as well as colleagues at the VA and the U.S. Interagency Council on Homelessness to identify sources of funding for move-in expenses.

Should you wish to discuss these comments, please contact Phyllis Smelkinson at 202-402-4138 or by email at Phyllis.A.Smelkinson@hud.gov.

OIG Evaluation of Auditee Comments

- Comment 1** The recommendation is not outside of the audit’s scope, as policy decisions impact HUD’s continued implementation and monitoring of the program. The recommendation does not require HUD to change or eliminate the chronic target, only to reevaluate whether adjustments are warranted to potentially serve a higher number of homeless veterans. HUD and the VA should reconsider whether a portion of the unused funding can go toward non-chronic homeless veterans in the short term. As these units turnover, they can revert back for use by chronically homeless if referrals are increased or there is a need identified. Federal Register Docket No. 523-N-01 HUD-VA Supportive Housing Program, Section II.a states “The December 17, 2007, Explanatory Statement for the 2008 Appropriation Act provides, “The Appropriations Committees expect that these vouchers will be made available to all homeless veterans, including recently returning veterans’ (153 Cong. Rec. H16514 (daily ed., Dec. 17, 2007)). HUD, through its undersigned Secretary, finds the following waivers necessary to effectively administer and deliver the program to all veterans in accordance with Congressional intent. Section 8(o)(19) of the United States Housing Act of 1937 (USHA of 1937), which requires homeless veterans to have chronic mental illnesses or chronic substance use disorders with required treatment of these disorders as a condition of receipt of HUD–VASH assistance, is waived.” The HUD-VASH program was intended for all homeless veterans including non-chronic.
- Comment 2** We acknowledge the VA has other programs to assist homeless veterans. Our focus was only on HUD’s administration of the HUD-VASH program and not all veteran homeless programs.
- Comment 3** We adjusted the sentence to read “Additionally, while the program had housed 62,773 veterans since 2008, currently only 44,150 vouchers were leased.
- Comment 4** HUD did not provide any documentation on the VA’s tracking or any ongoing study of the program exists. However, we agree that such information could be beneficial for the program.
- Comment 5** Although it is our understanding that these programs may allow funding to help with move in costs, during our review, no information was provided by HUD, the PHAs, or the VA offices regarding Emergency Solutions Grants or the Supportive Services for Veteran Families Program funding resolving this issue. We also note that the ESG program is not exclusive to assisting homeless veterans. Since no additional data or analysis has been provided by HUD we cannot comment further on their benefit to the HUD-VASH program. However, we note that in its response to our recommendation 1C, HUD agreed to continue to identify sources of funding for move-in expenses. If HUD believes there are sufficient funds available through these other programs, it should continue its efforts to ensure they provide a consistent source of move-in expenses.

- Comment 6** As noted in the report, these were statements made by one of the VA offices, expressing challenges to the program.
- Comment 7** We have removed the sentence “Income stability is a factor because if the veteran is unable to pay its portion of the rent this could lead to an eviction.”
- Comment 8** We adjusted the Scope and Methodology section of the report to clarify that 2 of the PHAs selected were in the top 11 recipients. We also removed reference to selecting a PHA that was a high performer. Although the latter was part of our original plan, since we found no significant issues with HUD’s implementation and administration of the HUD-VASH program we did not proceed with additional sample PHA reviews.
- Comment 9** We agree and have removed the word “generally” from the final audit report.

Appendix B

CRITERIA

The McKinney-Vento Homeless Assistance Act as Amended by S. 896, The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009

SEC. 103. [42 USC 11302]. GENERAL DEFINITION OF HOMELESS INDIVIDUAL.

(a) IN GENERAL.—For purposes of this Act, the term “homeless”, “homeless individual”, and “homeless person” means—

- (1) an individual or family who lacks a fixed, regular, and adequate nighttime residence;
- (2) an individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground; (3) an individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including hotels and motels paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations, congregate shelters, and transitional housing);
- (4) an individual who resided in a shelter or place not meant for human habitation and who is exiting an institution where he or she temporarily resided;

(2) CHRONICALLY HOMELESS.—

(A) IN GENERAL.—The term ‘chronically homeless’ means, with respect to an individual or family, that the individual or family—

- (i) is homeless and lives or resides in a place not meant for human habitation, a safe haven, or in an emergency shelter;
- (ii) has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least 1 year or on at least 4 separate occasions in the last 3 years; and
- (iii) has an adult head of household (or a minor head of household if no adult is present in the household) with a diagnosable substance use disorder, serious mental illness, developmental disability (as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act of 2000 (42 U.S.C. 15002)), post traumatic stress disorder, cognitive impairments resulting from a brain injury, or chronic physical illness or disability, including the co-occurrence of 2 or more of those conditions.

Appendix C

VOUCHER DATA SCHEDULE

Voucher data as of September 2013	Nationwide	Housing Authority of the County of Los Angeles	Housing Authority of the City of Los Angeles	Gainesville Housing Authority
Vouchers awarded	58,140	1,030	2,520	170
Vouchers leased	44,150	805	1,684	114
Lease up rate	76%	78%	67%	67%
Referrals	84,367	1,317	3,240	217
Veterans issued a voucher	77,561	1,162	2,764	211
Referrals issued voucher rate	92%	88%	85%	97%
Veterans housed since 2008 ⁹	62,773	881	2,182	164
Referrals housed rate	74%	67%	67%	76%
Issued vouchers housed rate	81%	76%	79%	78%
Veterans no longer in program	19,721	113	602	52
Housed no longer in program rate	31%	13%	28%	32%

⁹ The leased up and housed number (62,773) was higher than total vouchers awarded (58,140) due to participant turnover and voucher reissuance.