

**STATEMENT OF MS. MONICA DIAZ, MBA, BA, L-NHA  
SENIOR EXECUTIVE DIRECTOR, HOMELESS PROGRAMS OFFICE  
VETERANS HEALTH ADMINISTRATION (VHA)  
DEPARTMENT OF VETERANS AFFAIRS (VA)  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY  
U.S. HOUSE OF REPRESENTATIVES  
ON  
TRANSITIONAL HOUSING REFORM:  
EXAMINING THE FUTURE OF THE VA GRANT AND PER DIEM PROGRAM  
DECEMBER 6, 2022**

Good Morning Chairman Levin, Ranking Member Moore, and distinguished members of the Health Subcommittee. Thank you for inviting us here today to discuss the future of the Department of Veterans Affairs (VA) Grant and Per Diem (GPD) program beyond the COVID-19 pandemic to ensure the program is meeting the needs of Veterans and their families on their journey to permanent housing. I am joined by Ms. Chelsea Watson, National Director of the VA GPD Program. No Veteran should experience homelessness, and our goal is to end Veteran homelessness. GPD is a strong tool for us to achieve that goal. This testimony will give background on the GPD program, detail changes made in response to the pandemic, and outline how we can continue to best meet the needs of our Veterans once the public health emergency ends.

### **Introduction and GPD Overview**

With the support of Congress, VA has developed a comprehensive array of resources, including GPD, to serve our Veterans at risk for or experiencing homelessness and to give them the tools to sustain housing. Since 1994, the GPD program has provided services to Veterans experiencing homelessness. With the VA's adoption of the Housing First approach starting in 2010, the GPD program has undergone changes and improvements that make it an important tool in ending homelessness among Veterans. The Department of Housing and Urban Development (HUD) 2022 point-in-time (PIT) count data help demonstrate the efficacy and agility of VA's commitment and deployment of resources, even during the unprecedented disruptions of the pandemic.

Nationally, the total number of Veterans who experienced homelessness on a single night in January 2022 decreased by 11% compared to January 2020, the last year a full PIT count was conducted, and the largest drop in the last 5 years. Since 2010, the estimated number of Veterans experiencing homelessness in America has declined by 55.3%. This success is a direct result of collaborations between Federal, State and local governments and, most importantly, local homeless services providers who know the needs of their communities and the Veterans they serve directly. Despite our gains, work remains to prevent Veteran homelessness and ensure it otherwise remains rare, brief and nonrecurring.

GPD is VA's largest transitional housing program for Veterans experiencing homelessness. GPD awards grants to organizations (such as nonprofit, State, local, and Tribal governments) best positioned to serve the direct needs of Veterans in their communities. GPD and GPD grantees play essential roles in the continuum of homeless services by providing supportive services to Veterans who would otherwise be unsheltered homeless. GPD grantees offer a comprehensive range of services, including outreach, housing solutions, employment assistance, connections to health care and mental health services.

VA's approach to solving Veteran homelessness is the Housing First approach, in which Veterans experiencing homelessness are assisted to obtain permanent housing as quickly as possible without prerequisites. The Housing First approach also recognizes that the level of assistance must be tailored to the unique needs and strengths of Veterans. The GPD program reflects this tailored approach with the development of multiple pathways into services that can address the needs of individual Veterans. Under the umbrella of GPD, grantees may receive funding through one or more of five grant types: 1) Per Diem Only (PDO); 2) Special Need (SN); 3) Transition In Place (TIP); 4) Case Management (CM); and 5) Capital. GPD grants are designed to meet each Veteran at various stages of housing readiness as they transition to permanent housing. The first three categories listed above and below are transitional housing grants:

- Per Diem Only grants provide transitional supportive housing utilizing one or more of five housing models (i.e., Bridge, Clinical Treatment, Hospital to Housing, Low Demand, Service Intensive) or through an independent service center.
- Special Need grants target housing and services to specific populations of Veterans (such as women, Veterans with chronic mental illness, frail elderly Veterans, Veterans caring for minor dependents, terminally ill Veterans).
- The TIP housing model offers Veteran residents housing in which supportive services transition out of the residence over time, rather than the resident. Upon completion of the TIP services, the resident retains the unit as their permanent housing with no requirement to move.
- Case management grants support housing retention efforts by providing case management services to Veterans who were previously experiencing homelessness or who are at risk for homelessness so that they may obtain or retain permanent housing.
- Capital grants support the costs of acquiring, renovating or constructing facilities and are only offered intermittently to improve existing facilities or to develop new transitional housing.

GPD manages a portfolio of unique grant types across every state as well as Puerto Rico and Washington, D.C. to enhance flexibility and precision of homeless-service delivery through community providers. In Fiscal Year (FY) 2023, GPD actively funds approximately: 350 PDO grants, 15 SN grants, 40 TIP grants, 115 CM grants, and is implementing over 90 capital improvement grants awarded in 2021 and 2022. Each local community-based organization receiving grants from GPD offers focused services through multiple pathways based on the needs of the Veterans they serve.

Through GPD grants, we are able to meet the needs of many different Veteran populations experiencing homelessness, including but not limited to: women Veterans, Veterans with chronic mental illness, frail elderly Veterans, and Veterans who have care of minor dependents. These grants are also critical tools to achieve the Veterans Health Administration's (VHA's) priorities of connecting Veterans to the most timely and best care, supporting Veterans' whole health, and preventing Veteran suicide.

GPD's long-term success centers around nearly three decades of collaborative relationships with our Federal partners and community-based grantees. Together, we have forged a robust network of community providers engaging and directly helping Veterans experiencing homelessness through a complement of services tailored to each Veteran. GPD grantees provide services designed to enhance skills and income and support procurement and sustainment of safe affordable permanent housing. These community organizations are essential to devising solutions that work for Veterans. Grantees have well-established partnerships within the community. The local and expert knowledge our grantees have is critical to connecting Veterans with local resources and understanding how to effectively navigate the local housing network. These grants are directly related to our success in reducing Veteran homelessness.

## **COVID-19 Pandemic**

The COVID-19 pandemic significantly impacted all aspects of GPD program operations and has provided an opportunity to re-envision how transitional housing and services work for communities. VA rapidly responded to the COVID-19 public health emergency by making several critically-needed resources available to Veterans who were homeless and at risk of homelessness as VA sought to stem the spread of the disease. Congress was instrumental in providing us the authority to provide these resources, which included waivers to per diem rate limits, elimination of capital match, and real property disposition requirements, and additional funding essential to implementing these provisions. Operationally, GPD offered increased flexibility for grantees to utilize alternate sites of care, support Veteran absences and limit program discharges.

In the early months of the pandemic, grantees quickly employed strategies to de-congregate their transitional housing spaces using motels and alternate sites of care, reconfiguring living spaces and collaborating with other community partners. Veterans expressed the importance of having safe, dignified living conditions while remaining safe and healthy during the pandemic. Grantees also explored ways to engage with Veterans virtually and maximized technology as an effective tool when deployed strategically.

VA has worked closely with Congress throughout the pandemic to ensure grantees and Veterans have the resources they need to effectively navigate the challenges presented during the COVID-19 public health emergency. The enactment of the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136; CARES Act) and the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L. 116-315) authorized new flexibilities for GPD grantees, most notably a temporary increase to the maximum per diem rate paid to grantees.

Throughout the pandemic, grantees have continued to navigate the evolving complexities of serving our most vulnerable Veterans. Here are some notable updates from FY 2022 related to GPD's impact:

- Over 18,000 Veterans entered GPD transitional housing;
- Over 1,500 of the Veterans served were women;
- The average age of Veterans served was 55 years old and almost 20% were over the age of 65;
- Veterans stayed in GPD transitional housing for slightly less than the 6-month average;
- Over 10,000 Veterans exited GPD to permanent housing; and
- Over 2,200 Veterans exited GPD with employment.

With the onset of the pandemic, Congress acted quickly with the passage of the CARES Act (P.L. 116-136) and temporarily eliminated the cap on GPD rates. P.L. 116-315 § 4201(b)(1)(C) subsequently established a maximum rate of three times the rate for State Home domiciliary care. Veterans and their families have favorably adjusted to the benefits of an increased per diem rate, such as de-congregated living spaces and more individual units. The increased per diem rate also helped address concerns among house providers due to external factors. For example, transitional housing providers reported high costs due to inflationary factors, staffing shortages and operating at a lower program census because of pandemic spacing requirements. We note, though, that because the enhanced per diem rate authorized by P.L. 116-315 is temporary and only available during the public health emergency, it has generated much angst among our community stakeholders who fear the financial instability of not knowing when the public health emergency declaration will end and when per diem limits will dramatically drop. Fortunately, during the pandemic, Congress, through the passage of P.L. 116-315, authorized a permanent increase to the maximum per diem rate up to 115% of the State Home rate for domiciliary care, which reduced some, but not all, of the community providers' concerns.

Per diem may cover up to 100% of the cost of care to operate these programs, minus other sources of income, not to exceed a maximum per diem rate which is statutorily tied to the State Home rate for domiciliary care. Currently, the State Home domiciliary care rate is \$54.89, which means that under the per diem rate waiver, grantees may request up to \$164.67. When the public health emergency declaration ends, the majority of GPD grantees will be limited to a maximum per diem rate of \$63.12 (i.e., 115% of the State Home rate). Not all grantees request or receive the maximum per diem rate. Their operating costs are impacted by many factors including cost of living, scope of services provided, staffing levels and their ability to secure other funding sources to operate their programs. Also, grantees are expected to monitor their operating costs throughout the year and may request per diem rate modifications as needed. Since April 2020, GPD grantees have requested more than 1,100 per diem rate modifications, and many have submitted multiple requests as their needs fluctuated during the pandemic (for example, utilization of motels). Currently, approximately 59% of GPD transitional housing grantees are receiving per diem rates that would exceed the 115% per diem rate limit, which will be applicable once again upon the termination of the declaration of the public health emergency.

At the start of the pandemic, concerns for Veteran safety and the need for physical distancing to mitigate the spread of COVID-19 were front and center. During this time, some

Veterans sought shelter with friends or family and remained there longer than they may have otherwise. In FY 2022, GPD saw our overall census gradually rebound from a low of about 7,300 occupied beds at the height of the pandemic, to more than 8,300 beds; demonstrating a steadily increasing demand for these resources. GPD continues to foster ongoing discussions with grantees, communities, and local VA medical center teams to determine optimum resource maximization and alignment by matching GPD availability with community needs. During FY 2023, community partners will have an opportunity to apply for PDO and TIP grant funding, as all current awards end September 30, 2023. These new awards will begin October 1, 2023. This grant application process is open to current and new eligible organizations. Time-limited awards with periodic reapplication allows organizations to modify the number of beds, housing models, supportive services, staffing and so on based on the current needs of their community.

With the help of Congress, through the CARES Act and P.L. 116-315, VA is transforming transitional housing for Veterans experiencing homelessness. These significant laws offered additional funding and provided flexibilities, such as a waiver from match and disposition requirements for capital grants; this means that capital grantees will be able to take full ownership of the property at the end of the grant period without the property forever being tied to the government. By acting when needed, Congress paved the way for VA to offer two sequential rounds of capital grants in FY 2021 and 2022. Both rounds of capital grants aimed to transform existing transitional housing spaces into safer, more individualized living environments for Veterans. Improvements to physical spaces will allow grantees to reach out to diverse populations of Veterans who benefit from privacy, physical distancing, and less congregate configurations. When GPD's capital awards are complete, approximately 2,000 GPD transitional housing beds will no longer be in shared or congregate spaces; instead, they will be in private rooms with private bathrooms.

### **Current State of GPD Transitional Housing**

The GPD awards to community organizations make a difference, and the impact is felt across the country. GPD grantees have permanently housed more than 112,000 unique Veterans since 2013, clearly demonstrating that these grants are both an essential component of VA's continuum of resources for Veterans experiencing homelessness and an effective means to address homelessness. We appreciate Congress's interest in understanding if GPD grantees have the resources they need to effectively meet the current and future needs of Veterans in their community.

Over the course of the pandemic, grantees have created thousands more individualized spaces for Veterans and their families. More individualized space is the goal, not only for infection control but also to allow Veterans and their families as much dignity as we can offer them. These living conditions resemble what we are working toward for their permanent housing. GPD will continue to be flexible and responsive to the needs of Veterans and their families. Transitional housing of the future reflects back the needs of our Veterans, communities, and stakeholders. GPD spaces are being transformed through capital investments, and services continue to be refined and benefit from continued connection to VA services at large. Private units are proving to be an important factor in successfully engaging Veterans, not only by

protecting their safety and health but also by safeguarding the privacy and dignity of all Veterans, including those who previously were reluctant to engage in services.

VA now also has the authority to pay for minor dependents of Veterans in GPD, PDO and TIP grants; something we never had before. This authority allows grantees to serve Veterans they otherwise may have been unable to serve. In 2021, with the enactment of P.L. 116-315, section 4204, grantees received a new pathway to care for Veterans with minor dependents in the form of additional per diem funding. GPD grantees are now able to meet a broader set of needs and family configurations. This enhancement is a permanent change for the GPD program and will remain in place after the public health emergency ends.

All GPD grants are time-limited awards that periodically require existing grantees to re-compete for funding and allow an opportunity for new community organizations to apply for these grants. In FY 2023, GPD will award grants under various components of the program, specifically transitional housing and case management. These new grants will begin in FY 2024 and are an opportunity for applicants to update their program designs, services, beds and housing models to respond to the current needs of Veterans and communities by emphasizing nondiscrimination, less congregate accommodations and lower barriers to accessing safe housing.

GPD promotes a low barrier, harm reduction, Housing First approach to engaging unsheltered Veterans in services. VA continues to work with GPD community organizations to ensure unsheltered Veterans have immediate access to safe housing with wraparound supportive services. GPD promotes a low barrier, harm reduction approach to engaging unsheltered Veterans in services. “Low barrier” refers to a general approach in which there are no or minimal requirements for program admission. By focusing on reducing harm, a low-barrier approach encourages Veterans experiencing homelessness to seek resources by eliminating obstacles. It also means expediting the time it takes for an eligible Veteran to be admitted into housing (such as same day access from the point of identification or referral to the GPD project within no more than 72 hours). Grantees are expected to have policies and procedures for maintaining low barriers and high-quality engagement through the provision of service.

Collaboration and propelling the evolution of enhanced relationships with VA remain a top priority. GPD has partnered with the Department of Housing and Urban Development-VA Supportive Housing program (HUD-VASH) to create another pathway for expedited permanent housing through a collaborative case management model. GPD case management grantees enter an enhanced arrangement with their local VA medical center homeless teams. The GPD grantee works with lower acuity Veterans eligible for a HUD-VASH voucher. The grantee assists the Veteran in obtaining and sustaining permanent supportive housing. Currently, 31 local VA medical centers and 34 GPD case management grantees have worked together to pioneer this novel approach and strengthen the local network of permanent housing options.

GPD also continues to harness synergies with VA’s Supportive Services for Veteran Families (SSVF) program to facilitate access to resources like Shallow Subsidy, when needed. Shallow Subsidy is a financial resource to supplement rental costs for 2 years. This subsidy allows Veteran’s time to build income to sustain their permanent housing. Veterans in GPD TIP

who are assuming responsibility for their unit as permanent housing now have a streamlined way to be considered for SSVF Shallow Subsidy to support ongoing permanent housing sustainment.

Additionally, GPD can work in conjunction with non-VA grants to support Veterans experiencing homelessness. The Department of Labor's Veterans' Employment and Training Service's (DOL-VETS) Homeless Veterans' Reintegration Program (HVRP) grantees provide critical employment services to enable ongoing financial security. Many DOL-VETS HVRP grantees are also recipients of GPD grants and offer "built-in" housing solutions. If DOL-VETS HVRP grantees do not have a GPD grant, they work closely with VA's Continuum of Care networks to ensure partnership with GPD recipients or other community housing supports.

GPD nationally supports collaborations that make VA's vast knowledge base of leading homeless care accessible to its grantees and staff. GPD is working with leading VA researchers to train staff at select GPD grantees in Critical Time Intervention, an evidence-based, structured and time-limited case management practice that mobilizes support for vulnerable populations during transition periods. This phased case management approach bolsters substantial supports in the early months of transition with these supports gradually tapering over time. Through this arrangement, grantee case management staff are trained on interventions to achieve maximum engagement with Veterans.

GPD recognizes that the standard for the highest quality of engagement remains face-to-face. Therefore, GPD will continue with face-to-face activities while sustaining the infrastructure for remote activities when appropriate (for example, during future emergencies or in non-emergency situations when virtual technology provides the best opportunity for case management and care for certain populations of Veterans).

### **Future of GPD Services**

Even prior to the pandemic, many GPD grantees expressed concerns over their ability to provide transitional housing with high-quality services within the modest limits of per diem. Before the public health emergency, more than 55% of grantees were at or very near the maximum per diem rate. Grantees frequently shared the challenges they experienced working to secure other sources of funding to support program operations or having to limit staffing or the scope of services provided to Veterans because of costs.

Recently, several GPD grantees elected to discontinue their option year agreements and stop providing services under the GPD program because of the limited per diem funding that would be available when the per diem rate waiver ends. Anecdotally, some VA medical centers are also reporting challenges with identifying community organizations willing and able to apply under GPD's current grant rounds because their operational costs exceed what is offered under per diem. A permanent increase to the GPD per diem rate would remove these barriers and allow for that investment.

As discussed earlier, P.L. 116-315 included a provision raising the maximum per diem rate for GPD transitional housing grantees to 115% of the State Home rate for domiciliary care. During the public health emergency, grantees are still able to apply for a temporary per diem rate

waiver; however, when the declaration of the emergency terminates, the maximum rate will remain 115% of the State Home rate.

GPD's mission, in concert with the broader mission of VA and VHA Homeless Programs, is to ensure that no Veteran experiences homelessness, and that those who do are engaged in high-quality services that support and sustain permanent housing and increase self-efficacy. We take this seriously and will continue to ensure that GPD's work continues to foster alignment with Veterans' and community needs.

## **Conclusion**

Thank you for your time and support through the enacted laws described above and appropriated funds to carry out these programs to help homeless Veterans. We will continue to implement our current authorities to the maximum extent possible so that we can better serve all who served our Nation.