



Foundation for Affordable Housing, Inc.
Developer of St. James Place Apartments
An Affordable Residence for People in Need
169 Deweese Street – Lexington, Kentucky 40507

NARRATIVE OF TESTIMONY BY DEAN HAMMOND
FOR THE
SUBCOMMITTEE ON HOUSING AND INSURANCE
APRIL 17, 2018 IN WASHINGTON, DC

Congressman Barr, Chairman _____, other interested parties.

I would like to take a moment to mention something that I think we all need to keep in mind. In the midst of polarizing political rhetoric coming from everywhere, I noted that we rarely get to know a particular politician. We only get to see what the team wants us to see, or even worse what the press wants us to see. Since we have been working closely with Congressman Barr, we have come to know him for the honorable man he is. Honorable man is high praise in my book. I am confident that he has the best interests of his constituents in mind as he makes his way through the maze we know as government. We are happy to be part of his efforts to make our communities better.

Phil Gray, the current President of the Foundation for Affordable Housing, and I thank Congressman Barr for inviting us to be a part of this discussion on how we can better serve our fellow citizens who are experiencing seemingly insurmountable obstacles in their lives. We are so pleased that your office has made such an effort to actually solve one of our most pressing social problems, addiction.

My primary testimony focus will be on the Section 8 Voucher set aside bill for support of transitional housing for opioid recovery and the fostering stable housing bill, each of which is consistent with the service-intensive transitional housing model we have employed for several years and propose to this sub-committee. We feel that foster children who age out could be enrolled the same way.

It is imperative that we approach this crisis with full knowledge of the client we are attempting to assist in recovery. And, we need to understand that some will not be able to overcome this dreaded condition. Addiction is a killer, and needs to be dealt with seriously.

To better understand our model, let me describe it briefly. We call it the Addiction Life Recovery Transitional Housing Pilot Project.

Whenever we speak of a model to rebuild a life, before it goes completely bad, we look to easily measurable items in a checklist of objectives:

Stable housing:

With a good environment.

Not where they were living!

No guarantee.

Sustained recovery from addiction:

90 or more days rehab completed successfully.

Structured transitional housing with continuous case work.

Training & education – two different things:

What can I do?

What do I want to do?

Financial Peace University.

Job skills and acquisition training.

Trade Schools.

Life skills.

Permanent work:

Have to work.

This can take some time.

Stable finances:

Child support up to date – advocacy – very successful.

Mandatory savings program – 30% of adjusted gross income in savings.

Manage money – goes back to education.

Steady income from job.

When we examine successful models we see one common thread, structure.

Most of our clients lack structure in their lives.

Look at successful special schools – uniforms, discipline, structure.

Military – structure.

Prison – structure (unfortunately) many return to the structure they know.

Structure is our foundation, without it there is only the return to the old ways. Structure means stable housing tied directly to success. Structure means mandatory meetings and classes. Structure means mandatory job search and acquisition.

That brings me to the Section 8 Voucher Set-Aside. We are so pleased that you have made such an effort to secure housing for this demonstration program, we want to be sure we have it allocated such that we ensure the most successful environment.

To have a stable structured environment, the housing needs to be available but not an entitlement. To stay in the housing the candidate must be successful in their efforts to accomplish the milestones in the program. That doesn't mean there aren't setbacks, because if you know addiction, you know setbacks are a part of recovery.

The housing needs to be based on the units and not through a lease with the clients. It needs to be a performance/behavioral agreement between the program and the client. If the client fails to make progress or refuses to participate, they must leave the program and the housing unit. This is not a scattered site sort of program. The structure required dictates that all in the program be in the same building, multi-unit SRO apartments. We need to have a variance from the voucher rules, or possibly substitute a project or unit-based section 8 authorization without the connection through a lease. We have to be able to "invite" some, possibly 17%,

to depart the program and the premises. Certainly we would refer the candidate to another facility, where they may still recover, but not with the level of success we are seeking. If we cannot make this variance, then we need at least to have a 30-day lease, rather than a one year lease, as is specified.

One of our most effective components is our mandatory savings program. When someone completes any course of rehab, training, or even incarceration, and they have no money to start the new life, the recovered life, they have no option but to go back to where they were. Not a great plan. By allowing for no rent but mandatory savings, we are able to develop their habit to save and to have something to use to start their new life when they complete the program. In our current program, our veterans have saved over \$300,000. The average was \$2,200 per veteran, and some saved over \$10,000, each in less than 2 years in the program. The average stay was less than 18 months. With this in mind we need to have a variance for the 30% AGI rent required under Section 8 for the two years of the program. Our plan includes the clients with a steady income paying partial rent on a sliding scale after the initial six months, while still participating in the mandatory savings plan. So, the variance would be required on that basis.

Now that we have discussed the variances from or substitutes for the Section 8 Vouchers, we need to discuss the entire program as a whole, because it must contain all of the components to be successful. Leaving anything up to a voluntary participation will not produce the citizen product we are seeking, who would go on to unsubsidized permanent housing. Isn't that the real goal here?

Considering that, we are hopeful that the secretary will see fit to allocate funds for the operation of the program to provide all the other components of education, training, case management, and support necessary to complete all the steps we have outlined, in one package. Partial funding or outpatient methods will not be sufficient. That has been proven numerous times.

So what are the costs?

Enroll them in the university of Addiction Life Recovery:

Total cost is approximately \$700,000 per year, based on 40 units of SRO housing. Housing comes in at \$272,640, using the current FMR of \$568 for Lexington KY. Program costs will be approximately \$427,360, based on 40 units. This equates to \$17,500 per person per year.

University of incarceration (2015):

Federal Prison = \$31,977.65.

Halfway House = \$26,082.90.

State Prison in New York = \$69,355.

City of New York = \$118,000 (2017).

We could put them in the Waldorf for that kind of money!

Will this work? Yes. The attached spreadsheet shows the stats for St. James Place. As you can see, constant pressure to move people out within 6 months are causing the numbers to decrease. Additionally, the quality of the candidates has diminished, because those we might select for the program are taking a quick subsidized housing voucher, being thrust upon

them, where they may make it, but will probably remain there indefinitely, in subsidized housing. Shouldn't we give the champions a chance to rise?

So, here is the fork in the road for America and where we can intercede:

We can enroll this individual in the course of study offered by the University of Incarceration, where he or she can learn new skills, have access to drugs, meet influential people, have exciting bed checks, still not pay their child support, graduate with a degree in recidivism, go back to the life and environment they left, and return to prison within 3 years (68%), or five years (77%) and be set for life. 84% of inmates 24 or younger when released, were arrested within 5 years, and no family reconciliation

Or

We can enroll this individual in the course of study offered by the University of Addiction Life Recovery (ALR), where he or she can learn new skills, job training or job seeking, have room inspections, meet influential people, be drug and alcohol tested often, complete Dave Ramsey's financial peace university, learn to dress appropriately, have a resume, increase self-awareness, a key component, participate in mandatory savings 30% AGI instead of rent. Our veterans saved an average \$2,200, 94 clients over 43 months saved \$206,885, 124 have participated and saved \$259,982 - quarter of a million dollars, now over \$300,000. Additionally, be up to date on agreed-to child support, build the habit of paying rent starting in the third quarter of the program, not go back to the life and environment they left, move into permanent housing (86.4%), move into permanent non-subsidized housing (74%), graduate with a degree in addiction life recovery, and possibly have family reconciliation.

Now I ask you, which is the best choice? \$17.5k vs \$31k

What questions do you have of me?

Dean C. Hammond Jr

VA Metrics Comparison FFAH

Time Period	FFAH Exit % for Permanent Housing, Employment at Exit and Negative Exits	Of the Vets moving into Permanent Housing, the % in UNSUBSIDIZED PERMANENT HOUSING	VA Goal Percentage	
FY17 10-1-16/12-31-2017 Total Exits 56	FFAH Percentage		VA Goal Percentage	
Permanent Housing at Exit	68%	44%	65%	Length of Stay 281 Days
Empolymnt at Exit	87%		50%	
Negative Exits	15.12%		<23%	
FY16 10-1-15/9-30-2016 Total Exits 40	FFAH Percentage		VA Goal Percentage	
Permanent Housing at Exit	72.80%	76%	65%	Length of Stay 334 Days
Employment at Exit	59%		50%	
Negative Exits	12.50%		<23%	
FY15 10-1-14/9-30-15 Total Exits 37	FFAH Percentage		VA Goal Percentage	
Permanent Housing at Exit	92%	82.30%	65%	Length of Stay 340 Days
Employment at Exit	63.60%		50%	
Negative Exits	13.50%		23%	