Housing and Health Services Coordination Council 2012-2013 Biennial Plan

Submitted to Governor Rick Perry
and the Legislative Budget Board
By the Housing and Health Services Coordination Council
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Front cover pictures – Clockwise starting at top left: Linda Silverstein, Severo Castillo, & Bertha Hill, all recipients of TDHCA's Amy Young Barrier Removal Program, and Clarence Hoodye, recipient of DADS Money Follows the Person Program and TDHCA's Project Access Program.

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DISCLAIMER

This Housing and Health Services Coordination Council Biennial Plan and its recommendations reflect the views and opinions of a majority of the Council's membership. Contents of this Biennial Plan were discussed by the Council and a general agreement was established on its recommendations.

EXECUTIVE SUMMARY

CONTENTS OF BIENNIAL PLAN

The purpose of the Housing & Health Services Coordination Council (the Council, HHSCC), as written in statute, is to increase state efforts to expand service-enriched housing through increased coordination of housing and health services. The Council seeks to improve interagency understanding of housing and services and increase the number of staff in state housing and state health services agencies who are conversant in both housing and health care policies. The Council is directed to deliver a report of its findings and recommendations to the Office of the Governor and the Legislative Budget Board (LBB) by August 1st of each even-numbered year. The 2012-2013 Biennial Plan is separated into four distinct sections. Additionally, within each chapter of the Plan, the Council sought to address a different statutory directive.

Section One addresses the current state of service-enriched housing in Texas and discusses what activities have been undertaken since the 2010-2011 Biennial Plan. In Chapter 1, the recommendations of the 2010-2011 Biennial Plan are reviewed for the progress made on each recommendation and necessary follow-up actions are highlighted. Chapter 2 reviews the impacts of the 82nd Texas Legislative Session on the state agencies represented on the Council and the funding sources that support affordable housing and community-based services for persons with disabilities, regardless of age.

Section Two of the Plan focuses on the research and information gathering efforts undertaken by Council staff to help inform the Council of methods for the implementation of service-enriched housing. Chapter 3 addresses the need to contextualize the issue of service-enriched housing by assessing the current need for such housing models amongst persons with disabilities and persons who are elderly. Next, Chapter 4 evaluates the existing capacity of local affordable housing providers and local community-based service providers to meet the needs of persons with disabilities and older adults and evaluates the current opportunities and challenges facing this existing provider network. Chapter 5 analyzes interviews with best practice service-enriched housing developers to highlight housing development models which maintain a project's financial feasibility. Within this analysis, staff provide a breakdown of each funding resource that is currently utilized by these organization to build, operate, and maintain service-enriched housing. Finally, Chapter 6 looks at the on-going barriers to service-enriched housing which have been identified by public stakeholders through an online discussion forum process. These barriers include those attributable to regulatory requirements, administrative limitations, funding constraints, and ineffective coordination. The online discussion forum process played an important role in informing the Council of the issues of critical importance to the public and also provided invaluable input as the Council began to craft their policy and funding recommendations.

Section Three of the Plan proposes recommendations to overcome the barriers identified in Section Two and to achieve the overarching goal of increasing state efforts to offer service-enriched housing. Chapter 7 provides policy and funding recommendations made by the Housing Committee, with particular attention to how policies can be created or revised, and how funding sources can be utilized in a way that increases the creation of service-enriched housing for persons who are elderly and persons with disabilities. Chapter 8 then provides policy and funding recommendations made by

the Service Committee to the federal government, state legislature, relevant state agencies, and local providers. These recommendations look at improving the availability of and access to community based services and supports for those persons with disabilities and persons who are elderly who desire to maintain independent living outside of institutional settings.

Section Four of the Plan looks ahead to the possible implementation of Council recommendations. Chapter 9 provides an overview of current efforts by the Texas Department of Housing & Community Affairs (TDHCA) and the Department of Aging and Disability Services (DADS) to link affordable housing with community based services and supports for low income persons with disabilities through grants from the Centers for Medicare and Medicaid Services (CMS) and the US Department of Housing & Urban Development (HUD). Chapter 10 concludes the plan with a look at the future activities of the Council.

RECOMMENDATIONS OF THE COUNCIL

The Council offers ten housing recommendations and ten service recommendations for increasing and promoting production of service-enriched housing. On the housing side, the Council first recommends legislative action to provide critical funding to developers who seek to produce service-enriched housing, through both development financing and rental subsidy. Next, the Council seeks to incentivize applicants who seek to use multifamily rental housing funding sources to produce housing units for extremely low income households and persons with disabilities. Third, the Council recommends requiring more extensive affirmative marketing efforts to persons with disabilities who are potential tenants of community based affordable housing. Fourth, the Council recommends establishing formalized partnerships between housing providers and local service entities to ensure the on-going connection of tenants with disabilities to on-site and/or off-site services and supports and establishing criteria for measuring the strength of these connections. Finally, the Council seeks to address the need for multiple funding sources that promote service-enriched housing, including multifamily mortgage revenue bonds and the Community Development Block Grant program.

In regards to health and human services recommendations, the Council first urges the state to recommend federal changes to the Medicaid 1915(c) waiver programs, including need determination criteria and definitions of qualified residence. Next, the Council seeks expansion and increased funding of those programs and services that have proven successful at assisting persons with disabilities and persons who are elderly to remain living independently in community based settings. These include the Money Follows the Person Behavioral Health Pilot program, the Outpatient Competency Restoration (OCR) pilot program, the Recovery Oriented Systems of Care (ROSC) initiative, and the Assertive Community Treatment (ACT) service packages. Third, the Council recommends the use of existing programs and funding streams for the successful diversion of persons currently in institutions or at risk of institutionalization into stable community-based residential settings. These programs include the Projects for Assistance in Transition from Homelessness (PATH) program, the Benefits Counseling Program, the Options Counseling Program, and the Housing Navigators Program.

NEXT STEPS OF THE COUNCIL

Given the statutory directives which guide the activities of the Council, the recommendation was made to TDHCA to utilize funding appropriated to Council activities for the release of a Request

for Proposal (RFP) to hire a qualified outside vendor to conduct a Comprehensive Analysis of Service-Enriched Housing Financing Practices.

The Council intends to fulfill outstanding statutory tasks through this Request for Proposal (RFP), which will conduct the following activities:

1. Conduct a comprehensive study of nationwide best practices in service-enriched housing financing and development. This will involve evaluating the programmatic policies of other states which provide funding resources for service-enriched housing; identifying regulatory, administrative, and financial barriers which prevent or slow service-enriched housing efforts in Texas and providing methods and examples for the effective use of layered financing to provide and finance service-enriched housing. This analysis will place particular emphasis on serving extremely low income (ELI) households, which are households whose incomes are at or below 30% of Area Median Income (AMI).
2. Produce recommended actions for providing service-enriched housing in Texas. These recommended actions should address regulatory, administrative, and financial barriers to service-enriched housing in Texas.
3. Develop training materials to assist in financing and developing service-enriched housing for extremely low income persons of all ages with disabilities. The Vendor will be responsible for developing two sets of training materials: the first set will be utilized by TDHCA to educate state housing and health services agency staff about the available funding sources to implement service-enriched housing, and a second set will be utilized by TDHCA to educate local entities interested in creating service-enriched housing in how to develop such housing.

TDHCA released this RFP in July 2012 and intends for the Comprehensive Analysis of Service-Enriched Housing Financing Practices Report to be released by summer 2013.

PREFACE

In the past, public program spending for long-term services and supports for persons of all ages with disabilities in Texas was allocated in large part to institutional facilities such as nursing homes. However, over the last two decades with the advent of Medicaid waivers, home and community based service alternatives have become an increasingly significant option and choice, as witnessed through recent federal and state legislation. For individuals participating in the state's relocation activities such as "Money Follows the Person," one of the leading barriers to remaining in the community or moving back into a community setting is lack of affordable, accessible and integrated housing. Advocacy organizations for both older adults and individuals with disabilities have emphasized the need for a continuum of community based housing options, including those which offer supportive services to these populations so that they can remain living within their community.

Service-enriched housing is an attempt to combine housing and services outside of institutional care, allowing older adults to age in place and individuals with disabilities to maintain their independence. The Housing and Health Services Coordination Council (HHSCC) was created by Senate Bill 1878 during the 81st Texas Legislative Session. The creation of this Council was recommended to the 81st Texas Legislature by the Legislative Budget Board's 2009 Government Effectiveness and Efficiency Report. The purpose of this Council, as written in the statute, is to increase state efforts to offer service-enriched housing through increased coordination of housing and health services, and to recognize the potential cost savings of such housing models. The Council seeks to improve interagency understanding of housing and services and increase the number of staff in State housing and State health services agencies who are conversant in both housing and health care policies and programs.

In advance of the Council's first Biennial Plan, members sought a better understanding of the issues facing older adults and persons with disabilities. Four public forums were undertaken and the Council received a wide range of stakeholder feedback. The information received from these stakeholders was key to the development of this plan, framing potential barriers and guiding recommendations made to the Governor, Legislature, and the leadership of state housing and health services agencies. Given the unmet needs of Texans with disabilities of all ages, the Council has created the following set of priorities, which guide this document as well as Council activities moving forward:

- To expand opportunities to persons who are elderly and persons with disabilities to live in an accessible, affordable, and integrated housing environment.

- To expand health-related and other services and supports in a residential setting that fosters independence and allows persons who are elderly and persons with disabilities to age in place.

- To expand community based housing options for persons who are elderly and persons with disabilities. For the purposes of this plan, community-based housing options are considered to be non-institutional facilities, and to exclude licensed care facilities such as assisted-living.

- To enhance the ability of persons with disabilities, regardless of age, to more easily access home health care, long term service and supports, and affordable housing options that are

currently available by removing administrative, regulatory, financial, and coordination barriers.

- To emphasize the position of consumers as their own decision-makers, specifically championing the right of consumers to voluntarily choose which services they want to receive and in what setting those services are provided (on-site or off-site services and supports).

SECTION I: CURRENT PROGRESS

CHAPTER 1: HISTORY OF THE COUNCIL, THE 2010-2011 BIENNIAL PLAN, & CURRENT PROGRESS

Statutory Directive

The Housing and Health Services Coordination Council (HHSCC/Council) was created by Senate Bill 1878, authored by Senator Jane Nelson and sponsored by Representative Norma Chavez during the 81st Texas Legislative Session. The creation of this Council was recommended to the 81st Texas Legislature by the Legislative Budget Board's 2009 Government Effectiveness and Efficiency Report. The purpose of this Council, as written in the statute, is to increase state efforts to expand service-enriched housing through increased coordination of housing and health services. The Council seeks to improve interagency understanding of housing and services and increase the number of staff in state housing and state health services agencies who are conversant in both housing and health care policies.

The HHSCC is composed of 16 members: seven State agency representatives and eight members appointed by the Governor. By statute, the Executive Director of the Texas Department of Housing and Community Affairs (TDHCA) serves as the ex-officio Council Chair. Additionally, legislation allocated three full time employees to TDHCA to provide administrative and advisory support to the Council.

As defined in SB 1878, the duties of the Council are as follows:

- Develop and implement policies to coordinate and increase state efforts to offer service-enriched housing;
- Identify barriers preventing or slowing service-enriched housing efforts, including barriers attributable to regulatory requirements, administrative limitations, limitations of funding, and limited coordination;
- Develop a system to cross-educate staff in state housing and health services agencies to increase the number of staff with expertise in both areas;
- Identify opportunities for state housing and health service agencies to provide technical assistance and training to local housing and health services entities;
- Develop performance measures to track the progress of barrier elimination, coordination between housing and health services staff, and the provision of technical assistance;
- Develop a biennial plan to implement the goals described; and
- Deliver a report of the Council's findings and recommendations to the governor and LBB by August 1st of each even-numbered year (except for the first report, which is due September 1st, 2010).

As defined in SB 1878, the duties of TDHCA staff are as follows:

- Identify sources of funding for integrated housing and health services;
- Determine the requirements and application guidelines to obtain those funds;

- Provide training materials that assist in the development and financing of service-enriched housing;
- Provide information regarding effective collaboration methods and the use of layered financing to provide and finance service-enriched housing;
- Create a financial feasibility model that assists in making a preliminary determination of the financial viability of proposed service-enriched housing projects;
- Facilitate communication between state agencies, sources of funding, and service providers;
- Provide training about local, state, and federal funding sources and the requirements for those sources;
- Develop a database to identify, describe, monitor and track progress of all service-enriched housing projects developed in Texas;
- Conduct a biennial evaluation regarding capacity of statewide long-term care providers and interest by housing developers in investing in service-enriched housing;
- Recommend changes to home and community based Medicaid waivers that are up for renewal;
- Research best practices regarding service-enriched housing projects subsidized by other states; and
- Create and maintain a clearinghouse of information that contains tools and resources for entities seeking to create or finance service-enriched housing projects.

Progress Made on 2010-2011 Biennial Plan Recommendations

The Council submitted its first biennial plan to the Governor and the LBB on September 1st, 2010. Within this Plan were recommendations, laid out in three chapters, regarding the cross-education of state agencies, training for local entities, and policies to promote the production of service enriched housing. The progress made by the State of Texas on these recommendations since September 2010 is provided below:

Chapter 7: Recommendations for Cross-Educating State Agencies
Statutory Directive: Develop a system to cross-educate selected staff in state housing and health services agencies, to increase the number of staff with expertise in both areas, and to coordinate relevant staff activities of those agencies.

1. Create a user-friendly reference guide in multiple formats, for relevant State agency staff.

   Progress Made: In the winter of 2011, with guidance from the Cross-Agency Education & Training Committee, Council staff compiled information from the relevant state agency programs serving persons with disabilities and the elderly from the Department of Aging and Disability Services (DADS), Department of Assistive and Rehabilitative Services (DARS), Department of State Health Services (DSHS), Health and Human Services Commission (HHSC), Texas Department of Housing & Community Affairs (TDHCA), Texas Department of Rural Affairs (TDRA), and Texas State Affordable Housing Corporation (TSAHC) into a single reference guide. Entitled the "HHSCC State Agency Reference Guide & Training Manual," the purpose of the Guide is to address the need for standardized educational resource materials, to be shared amongst State housing and health services agencies, to train relevant agency staff members and increase expertise in both housing and health services programs. Based on Council recommendation, this guide offers

a simple breakdown of each assistance program, providing the following items: Program Name, Type of Service, Purpose, Locations of Service, Services Provided, Eligibility Criteria, Website, and Relevant Contact Information. This guide is available on the HHSCC webpage at: http://www.tdhca.state.tx.us/hhscc/index.htm.

Follow-up: No follow-up required.

2. Create a simple series of training modules, in multiple formats, for relevant State agency staff.

Progress Made: This recommendation is currently in progress.

Follow-up: While the Council acknowledges that this recommendation will require more intensive coordination amongst the Council's state agency representatives, members agree that Council staff should be directed to continue efforts to achieve this recommendation.

3. Partner with Texas Information and Referral Network (TIRN) to create a resource directory geared towards State agency employees, subrecipients, and other professionals.

Progress Made: At its November 2010 meeting, the Cross-Agency Education & Training Committee met with Deborah Ballard, Contract Manager and Anne Hotze, Resource Manager of the 2-1-1 Texas Information and Referral Network (TIRN). The Committee discussed the possibility of adding a state services resource directory under the "State Services" tab of the 2-1-1 website. TIRN staff expressed interest in working with the Council towards achieving this goal.[1] TIRN staff also stated that their entire resource network would be undergoing a substantial upgrade, utilizing a single, state-wide software database system to pull real-time reports from across the state on which services are being requested most in a given time-period and allow any call-center in the state to have the same list of available resources to any caller requesting information, regardless of his/her location. Once this update is completed (estimated September 2012), State agency employees, subrecipients, and other professionals may be able to better utilize 2-1-1 to assess the state and local resources available for service-enriched housing, based on geographic location.

Follow-up: In August 2011, TDHCA and DADS partnered together, applied for, and were awarded a $330,000 Real Choice Systems Change Grant from CMS. One of the main activities being implemented through this funding award is the *Housing and Services for Individuals with Disabilities Online Clearinghouse.* TDHCA is partnering with HHSC's 2-1-1 Texas Information and Referral Network staff to provide the Clearinghouse on the 2-1-1 Texas website, which should be completed by September 2012. Due to the CMS grant activities, Council staff remains in continual contact with TIRN staff and will continue to concentrate on achieving this recommendation.

4. Create a standardized "Quick Facts" webpage within each State agency's website.

Progress Made: This recommendation is currently in progress.

Follow-up: While the Council acknowledges that this recommendation will require more intensive coordination amongst the Council's state agency representatives, members agree that Council staff should be directed to continue efforts to achieve this recommendation.

5. Create a monthly listserv email specifically geared towards State employees.

    Progress Made: Beginning June 1, 2011, the Council launched an HHSCC email list. This listserv was created to assist local organizations interested in participating in service-enriched housing, as well as provide state agency staff with information about their fellow agencies' programs. The listserv identifies and disseminates information regarding sources of funding that may be used to provide integrated housing and health services. Each state agency represented on the Council chose a liaison from their agency to serve as the HHSCC Listserv Liaison, providing relevant notices of state and federal funding opportunities or changes in existing funding programs that are associated with their agency. Notices of these funding opportunities or changes in existing funding programs are disseminated on a twice monthly basis.[2] Individuals can subscribe to the email list by visiting the HHSCC webpage and can also see an archive of previous emails located here: http://www.tdhca.state.tx.us/hhscc/email-archives.htm. Over 357 individuals and organizations have signed up for the listserv since its inception.

    Follow-up: No follow-up required.

6. Utilize the intranet for information dissemination amongst agency staff.

    Progress Made: As this recommendation is tied to recommendation #2 regarding state agency training modules, this recommendation is currently in progress.

    Follow-up: While the Council acknowledges that this recommendation will require more intensive coordination amongst the Council's state agency representatives, members agree that Council staff should be directed to continue efforts to achieve this recommendation.

7. Create a periodic program update for each agency that highlights programs and program staff.

    Progress Made: This is an intra-agency recommendation, intended to be accomplished by each state agency individually. Some state agencies represented on the Council have long-established materials, such as quarterly agency newsletters, that are disseminated electronically to agency staff. One example is the "Behavioral Health News Brief" produced by the Department of State Health Services (DSHS). Other state agencies have more informal, sporadic updates provided on their agency's intranet.

    Follow-up: The Council acknowledges this recommendation to be a lower priority for state agency representatives and discontinues the recommendation moving forward.

8. Utilize existing interagency groups as conduits for creating stronger connections between housing and health services agencies.

Progress Made: State agencies continue to utilize interagency advisory groups for providing input on an agency's policy direction. Several existing groups have standing representation from both housing and health service agencies, including: DSHS' Council for Advising & Planning for the Prevention and Treatment of Mental and Substance Use Disorders (formerly the Mental Health Planning & Advisory Council); DADS' Aging Texas Well Advisory Committee, Promoting Independence Advisory Committee (PIAC) and Money Follows the Person Demonstrations Advisory Committee; HHSC's Community Resource Coordination Group (CRCG); Texas Department of Criminal Justice's Re-entry Task Force; and TDHCA's Disability Advisory Workgroup.

Follow-up: In 2011, the Council Coordinator was invited to become an ex-officio member of two statutorily mandated groups: the Texas Interagency Council for the Homeless (TICH) and the Texas State Independent Living Council (SILC). The Council Coordinator will utilize the meetings of the TICH and SILC as opportunities to share the recommendations of the Council.

9. Encourage staff to partake in agency-to-agency training and information sharing opportunities through the direction of and prioritization by executive management.

    Progress Made: This recommendation is currently in progress.

    Follow-up: The Council acknowledges that this recommendation will require executive action and reiterates the need for agency-to-agency training and information sharing to the management of the state agencies represented on the Council. Possible strategies include providing upcoming training information on the HHSCC listserv and HHSCC website.

Chapter 8: Recommendations for Assisting & Training Local Entities

Statutory Directive: Identify opportunities for state housing and health service agencies to provide technical assistance and training to local housing and health services entities.

1. Create a simple training module in multiple formats for local providers.

    Progress Made: This recommendation is currently in progress.

    Follow-up: While the Council acknowledges that this recommendation will require more intensive coordination amongst the Council's state agency representatives, members agree that Council staff should be directed to continue efforts to achieve this recommendation.

2. Create an easy to use provider reference guide in multiple formats.

    Progress Made: During the creation of the "HHSCC State Agency Reference Guide & Training Manual," the Cross-Agency Education & Training Committee concluded that this manual would be equally beneficial for local providers of housing and service assistance. Therefore, the "HHSCC State Agency Reference Guide & Training Manual" serves a second purpose, which is to educate local organizations about the programs and funding streams available from state agencies and how to utilize those resources.[3]

Follow-up: No follow-up required.

3. Create a Service Enriched Housing Specialist training and certification program for local providers.

   Progress Made: This recommendation is currently in progress.

   Follow-up: The Council acknowledges that this is a long-term recommendation which is very labor intensive and would require a significant amount of effort on the part of any state agency tasked with this responsibility, given the infrastructure required to establish, manage, and maintain a training and certification program. Council members recommend that Council staff research the possibility of adding a service-enriched housing training component to the existing Benefits Counselors training and certification program.

4. Encourage Aging and Disability Resource Centers (ADRCs) to invite their local housing organizations, including public housing authorities, to become members.

   Progress Made: In the fall of 2010, DADS was awarded $160,000 from the Centers for Medicare and Medicaid Services (CMS) to fund a Housing Navigators Pilot Program. Four Housing Navigators have since been hired and placed within local ADRCs. One of the main responsibilities of these Housing Navigators is to establish a linkage between the local service entities comprising the ADRC and the local public housing authorities in order to successfully connect persons with disabilities transitioning out of institutional settings and into community-based housing. If successful, DADS hopes to replicate this pilot program throughout all of the state's ADRCs.[4]

   Follow-up: While the Council acknowledges the progress made on this recommendation, members see a necessary next step, which is to specifically encourage ADRC staff and housing authorities to engage in cross-training and develop protocol for cross-referrals.

5. Increase rural capacity building efforts through annual community roundtables.

   Progress Made: In May 2010, TDHCA's Housing Trust Fund released a Notice of Funding Availability (NOFA) for a new program, the Rural Housing Expansion Program. The purpose of these funds was to develop a program that commits to building capacity in tandem with actual production of affordable housing for low income households in rural Texas. In June 2010, three local providers were awarded a total of $1,150,000 to build capacity in the rural communities within Willacy, Brazos, and Hale Counties.[5] Capacity-building assessments of the local providers were completed through on-site visits by TDHCA staff in the fall of 2011.

   Additionally, in recognizing the unique challenges of affordable housing in rural areas of Texas, TDHCA procured an outside contractor in May 2011 to conduct a comprehensive housing study of rural Texas. This study of rural Texas included outreach to a wide spectrum of rural stakeholders, a socioeconomic and demographic analysis, a housing supply and demand analysis, analysis of affordable housing developer capacity, identification of regulatory and statutory barriers, identification of affordable housing best practices, and

recommendations to increase the development and availability of affordable housing in rural Texas. The results of this study will be released in late May 2012 and will provide much needed information for the Council to utilize for efforts to increase rural capacity building. Additionally, TDHCA seeks to share the findings of the rural housing study with rural providers, starting with the annual Farmworker Housing Summit of Motivation Education & Training, Inc. (MET).

Follow-up: The Council acknowledges that this is a long-term recommendation; however members agree that staff should be directed to continue efforts to achieve this recommendation.

6. Modify HHSC's Your Texas Benefits website to serve as an information clearinghouse for both housing and health and human service assistance.

   Progress Made: In August 2011, TDHCA and DADS partnered together, applied for, and were awarded a $330,000 Real Choice Systems Change Grant from CMS. One of the main activities being implemented through this funding award is the *Housing and Services for Individuals with Disabilities Online Clearinghouse.* This Clearinghouse will enable consumers as well as providers to access a searchable database of information regarding the available housing and health and human service assistance resources in their geographic area.[6] TDHCA is also partnering with HHSC's 2-1-1 Texas Information and Referral Network staff to provide the Clearinghouse on the 2-1-1 Texas website.

   Follow-up: No follow-up required.

7. Create a cross-agency informational pamphlet/brochure geared towards persons with disabilities and persons who are elderly.

   Progress Made: This recommendation is currently in progress.

   Follow-up: While the Council acknowledges that this recommendation will require more intensive coordination amongst the Council's state agency representatives, members agree that staff should be directed to continue efforts to achieve this recommendation.

8. Utilize the HHSCC website for state agencies and local providers to access consumer-based materials.

   Progress Made: This recommendation is currently in progress.

   Follow-up: Council members agree that staff should be directed to continue efforts to achieve this recommendation.

9. Create a landlord orientation presentation.

   Progress Made: TDHCA regularly conducts training sessions, co-sponsored by the Rural Rental Housing Association of Texas (RRHA) or the Texas Apartment Association (TAA), for the Housing Tax Credit Program (HTC), the Bond Program (BOND), and the HOME

Program (HOME) to ensure compliance with all program requirements.[7] One of the training items is around how property managers can utilize Affirmative Marketing Plans to solicit applications from persons with disabilities. However, there has not been a separate orientation presentation crafted based on the Council's recommendation.

Follow-up: The Council reiterates the need for further education and training to property managers around the needs of persons with disabilities. To this end, new recommendations are made in both Chapters 7 and 8 of the Plan regarding this effort.

Chapter 9: Policy Recommendations to Increase/Promote Production of Service Enriched Housing

Statutory Directive: Develop and implement policies to coordinate and increase state efforts to offer service-enriched housing.

Housing Recommendations
1. Establish a targeting plan which requires affordable housing applicants to create a set-aside of housing units for persons with disabilities or persons who are elderly.

   Progress Made: The 2012-2013 Housing Tax Credit Qualified Allocation Plan (QAP) awards points within the selection criteria to developments that set-aside 5% of units to populations with special housing needs, which includes persons with disabilities. These units must be affirmatively marketed to persons with special needs and TDHCA requires a minimum 12 month period during which units must be held vacant of households with special needs.[8] However, a set-aside of tax credits within the QAP for persons with disabilities or persons who are elderly would require Legislative action, which has not been established.

   Follow-up: The Council reiterates the need to provide incentivizes within the QAP for developers who set-aside housing units for persons with disabilities and has provided new recommendations to address this need in Chapter 7 of this Plan.

2. Establish a targeting plan which requires affordable housing applicants to create a set-aside of housing units for persons at or below 30% of area median income (AMI).

   Progress Made: The Council acknowledged that developments providing units to persons at or below 30% of AMI would require an additional rental subsidy, in connection with the multifamily capital financing provided by TDHCA or TSAHC, in order to achieve this recommendation. Another key component of the $330,000 Real Choice Systems Change Grant (previously mentioned in this Chapter) is the preparation and application for HUD's new Section 811 Project Based Rental Assistance (PRA) Demonstration Program. For the first time, state housing finance agencies will be eligible for this funding and the competitive NOFA for the program is expected in early spring 2012.

   If awarded, TDHCA will be able to provide a rental subsidy to developers utilizing TDHCA capital financing and HUD requires that this rental subsidy be used specifically for housing units for persons with disabilities that are at or below 30% of AMI.[9] The Council will continue to advise TDHCA as they apply for Section 811 funds.

Follow-up: Beyond the new Section 811 PRA Demonstration Program, the Council reiterates the need for housing units for persons at or below 30% of AMI and has provided new recommendations to address this need in Chapter 7 of this Plan.

3. Modify TDHCA's Low Income Housing Tax Credit Qualified Allocation Plan to provide incentives for linkages to local providers of long term services and supports.

   Progress Made: Part of HUD's new Section 811 PRA Demonstration Program is the requirement of a PRA Agreement between TDHCA and the state's Medicaid agency, which has been designated by HHSC to be DADS. This agreement identifies which of the targeted Medicaid populations will most benefit by the Section 811 program, determine methods for outreach and referral between eligible tenants and Section 811 properties, and define the parameters of available supportive services for tenants of Section 811 units.[10] In particular, the PRA Agreement will define the coordination between local housing providers and local service providers to appropriately serve persons with disabilities with both affordable housing and long-term services and supports. Therefore, any Housing Tax Credit (HTC) applicants wishing to take advantage of Section 811 funding will be required to adhere to the requirements created in the PRA Agreement.

   Follow-up: Beyond the new Section 811 PRA Demonstration Program, the Council reiterates the need to link HTC property owners to local service organizations and has provided new recommendations to address this need in Chapter 7 of this Plan.

4. Establish specific criteria within TDHCA's Low Income Housing Tax Credit Qualified Allocation Plan to measure the partnership between an applicant developer and the service organizations they plan to work with.

   Progress Made: While TDHCA monitors for the requirements included in a development's Land Use Restriction Agreement (LURA), including affirmative marketing of units to persons with disabilities through partnerships with relevant local service providers, TDHCA's QAP does not have in place, at this time, requirements or controls that ensure the strength or consistency of this partnership.

   However, part of HUD's new Section 811 PRA Demonstration Program is the requirement that TDHCA will modify the State's Consolidated Plan and/or QAP to include policies and procedures which illustrate the State's commitment to the Section 811 Program.[11] This commitment includes a partnership between local housing providers and local service providers to appropriately provide persons with disabilities with both affordable housing and long term services and supports. This partnership will likely require an agreement that include how local service agencies will provide referrals of eligible persons to Section 811 units, the screening criteria utilized, and a communication plan to ensure continuing linkages for the duration of the compliance period.

   Follow-up: Beyond the new Section 811 PRA Demonstration Program, the Council reiterates the need for formalized partnerships between housing developers and service organizations and has provided new recommendations to address this need in Chapter 7 of this Plan.

5. Include language in TDHCA's Housing Trust Fund Plan which assigns an additional priority to the development of service-enriched housing.

   Progress Made: None of the funding recommendations made in the 2012-2013 HTF Plan is specific to service-enriched housing. During the 81st Legislative Session, the Housing Trust Fund (HTF) received an appropriation of $21,927,750. However, the 82nd Legislature appropriated $11,700,000 to HTF, of which $1,170,000 is now required by Rider 19 to be transferred to the Texas Veterans Commission. Additionally, Section 2306.7581 of the Texas Government Code requires that at least $3,000,000 of the HTF appropriation must be devoted to the Bootstrap Loan Program each state fiscal year.

   Follow-up: While the Council acknowledges that the TDHCA Governing Board did not consider the use of Housing Trust Fund appropriations for service-enriched housing when creating the 2012-2013 HTF Plan, the Council reiterates the continuing need for additional funding allocated specifically for this purpose. To this end, the Council has crafted two new funding recommendations within Chapter 7 of this Plan which seek general revenue appropriations from the Legislature to fund service-enriched housing.

6. Modify TDHCA and TSAHC's multifamily bond program rules, and encourage local housing finance agencies to utilize bond allocations, to support the development of service-enriched housing.

   Progress Made: Every year TSAHC's Governing Board selects priorities for the allocation of private activity multifamily bonds. In 2011 the TSAHC Board, with staff's direction, decided that the 2012 Bond Program Request for Proposals (RFP) will only allow those multifamily bond projects that support one of four categories of "Targeted Housing Needs" to receive a funding recommendation – one of those categories being "Senior and Supportive Housing Developments." Senior and Supportive Housing Developments must meet one of three criteria to qualify for TSAHC bond funding: (1) Intended for and occupied by at least one individual 55 years of age or older, (2) Targeting a percentage of units to persons with disabilities with minimal medical or supportive services, or (3) Marketed to high risk populations and include the provision of intensive supportive services on-site.[12] TSAHC recently received feedback from stakeholders to expand the program target housing needs to explicitly include service-enriched housing. This feedback will be considered by TSAHC's Board for the 2013 Multifamily Bond Program.

   The Pre-Application Scoring Criteria for TDHCA's 2012-2013 Multifamily Housing Revenue Bond Rules remained primarily unchanged from the 2011 Rules, with no additional criteria provided for developments providing units of service-enriched housing.

   Follow-up: The Council reiterates the continuing need to prioritize multifamily bond funding specifically for service-enriched housing. To this end, the Council has decided to once again put forward this recommendation within Chapter 7 of this Plan.

7. Establish a Housing Navigator Program to assist those persons with disabilities and persons who are elderly with available affordable housing.

Progress Made: As mentioned earlier, DADS was awarded $160,000 from the Centers for Medicare and Medicaid Services (CMS) to fund a Housing Navigators Pilot Program connected with the state's Aging and Disability Resource Centers (ADRCs). Housing Navigators have since been hired in the following locations: East Texas ADRC (Longview, TX), Lower Rio Grande Development Council, North Central Texas ADRC (Arlington, TX), and West Central Texas ADRC (Abilene, TX).[13] It is the goal of these Housing Navigators to establish a linkage between the local service entities comprising the ADRC and the local public housing authorities in order to successfully connect persons with disabilities transitioning out of institutional settings and into community-based housing.

Follow-up: While the Council acknowledges the progress made on this recommendation, members see a necessary next step, which is to specifically encourage ADRC staff and housing authorities to engage in cross-training and develop protocol for cross-referrals.

8. Establish outreach efforts to private sector housing developers and property owners.

    Progress Made: In December 2011, DADS received a second round of CMS Money Follows the Person Demonstration Administrative funding for $12.8 million through 2016. TDHCA was a recipient of a portion of these funds and is currently in the process of hiring a Housing Program Coordinator for Persons with Disabilities. One of the main responsibilities of this Coordinator will be to conduct outreach, education, and training with community and professional groups, including housing developers and property owners, regarding the housing needs and service needs of persons with disabilities. The goals of creating this Coordinator position is to guide organizations to effectively implement housing programs in their communities which increase community based affordable housing options for persons with disabilities, including service-enriched housing options.

    Follow-up: One of the intentions of this recommendation was to ensure that property owners and managers are informed about the relevant local organizations serving persons with disabilities, in order to market their housing units to those persons. The Council reiterates the on-going need for comprehensive affirmative marketing and makes new recommendations to this effect in Chapter 7 of this Plan.

9. Explore how TDHCA and TSAHC can collaborate with the national Disability Opportunity Fund (DOF) to bring funding opportunities to Texas.

    Progress Made: In December 2010, the President & CEO of the DOF, Charles Hammerman, and the Chairman of the Governing Board, Betty Wu Adams, met with the Council to discuss potential avenues of collaboration to bring funding opportunities to Texas for service-enriched housing for persons with disabilities. At this meeting Mr. Hammerman put forward the idea of hosting a conference in partnership with the Federal Reserve Bank of Dallas to bring together the finance community, housing developers, service providers, and disability advocates to discuss new partnerships for the creation of service-enriched housing.[14]

    Council members expressed interest in bringing this conference together and from June through September 2011 several Council members served on the conference planning committee. On September 14th & 15th, 2011 the Council and Council staff attended the

Finding Housing Opportunities for People with Disabilities conference, which was held in partnership with DADS, TSAHC, and the OneStar Foundation.[15]

Follow-Up: Mr. Hammerman continues to be in contact with Council staff regarding the DOF's efforts in the state of Texas and has committed to providing periodic progress reports to the Council on the DOF's progress in financing service-enriched housing for persons with disabilities.

10. Explore how TSAHC can partner with private foundations and pursue new avenues of funding for the Texas Foundations Fund, to be utilized for service-enriched housing.

    Progress Made: In an effort to help serve the housing needs of people with disabilities, TSAHC has established program guidelines under its Texas Foundations Fund program that give funding priority to organizations serving the housing needs of people with disabilities. To fulfill the funding priorities outlined in the Texas Foundations Fund Guidelines, grants are awarded first to three specific proposals: (1) to the highest scoring proposal serving individuals with disabilities, (2) to the highest scoring proposal providing multifamily supportive housing services, and (3) to the highest scoring proposal serving a Rural Community.

    Since publication of the 2010-2011 Biennial Plan, TSAHC has been successful in receiving $65,000 in private awards for the Texas Foundations Fund. These funds allowed TSAHC to award six applicants $50,000 awards each in the 2011 Texas Foundations Fund cycle. Since the Texas Foundations Fund's inception in 2008, TSAHC has completed four award cycles, totaling $950,000 in overall awards. Of the $950,000 awarded, $250,000 (five awards) has been awarded to those organizations providing housing with supportive services and $350,000 (seven awards) has been awarded to those organizations serving individuals with disabilities.

    The TSAHC Board has made a commitment to funding the Texas Foundations Fund in 2012. Prior to a Notice of Funding Availability being released, program staff will request public comment regarding the program's current funding guidelines and priorities. Program staff and the TSAHC Advisory Council members will review any feedback received and determine if any program changes are needed based on feedback from stakeholders.

    Follow-up: The Council has a sustained interest in the utilization of the Texas Foundations Fund for service-enriched housing and considers this an on-going recommendation.

11. Explore how state Community Development Block Grant (CDBG) funding allocations can be used to address the service-enriched housing needs of rural communities.

    Progress Made: State statutory requirements limit CDBG funding to only be used to rehabilitate existing housing stock, excluding this funding source from use for new housing construction.[16] To date, there has been no Legislative direction or action to revise these requirements.

    Follow-up: As directed by the 82nd Texas Legislature, the state's CDBG programs have been moved into the Office of Rural Affairs within the Texas Department of the Agriculture. The

Council reiterates the need for CDBG funding sources to be utilized to provide service-enriched housing in rural communities and decided to once again put forward this recommendation within Chapter 7 of this Plan.

Service Recommendations

1. Create an "at-risk" pool of waiver slots for individuals at imminent risk for nursing facility placement.

    Progress Made: The 82nd Legislature funded 100 Community Based Alternatives (CBA) Medicaid waiver slots for individuals at risk of nursing facility placement. DADS met with stakeholders in December 2011 to discuss the criteria for persons at risk and process for allocating these waiver slots. The allocation of waivers began in March 2012.[17]

    Follow-up: No follow-up required.

2. Increase the number of nursing facility diversion programs statewide.

    Progress Made: There has been no Legislative direction or action on this item.

    Follow-up: The Council reiterates the need for nursing facility diversion activities statewide and again urges the Legislature to expand the DADS pilot project through funding for additional sites across the state.

3. Include behavioral health services and supports as service options within all Medicaid 1915(c) waiver programs.

    Progress Made: There has been no Legislative direction or action on this item.

    Follow-up: The Council reiterates the need to offer behavioral health services and supports within Medicaid waiver programs statewide. To this end, the Council has created a new recommendation within Chapter 8 of this Plan regarding the expansion of the Money Follows the Person Behavioral Health Pilot.

4. Increase wages for direct service and supports workers.

    Progress Made: There has been no Legislative direction or action on this item.

    Follow-up: The Council reiterates the need for increased wages for direct service and supports workers.

5. Seek Medicaid administrative match for the General Revenue appropriated for relocation services.

    Progress Made: In August 2010, CMS approved DADS first request for Money Follows the Person Demonstration Administrative funding, providing over $6.5 million through 2016. This funding source will be used for relocation services such as: providing options counselors associated with the ADRCs to work with spend-down populations residing in

nursing facilities and being a dedicated contact for hospital discharge planners; assistance for DADS relocation contractor division; assistance for DADS State Supported Living Centers division; a staff person to help the enterprise with workforce issues; support for the MFP Demonstration's behavioral health pilot; and a contractor to help with the DADS Data Mart (a repository of all client-specific data).

Then in December 2011, DADS has received a second round of CMS Administrative funding for $12.8 million through 2016. This funding will further support the behavioral health pilot; focus on community employment for individuals with developmental disabilities; perform in-house evaluation of the quality and effectiveness in DADS community-based programs; assist with the outreach, administration and delivery of TDHCA housing vouchers; provide training to NF Ombudsman; and provide additional contract staff for the SSLCs to help meet provisions of the Department of Justice's Settlement Agreement for moving SSLC residents into community residential settings of their choice.[18]

Follow-up: No follow-up required.

6. Support the expansion of Aging and Disability Resource Centers (ADRCs) through funding for additional communities throughout the state.

   Progress Made: DADS' Money Follows the Person Program received a reimbursement from CMS that was established within a rebalancing fund. One of the uses of these rebalancing dollars is to expand the number of ADRCs statewide. In January 2012 DADS made awards to establish the Brazos Valley ADRC in Bryan, TX and the Concho Valley ADRC in San Angelo, TX. This brings the total number of ADRCs to 14 as of May 2012 and DADS hopes to reach 20 ADRCs by 2020.[19]

   Follow-up: No follow-up required.

7. Increase the funding of all existing Medicaid 1915(c) waiver programs.

   Progress Made: There was no additional funding allocated by the 82nd Legislature for waiver programs other than the TxHomeLiving Program.

   Follow-up: The Council reiterates the need for additional funding for Medicaid 1915(c) waiver programs.

8. Increase funding to the Assertive Community Treatment (ACT) service packages as part of the Resiliency and Disease Management (RDM) Program.

   Progress Made: DSHS has increased direct visits and the utilization of workgroups to ensure that ACT services are performed according to the model set forth. DSHS' plan is for all Local Mental Health Authorities (LMHA) to be visited by a DSHS Adult Mental Health Program Specialist. After technical assistance is completed to all LMHA, fidelity tools will be

used to improve ACT services throughout Texas. As of November 2011, 1,868 persons had received ACT services.

Through Rider 65, the 82nd Legislature provided funding to a DSHS exceptional item for enhancing the capacity of the community-based mental health service system by increasing the number of persons receiving services at community mental health centers.[20] However, ACT funding was not specifically increased by the 82nd Legislature and Medicaid rates have not increased more than other rates in other comparable services.

Follow-up: The Council reiterates the need for additional funding for ACT service packages. To this end, the Council has created a new recommendation within Chapter 8 of this Plan regarding ACT funding.

9. Provide community based services and supports for individuals who have high functioning needs or who are leaving the state mental health facility (state hospital) system.

Progress Made: DSHS provides intensive mental health services (Service Package 3 or 4), along with supported housing services, in the Outpatient Competency Restoration Pilot Program (OCRP) for persons with Serious and Persistent Mental Illness (SPMI) who have been found incompetent to stand trial.[21] Over 600 persons with SPMI have been served since 2008. Most recently through Rider 78, the 82nd Legislature extended this pilot, allocating $4 million for each of SFY 2012 and 2013 to fund the development of the program in five additional LMHAs.[22]

DSHS is involved in assisting persons discharging from state facilities to live in communities. Rider 65, as mentioned above, also provided funding in SFY 2012-2013 to extend the post crisis/hospital service benefits at LMHAs from 30 to 90 days. As of November 2011, 1,989 persons had received post crisis follow-up services (Service Package 5).

In accordance with HB 2725 of the 82nd Legislative Session, DSHS is also working on a feasibility study with HHSC to pursue a waiver similar to the Home and Community Based Services (HCS) waiver for supported housing for individuals with SPMI and multiple forensic hospitalizations. Estimated release date for this study is December 2012. Additionally, DSHS is supporting efforts to increase State Hospital liaison services to better coordinate aftercare for persons being discharged from state hospitals. Finally, DSHS is piloting a study about conditional releases from forensic hospitals. Results have not been published but the study does include services and support before and after conditional release.

Follow-up: No follow-up required.

10. Expand the Peer Specialist Program to Local Mental Health Authorities statewide.

Progress Made: DSHS is involved in supporting the use of peer specialist across Texas. First, Via Hope trains and certifies peer specialists across the state. A Via Hope Certified Peer Specialist (CPS) is an individual in recovery with mental illness who has been trained to effectively use their recovery story to help other individuals with their recovery. The Certified Peer Specialist (CPS) course is an intensive forty-hour training followed by a

written certification exam. Participants must successfully complete both to become certified. Over 200 peer specialists have been trained to date.[23]

Second, the Consumer-Operated Service Providers (COSPs) are independent organizations operated and governed by individuals in recovery with mental illness. A fundamental component of COSP services is peer support. In an effort to strengthen the presence and impact of COSPs in Texas, Via Hope has been funded by DSHS to coordinate the COSP Institute. DSHS, the Center for Social Work Research at The University of Texas, Texas Association of Nonprofit Organizations and leading figures in consumer-operated services work with Via Hope on the COSP Institute.[24]

Finally, a new DSHS program started in 2012, is the Via Hope Recovery Institute, with funding from the Hogg Foundation for Mental Health. The Institute helps organizations develop culture and practices that support and expect recovery, and promotes consumer (aka peer, person in recovery), youth/young adult, and family voice in the transformation process and the future, transformed mental health system.[25]

Follow-up: No follow-up required.

Council Activities in 2011

After submission of the 2010-2011 Biennial Plan, the Council continued to be active in addressing its outstanding statutory duties. The following tasks were completed in calendar year 2011 to meet those obligations:

Provider Capacity Survey: One of the statutory duties not addressed in the 2010-2011 Biennial Plan was to "conduct a biennial evaluation regarding capacity of statewide long-term care providers and interest by housing developers in investing in service-enriched housing." Therefore, in February 2011 the Policy & Barriers Committee met to craft a series of survey questions targeting both service and housing providers that would evaluate existing capacity for service-enriched housing as well as gauge the interest in and obstacles to its creation. The online survey was launched on March 4th and ran for six weeks until April 15th. Approximately 350 organizations participated and the results of the survey were presented to the Council at its June 2011 meeting.[26] Information obtained from this survey is provided in Chapter 4 of this Plan.

Financial Feasibility Model: One of the statutory duties not addressed in the 2010-2011 Biennial Plan was to "create a financial feasibility model that assists in making a preliminary determination of the financial viability of proposed service-enriched housing projects." Given Council staff research into the financial underwriting of TDHCA funded developers, it was determined that there was not just one model for service-enriched housing, but a variety of possibilities. In order to capture the differing methods for financing the development of service-enriched housing, Council staff decided to create a case studies report, which evaluated best practices amongst service-enriched housing developers. From May to August 2011, Council staff interviewed nine housing providers across the state and presented the case studies findings to the Council at their September 2011 meeting.[27] Information obtained from these case studies is provided in Chapter X of this Plan.

Tracking Database & Information Clearinghouse: Two of the statutory duties not addressed in the 2010-2011 Biennial Plan were to (1) "Develop a database to identify, describe, monitor and track progress of all service-enriched housing projects developed in Texas;" and (2) "Create and maintain a clearinghouse of information that contains tools and resources for entities seeking to create or finance service-enriched housing projects." In order to combine these tasks, Council staff sought a funding source to create a statewide inventory or information warehouse, which would identify and describe available housing resources and service resources for consumers as well as potential providers of service-enriched housing.

When CMS released its Real Choice Systems Change Grant, Council staff recognized the potential to utilize this grant funding to complete the Council's outstanding task. Therefore, Council staff worked closely with TDHCA and DADS staff to write the funding proposal in August 2011. Now that the State of Texas has been awarded these funds, Council staff is playing an on-going role in the administration and implementation of the grant activities, including the *Housing and Services for Individuals with Disabilities Online Clearinghouse.*

Recent Council Activities – Preparation of the 2012-2013 Biennial Plan

In order to continue its efforts of public outreach and participation, as well as seek input on the 2012-2013 biennial planning process, in October 2011 the Council launched the "HHSCC Online Discussion Forum."[28] The Forum utilized questions posed by the Council regarding on-going barriers to service-enriched housing, including legislative, administrative, financial, and cross-agency coordination related barriers. The Forum was open for one month and the thirteen questions posed generated 31 responses from members of the public. This feedback was presented to the Council at their December 2011 meeting and was utilized to formulate the working committees for the 2012-2013 Biennial Plan creation. These two groups are the Housing Issues Committee and the Service Issues Committee.

Beginning in January 2012, these two Committees convened twice monthly conference calls to craft the policy recommendations found in this Plan.

[1] Transcript, Housing & Health Services Coordination Council Meeting, (2010, November). http://www.tdhca.state.tx.us/hhscc/council-meetings.htm

[2] Housing & Health Services Coordination Council "HHSCC Email List," http://www.tdhca.state.tx.us/hhscc/index.htm

[3] Housing & Health Services Coordination Council "HHSCC Case Studies Report," http://www.tdhca.state.tx.us/hhscc/index.htm

[4] Testimony by Steve Ashman of the Department of Aging and Disability Services, Housing & Health Services Coordination Council Meeting, November 1, 2010. http://www.tdhca.state.tx.us/hhscc/council-meetings.htm

[5] Texas Department of Housing & Community Affairs, Housing Trust Fund – Rural Capacity Building, "2010-2011 HTF Rural Housing Expansion Program Funding," http://www.tdhca.state.tx.us/htf/capacity-building.htm

[6] Texas Department of Housing & Community Affairs, "State housing, health agencies secure $330,000 grant increasing housing choices for persons with disabilities," http://www.tdhca.state.tx.us/ppa/press/20110930-Granttoincreasehousingchoices.htm

[7] Texas Department of Housing & Community Affairs, "Property Compliance Training," http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html

[8] Texas Department of Housing & Community Affairs, "Housing Tax Credit Program 2012-2013 Qualified Allocation Plan," http://www.tdhca.state.tx.us/multifamily/htc/index.htm

[9] Frank Melville Supportive Housing Investment Act of 2010, *Section 4. Project Rental Assistance* http://www.gpo.gov/fdsys/pkg/BILLS-111s1481enr/pdf/BILLS-111s1481enr.pdf

[10] Frank Melville Supportive Housing Investment Act of 2010, *Section 4. Project Rental Assistance* http://www.gpo.gov/fdsys/pkg/BILLS-111s1481enr/pdf/BILLS-111s1481enr.pdf

[11] Frank Melville Supportive Housing Investment Act of 2010, *Section 4. Project Rental Assistance* http://www.gpo.gov/fdsys/pkg/BILLS-111s1481enr/pdf/BILLS-111s1481enr.pdf

[12] Texas State Affordable Housing Corporation, "2012 Private Activity Bond Program Draft Request for Proposals," http://www.tsahc.org/multi/multi_bond.php

[13] Promoting Independence Advisory Committee, January 25th 2012 meeting, Department of Aging and Disability Services - Department Activity Report

[14] Presentation by Charles Hammerman of the Disability Opportunity Fund, Housing & Health Services Coordination Council Meeting, December 15, 2010. http://www.tdhca.state.tx.us/hhscc/council-meetings.htm

[15] Federal Reserve Bank of Dallas, Community Development Events, "Finding Housing Opportunities for People with Disabilities," http://dallasfed.org/cd/events/2011/disability.cfm

[16] Texas Department of Agriculture, "TxCDBG Project Implementation Manual," http://www.texasagriculture.gov/GrantsServices/RuralEconomicDevelopment/RuralCommunityDevelopmentBlockGrantCDBG/CDBGPublications.aspx

[17] Promoting Independence Advisory Committee, January 25th 2012 meeting, Department of Aging and Disability Services - Department Activity Report

[18] Money Follows the Person Demonstration Advisory Committee, January 12, 2012 Meeting, "Administrative Cost Request to Centers for Medicare and Medicaid Services (CMS)"

[19] Promoting Independence Advisory Committee, January 25th 2012 meeting, Department of Aging and Disability Services - Department Activity Report

[20] Promoting Independence Advisory Committee, January 25th 2012 meeting, Department of State Health Services - Department Activity Report

[21] Texas Department of State Health Services, "DSHS Outpatient Competency Restoration Program Overview," http://www.dshs.state.tx.us/mhsa/awareness/DSHS-Outpatient-Competency-Restoration-Program-Overview.doc

[22] Promoting Independence Advisory Committee, January 25th 2012 meeting, Department of State Health Services - Department Activity Report

[23] Via Hope, "Peer Specialist Training & Certification," http://www.viahope.org/programs/training-certification

[24] Via Hope, "Consumer-Operated Service Provider Institute," http://www.viahope.org/programs/consumer-operated-service-provider-institute

[25] Via Hope, "Recovery Institute," http://www.viahope.org/programs/recovery-institute

[26] Housing & Health Services Coordination Council "Provider Capacity Survey," http://www.tdhca.state.tx.us/hhscc/index.htm

[27] Housing & Health Services Coordination Council, "HHSCC Case Studies Report," http://www.tdhca.state.tx.us/hhscc/index.htm

[28] Housing & Health Services Coordination Council, "2012-2013 Biennial Plan - Online Discussion Forum," http://www.tdhca.state.tx.us/hhscc/index.htm

CHAPTER 2: IMPACTS OF THE 82ND TEXAS LEGISLATIVE SESSION

Decisions made during the 82nd Legislative Session had considerable impact on the state agencies represented on the Council, as well as the programs which support and provide service-enriched housing for persons with disabilities and the elderly. This Chapter details the impact of the 82nd Legislature on these programs.

Department of Aging & Disability Services (DADS)

The Federal Medical Assistance Percentages (FMAPs) are used in determining the amount of Federal matching funds to be provided to each State based on that State's expenditures on assistance payments for certain social services, and State medical and medical insurance expenditures, including Medicaid. For Federal Fiscal Year 2012 (beginning October 1, 2011), the FMAP for Texas is 58.22%.[29] Thus for every dollar provided by the State of Texas in Medicaid funding, the federal government provides 58.22 cents in matching funds. This also means that if state funding for Medicaid is cut, there will be an equivalent cut in federal match, causing the total amount of reduction to be much greater.

The DADS' State Fiscal Year (SFY) 2012-2013 appropriations were greatly reduced. One of the primary reasons was HB 1's Cost Containment Initiatives[30] which reduced:
1. The Personal Attendant Services in the Community Based Alternatives (CBA) Medicaid waiver program by $15 million in state general revenue (GR), meaning a total of $35.7 million in all funds (AF) lost;
2. The Home & Community-based Services (HCS) Medicaid waiver's Supported Home Living funding by $12.5 million in state GR, meaning a total of $29.8 million in AF lost.
3. The "Amount, Scope, and Duration for All Community Services" funding by $31 million in state GR, meaning a total of $73.8 million in AF lost.

Additionally, non-Medicaid programs funded by state GR were also cut. Intellectual Disability (ID) Community Services funding was reduced by $27 million from SFY 2011 to SFY 2012, meaning a loss of $54 million over the biennium. The In-Home and Family Support (IHFS-MR) program for persons with a mental disability or co-occurring physical disability was zero-funded as funding for this program was transferred to another program.[31]

DADS' Promoting Independence Initiative is funded at $22.5 million in state GR, with a total of $53.1 million in AF. This includes 400 HCS waiver slots for persons transitioning out of large and medium ICF/MR (Intermediate Care Facilities for the Mentally Retarded) facilities, 240 HCS waiver slots for individuals at risk of ICF/MR institutionalization, 192 HCS waiver slots for children aging-out of the Department of Family and Protective Services (DFPS) Foster Care, and 100 CBA waiver slots for individuals at risk of nursing facility institutionalization.[32]

Finally, a key change regarding the state's implementation of community-based programs for persons with disabilities and the elderly is the transfer of 71,700 individuals currently served by DADS through the Primary Home Care, Day Activity and Health Services, and Community Based Alternatives programs to HHSC's STAR+PLUS program during the 2012-13 biennium. This transfer means the reduction of 372 FTEs in DADS Access and Intake division.

Department of Assistive & Rehabilitative Services (DARS)

With the exception of the Early Childhood Intervention (ECI) program and DARS administrative areas, the Legislature funded all of DARS programs at or close to SFY 2011 levels. For ECI, funding was reduced about 14% from $188 million to $161 million. This reduction required a narrowing of eligibility to reduce the number of children served from a target of about 32,000 on average per month to a target of about 28,000 on average per month. Additionally, staff reductions were taken in administrative and program strategies, with a total of 28.5 FTEs eliminated or unbudgeted for SFY 2012.

DARS Comprehensive Rehabilitation Services (CRS) program was appropriated $17.12 million for SFY 2012 to serve 595 consumers. As of December 2011, the CRS waiting list was 116 consumers. DARS Division for Rehabilitation Services' (DRS) Independent Living Services (ILS) Program did not receive additional funding to address its waiting list of 1,164 consumers as of December 2011. The Texas Centers for Independent Living (CIL) Program was not appropriated additional funds for new CILs during the SFY 2012-2013 biennium. Finally, a key piece of legislation for DARS during the 82nd Session was HB 442, which will increase the percentage of fees dedicated to the CRS program from payments collected on court costs, fines and convictions from 5.32% to 9.82%.[33] This funding increase was certified by the Comptroller in February 2012, providing an additional $8.62 million in CRS funding, to serve an additional 300 individuals.

Department of State Health Services (DSHS)

HB 1's Cost Containment Initiatives also reduced DSHS funding,[34] including:
1. A $6 million reduction in funding for DSHS residential units,
2. A $6 million reduction in funding for NorthSTAR (Local Mental Health Authority), and
3. A $1.9 million reduction in funding for medication provided to individuals at the time of discharge from state hospitals.

There were several Riders created during the 82nd Session pertaining to DSHS which concern community based services for persons with mental illness and/or substance abuse disorders. First, as mentioned in Chapter 1 of this Plan, DSHS received funding through Rider 65 and Rider 78. Rider 65 increases the number of persons receiving intensive community-based mental health service packages at community mental health centers, as well as to extend the post crisis/hospital benefit at community mental health centers from 30 to 90 days. Rider 78 extended the Outpatient Competency Restoration Pilot Program (OCRP) for persons with Serious and Persistent Mental Illness (SPMI), allocating $4 million for each of SFY 2012 and 2013 to fund the development of the program in five additional LMHAs.[35]

Rider 71 requires DSHS to contract with an independent entity for a study of the state's mental health system and to make recommendations to improve access, service utilization, patient outcomes, and system efficiencies. The study must review current service delivery models for outpatient and inpatient care, the funding levels, financing methodologies, services provided, and community-based alternatives to hospitalization and recommend best value practices.

Rider 82 requires DSHS to develop performance agreements with Local Mental Health Authorities (LMHAs) concerning funds appropriated for mental health services. The agreement gives regard to priorities identified by the community through a local needs assessment process and expressed in a

local service plan. DSHS is granted flexibility to transfer funds between the mental health strategies (community services for adults, community services for children, and crisis services) in the approval of local service plans.

The 82nd Legislature also appropriated $5 million to continue the veterans' mental health initiative created by in the 81st Session to provide peer-to-peer support for veteran clients receiving services through the network of LMHAs. Finally, during the 82nd Session, DSHS (via HHSC) received exceptional item funding to reduce the waiting list for children needing community-based mental health services at community mental health centers. However this funding does not reduce the waiting list for adults needing community-based mental health services, which stood at 9,382 individuals as of December 2011.

Health & Human Services Commission (HHSC)

The 82nd Legislature passed SB7, which directed HHSC to seek a waiver under Section 1115 of the federal Social Security Act to the state Medicaid Plan. HHSC submitted the Medicaid 1115 waiver proposal to CMS in the spring of 2011 and it was approved in December of that year. This waiver accomplishes two main goals: (1) permits the State of Texas to allow hospitals to become managed care providers, and (2) expands managed care services to more areas across the state. Managed care is a delivery option for the provision of Medicaid services, as opposed to the "fee for service" option. A benefit of this transition is that the managed care entity assists in the coordination of services for the Medicaid waiver participant.[36]

Included in SFY 2012-2013 appropriations to HHSC is a net $60.56 million in state GR ($149.54 million in AF) in SFY 2012 and $110.69 million in state GR ($272.51 million in AF) in SFY 2013 to expand the managed care model for the provision of Medicaid and CHIP (Children's Health Insurance Program) services. This appropriation also assumes a transfer of $184.16 million in state GR in SFY 2012 and $359.01 million in state GR in SFY 2013 from the DADS to the HHSC. The expansion assumes a savings to be realized in client services at HHSC of $123.61 million in state GR ($291.47 million in AF) in SFY 2012 and $248.31 million in state GR ($569.55 million in AF) in SFY 2013.[37]

Starting September 1, 2011, Primary Care Case Management (PCCM) clients in 21 counties contiguous to the existing Bexar, Harris, Jefferson, Nueces, and Travis service delivery areas began receiving STAR+PLUS services through managed care organizations (MCOs). Expansion of the managed care model continued on March 1, 2012 with the launch of managed care in the El Paso, Lubbock, and Hidalgo service areas (27 counties), along with 164 rural counties. Changes made at that time to the delivery of Medicaid and CHIP services included:

- The expansion of the State of Texas Access Reform (STAR) and STAR+PLUS Medicaid programs,
- The transition of approximately 880,000 people from the PCCM program to managed care,
- Prescription drug benefits for clients in managed care (currently administered through HHSC's Vendor Drug Program) will now be delivered through the MCOs, and
- The re-procurement of STAR, STAR+PLUS, and CHIP MCOs in existing service areas.[38]

Finally, HB 1's Cost Containment Initiatives also reduced HHSC funding,[39] including:

1. A $34.74 million fee reduction for Vendor Drug Dispensing Fee and Primary Care Case Management Fee, which is a total reduction of $82.99 million in AF;
2. A $45 million benefit reduction through "Changes in Amount, Scope, and Duration of Service," which is a total reduction of $106.99 million in AF;
3. A $295.75 million reduction due to "Medicare Equalization," which is a total reduction of $704.167 million in AF;
4. A $27 million reduction in the administrative portion of premiums for Managed Care Organizations, which is total reduction of $64.19 million in AF; and
5. A $169.3 million reduction due to a new "Managed Care Premium Methodology," which is a total reduction of $402.47 million in AF.

Texas Department of Rural Affairs (TDRA)

The 82nd Legislature abolished TDRA as an independent agency and transferred its programs to the Texas Department of Agriculture (TDA), under the Office of Rural Affairs.[40] The one exception was the federal allocation of Community Development Block Grant (CDBG): Disaster Relief Funding related to Hurricanes Ike and Dolly; this was transferred from TDRA to the Texas General Land Office (GLO) on July 1, 2011. The main TDRA program to be transferred to the Office of Rural Affairs is the CDBG Formula Grants Program.

Texas Department of Agriculture (TDA)

The TDA program most relevant to the efforts of the Council is the GO TEXAN Certified Retirement Community Program. As this Program is self-funded by fees from local communities, the program was not affected by the 82nd Session. Additionally, as stated above, TDA will now assume responsibility for the state's CDBG Formula Grants Program from TDRA.

Texas Department of Housing & Community Affairs (TDHCA)

The two main TDHCA programs funded by state GR are the Housing Trust Fund (HTF) and the Homeless Housing & Services Program (HHSP). The general appropriations bill for SFY 2012-2013 biennium funds the HTF at $11.7 million (approximately $5.85 million per year), a decrease of $8.2 million from the SFY 2010-2011 biennium. Additionally, a new Rider 19 transfers 10% of HTF appropriations to the Texas Veterans Commission. For HHSP, although $20 million was appropriated during the SFY 2010-2011 biennium, no direct appropriations were made during the 82nd Legislature for SFY 2012-2013. However, TDHCA has been able to identify $5 million for the program for SFY 2012.

Additionally, TDHCA went through the Sunset Commission's review process and as a result of actions taken by the 82nd Legislature during the First called session, TDHCA was extended for two years until 2013 and will undergo a limited Sunset review during the 83rd Legislative Session. Finally, on July 1, 2011 the federal allocation of Community Development Block Grant (CDBG): Disaster Recovery Funding, related to Hurricanes Ike and Dolly, was transferred from TDHCA to the Texas General Land Office (GLO).[41]

Texas State Affordable Housing Corporation (TSAHC)

While the Texas State Affordable Housing Corporation is a quasi-governmental entity, it maintains 501(c)(3) nonprofit status and as such, TSAHC is not funded through state government appropriations. Therefore, TSAHC programs were not affected by the 82nd Legislative Session. However, TSAHC does go through the Sunset Commission's review process and during the 82nd Legislative Session received a full 12-year continuation recommendation.

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[30] HB 1, Section 17, Article II, Special Provisions, September 20, 2011, http://www.lbb.state.tx.us/Bill_82/GAA.pdf

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[32] Promoting Independence Advisory Committee - Department Activity Report, Department of Aging and Disability Services, January 2012 http://www.dads.state.tx.us/providers/pi/piac/1-25-12-handouts.pdf

[33] Promoting Independence Advisory Committee - Department Activity Report, Department of Assistive and Rehabilitative Services, January 2012 http://www.dads.state.tx.us/providers/pi/piac/1-25-12-handouts.pdf

[34] HB 1, Section 17, Article II, Special Provisions, September 20, 2011, http://www.lbb.state.tx.us/Bill_82/GAA.pdf

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[37] Health and Human Services Commission, Rider 51: Managed Care Expansion, HB 1, Article II, September 20, 2011, http://www.lbb.state.tx.us/Bill_82/GAA.pdf

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[40] HB 1, Article VII, Texas Department of Rural Affairs, September 20, 2011, http://www.lbb.state.tx.us/Bill_82/GAA.pdf

[41] HB 1, Article VII, Texas Department of Housing & Community Affairs, September 20, 2011, http://www.lbb.state.tx.us/Bill_82/GAA.pdf

SECTION II: RESEARCH

CHAPTER 3: ASSESSING EXISTING NEED

The 2008-2010 American Community Survey estimates that there are approximately 36.2 million non-institutionalized persons with disabilities in the United States, 39.4% of which are over the age of 65. In Texas, there are approximately 2.8 million non-institutionalized persons with disabilities, 36% of which are over the age of 65.[42] Time and again, national surveys report that 80 to 95% of these individuals strongly prefer to remain in their own homes and report a higher quality of life when they are able to remain living in the community.[43] However, there are numerous obstacles preventing community-based living for persons who are elderly and persons with disabilities, especially those who cannot maintain their independence without some health-related or other services and supports. The following section of the plan summarizes key state and national data to illustrate the need among persons with disabilities and persons who are elderly for affordable housing and supportive services. Although many state and federal programs attempt to address these issues, research has shown that the need for assistance is far greater than the amount of government assistance generally available.

HOUSING NEEDS FOR PERSONS WITH DISABILITIES

Recent national housing findings state that renter households with disabilities were more likely to have very low incomes, to experience worst case needs, and to pay more than one-half of the household income for rent, than those renter households without disabilities.[44]

Income

One of the main reasons that persons with disabilities have difficulty acquiring housing is income. Recent estimates have found that 15.9% of working-age people with disabilities receive Supplemental Security Income payments in Texas. With the maximum federal monthly payment of $698 in 2012 ($8,376 annually), the National Low Income Housing Coalition (NLIHC) estimates that an SSI recipient can afford rent of only $209.90 per month. Additionally, SSI is the only source of income for 57% of all recipients. Among those reliant on SSI, there is not a single county in the state of Texas where even a modest efficiency apartment, priced according to the Fair Market Rent (FMR), is affordable.[45]

Additionally, if you compare the SSI income level to the area median income (AMI) categories used by state and federal housing programs, $8,376 per year is well below the income limit for a single individual at the extremely low-income level (30% of AMI) for the State of Texas, which is approximately $12,650 for Federal Fiscal Year 2012.[46] This mirrors the finding that the value of SSI payments compared to median income has declined precipitously – from 24.4% of median income in 1998 to 18.7% in 2010 – while national average rents have risen over 50% during the same time period.[47]

The NLIHC also calculates how affordable housing is through the "housing wage," defined as the estimated full-time hourly wage a household must earn to afford a decent rental unit at HUD estimated Fair Market Rent while spending no more than 30% of income on housing costs. In Texas, the 2012 housing wage is $15.88 per hour for a two bedroom home at FMR, or $826 per month. This is $128 over the entire monthly income of a person with a disability living on SSI.

Worst Case Housing Needs

A significant number of persons with disabilities also face extreme housing needs. "Worst-case housing needs," are defined by HUD as unassisted renters with income below 50% of their area's median income who pay more than half of their income for housing or live in severely substandard housing, or both. Based on the 2009 American Housing Survey (AHS), approximately 1 million households that included nonelderly people with disabilities had worst case needs—accounting for 38% of all very low-income renter households with disabilities. Additionally, between 2007 and 2009, there was a 13% increase of worst case needs households that included people with disabilities.[48] This is not surprising, considering that the incidence of poverty is much higher for persons ages 25 to 64 with a severe disability (27%) or non-severe disability (12%) as compared to no disability (9%).[49]

Housing challenges exist for homeowners as well as renters. The US Department of Housing and Urban Development's (HUD) 2009 Consolidated Plan also reveals that nearly 13 million homeowners with mobility impairments have a housing problem.[50] Many need basic home modifications, such as grab bars or handrails (roughly 788,000 households), outdoor ramps to access the unit (612,000 households), and accessible bathrooms (566,000 households).

HOUSING NEEDS FOR PERSONS WHO ARE ELDERLY

Of the 37.9 million persons over the age of 65 who were reporting income in 2010, roughly 62.4% reported income below $25,000, with a median annual income of $18,819. Additionally, 3.5 million elderly persons were below the poverty level in 2009 and another 2.3 million were classified as "near poor" (100-125% of poverty).[51]

Income & Cost Burden

Persons with low incomes who are elderly face challenges to living independently in community based housing. For one, housing cost burden, defined as expending over 30% of one's monthly income on rent, increased from 30% to 37% of persons age 65 and over from 1985 to 2007. Also, 39% of households with persons age 65 and over had one of more of the following housing problems: cost burden, physically inadequate housing and/or overcrowding.[52] Finally, HUD's Office of Policy Development and Research reported that elderly households constituted over 1.2 million, or 20.5%, of households with worst-case housing needs.[53]

The Administration on Aging recently reported state statistics regarding persons who are elderly. In 2010, over half of all persons age 65 and over in the United States lived in 11 states, with Texas ranked 4th with 2.6 million persons. Persons age 65 and over made up 10.4% of the total population of Texas, which is a 26.1% increase from 2000 to 2010. Unfortunately, out of those 11 states with the largest concentrations of the elderly population, Texas had the second highest poverty rate for

those ages 65 and over at 10.7% (280,311 people). Furthermore, Texas ranked in the top ten highest poverty rates in the nation for persons who are elderly.[54]

In addition to national data, in 2009 the Department of Aging and Disability Services' Center for Policy and Innovation published an overview of the status of older Texans. Indicator surveys found that 56% of Texans age 60 and over reported spending 30% or more of their income on housing costs, with 21% of respondents spending over 50% on housing costs. Additionally, over 14% of older Texans reported the need for substantial accessibility modifications to stay in their homes, but 38% did not know where to seek assistance in making modifications.[55]

SERVICE NEEDS FOR PERSONS WITH DISABILITIES

Although many people with physical, intellectual, developmental, or behavioral disabilities are able to live in community-based housing, a growing number are unable to find the community-based supportive services that they require to remain living independently. Nationally, an estimated 11 million people six years of age and older need assistance with activities of daily living (ADLs), which include bathing, eating, dressing, and getting around the home, or with instrumental activities of daily living (IADLs), such as household chores, shopping, or doing necessary business.[56] Of this population, it is estimated that between 3.5 and 10 million are in need of assistance with certain ADLs in order to remain living safely in their homes.[57]

However, those in need of long term services and supports (LTSS) are frequently unable to obtain them. The National Council on Disability (NCD) reports that, despite the amount of money that state and federal programs (particularly Medicaid) are allocating to LTSS, individuals and their families still pay out of pocket for nearly one-third of LTSS expenses. The NCD goes on to state that 25 million individuals with chronic severe disabilities under age 65 are probably in need of some LTSS, but these individuals are often not counted or found eligible because of income or family assets, or they fall outside the realm of traditional functional assessments that use ADLs and IADLs as measurements.[58]

For persons with mental illness, many are released from state institutions with no option for treatment and supportive services in the community and end up homeless. Others relocate into board and care homes, where approximately 330,000 persons with mental illness nationally currently reside. However, most of these homes provide little privacy, have a limited scope of services, are not integrated into the community, and do not allow residents to exercise choice in their daily lives.[59]

SERVICE NEEDS FOR PERSONS WHO ARE ELDERLY

Aging and disability are not synonymous. However, advancing age is a risk factor for developing a disability or a chronic medical condition. Thus, in order to remain living independently in the community, many individuals who are elderly require the same services as persons with disabilities.

Ten million out of the nation's 26.2 million older households (38%) include at least one member with a disability and not surprisingly, disability rates are linked with age, affecting one in four households aged 65 to 74, rising to almost two-thirds of those 85+.[60] Additionally, the burden of chronic illness grows as a person ages, with nine out of ten Americans ages 75 and older reporting at least one, and more than 20% reporting five or more chronic illnesses.[61] The most frequently

reported chronic conditions are diagnosed arthritis (50%), uncontrolled hypertension (34%), and heart disease (32%).[62] As a result of these conditions, 12.9 million persons ages 65 and over were discharged from short stays in hospitals in 2007, which is three times the comparable rate for persons of all ages. Given higher rates of healthcare utilization, older persons incur higher healthcare costs; such expenditures can be burdensome. In fact, older consumers' out-of-pocket health care expenditures increased 49% from 2000 to 2010 and constituted 13.2% of their total expenditures, double the proportion spent by all consumers (6.6%).[63]

Beyond medical expenses, in 2009 about 10 million Americans living in the community needed long-term services and supports (LTSS), of whom more than half (5.2 million) were age 65 or older and 1.7 million were aged 85+. Those with LTSS needs comprised some 14% of the community-dwelling population age 65+ and 38% of those aged 85+. Medicaid paid $114 billion for LTSS in 2009, about 32% of Medicaid expenditures.[64]

In addition to national data, the DADS' overview of the status of older Texans found a high prevalence of chronic health conditions among Texans age 60 and over, with hypertension or high blood pressure (59%) and arthritis/rheumatism (51%) topping the list. The surveys found that 46% of respondents reported three or more chronic conditions. Additionally, poor physical health kept 31% of older Texans from performing ADLs for one day or more in the last month and 25% reported difficulty performing ADLs due to a chronic condition.[65]

NEEDS ARE GROWING

Addressing the needs of persons who are elderly and persons with disabilities for affordable housing and health-related and other services and supports is a pressing issue. The prevalence of these needs is only going to increase with the aging of the Baby Boomer generation. There is clear and undisputable data that the number of people over age 65 with ADL and IADL limitations is growing and will double by 2030. The National Council on Disability finds that 20% of people age 65 and over will require assistance with at least one ADL and by age 85, those requiring assistance rises to 50%. Additionally, it is estimated that from 2000 to 2050, the total number of persons who will need some type of long-term care will almost double—from 15 million to 27 million, assuming current patterns of care continue.[66] Of those, the majority will receive long-term care in the community rather than in institutions.

Thus, for persons who are elderly and persons with disabilities, the ability to remain living independently in the housing of their choice will continue to be a challenge. The following chapters of this Biennial Plan will seek to address these needs and develop thoughtful, innovative policy solutions for the state of Texas.

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CHAPTER 4: UNDERSTANDING LOCAL CAPACITY: THE 2011 PROVIDER CAPACITY SURVEY

PROVIDER CAPACITY SURVEY

Referenced as a next step for the Council in the 2010-2011 Biennial Plan was the outstanding statutory responsibility to "conduct a biennial evaluation regarding capacity of statewide long-term care providers and interest by housing developers in investing in service-enriched housing." The lack of capacity by local provider organizations was a barrier to service-enriched housing cited by stakeholders during the 2010 Public Forum Series. Therefore, in February 2011 the Policy & Barriers Committee met to craft a series of survey questions to provide both service and housing providers that would evaluate existing capacity for service-enriched housing as well as gauge interest in and obstacles to its creation.

The online Provider Capacity Survey was launched on March 4th 2011 and ran for six weeks until April 15th. The Council conducted broad outreach to advertise the survey and encourage participation. First, the property owners of all multifamily housing financed by TDHCA and TSAHC (approximately 1,800) were emailed an invitation. Next, state agency representatives from DADS, DARS, and DSHS sent electronic invitations to community-based service providers and persons subscribing to their online provider alerts, bulletins, newsletters, and listservs. Email invitations were also sent to all members of the public who attended the Council's 2010 Public Forum Series, as well as an additional group of stakeholder organization, including the Disability Policy Consortium, the state's Centers for Independent Living (CILs), the Texas Council of Community Centers, and the Southwestern Affordable Housing Management Association. Finally, the Forum was announced through TDHCA's email list and the Council's webpage.

A total of 349 organizations in Texas participated in the Provider Capacity Survey. Survey respondents consisted of 125 housing organizations (36%), 197 service organizations (56%) and 27 other organizations (8%). "Other" organizations consisted of entities that consider themselves primarily advocacy-based or academic in nature.

PROVIDER BACKGROUNDS

Housing Providers Captured by the Survey

For those respondents identifying as housing providers, the following table shows the range of organizational types:

Table 1: Types of Housing Providers

Housing Provider Type	Percent of Overall Housing Respondents
For profit Developer	15.2%
Non-profit Developer	30.4%
Property Management	36.0%
Public Housing Authority	9.6%
Government Entity	8.8%

For housing providers, a majority of respondents (81%) performed multifamily housing development activities. The housing providers used a variety of development patterns: less than half (44.9%) used fixed-site development patterns; slightly more than one quarter (26.5%) used scattered-site development patterns and almost one-third (28.6%) used both fixed-site and scattered-site development patterns. There was a strong commitment to provide affordable housing: a majority of housing respondents (78%) held portfolios in which 75%-100% of the units were affordable. Of those developments, approximately 73% were located in urban areas. While urban areas may be overrepresented in the survey, housing respondents were located in a wide range of locations across the state, providing a broad array of representation.

For the housing provider organizations, there was a sufficient mix of small (42%) and large (50%) development entities. Small was defined as an organization with fewer than 250 total units in their portfolio and large as an organization with over 250 total units in their portfolio. The most popular ownership structures for housing providers were self ownership (31%) and public-private partnership (28%).

Service Providers Captured by the Survey

For those respondents identifying as service providers, the following table shows the range of organizational types:

Table 2: Types of Service Providers

Service Provider Type	Percent of Overall Service Respondents
Provider of health-related services	45.2%
Provider of non-health-related services	45.7%
Government	4.6%
Information/Resource Center	4.6%

The vast majority of service respondents (94%) worked for a provider of services and supports, as compared to organizations that financed services and supports or organizations that made referrals to services and supports. This indicates that most of the service respondents had direct experience with providing community based services to persons in need. In addition, both large and small provider organizations were represented in the survey: 31% of service respondents had 10 staff or less; 38% had 11-75 staff; 31% had over 75 staff. Corresponding with the differences in staff size, the types of services provided and the number of clients handled by the service respondents varied greatly. Of the service respondents, 36% serve 0-100 persons a year; 38% serve 101-1,500 persons a year; and 26% serve over 1,500 persons a year.

Similarly to the housing providers, the service providers were located throughout the State, with main concentrations in greater Dallas/Fort Worth, Houston and Central Texas areas. The diverse assortment of locations achieved the desired impact of the survey, which was to gather input and insight from providers in a variety of geographies statewide.

CLIENT POPULATION

*Housing Respondents: Targeted Populations and Units Provided*

The majority of the housing respondents (60.9%) reported that they actively try to house persons with physical disabilities. Approximately 29.9% of housing respondents reported that they actively try to house homeless individuals and 28.7% reported that they actively try to house persons with intellectual or developmental disabilities.

While the targeted populations of providers were often similar, the housing respondents varied greatly on how many units were reserved for targeted populations. As seen in the chart and table below, the highest percent of providers used 75-100% of their units for targeted populations, but second highest percentage of providers used only 0-10% of their units for the targeted populations.

Table 3: Percent of Units in Housing Providers' Portfolio Provided to Targeted Populations

Percent of Units for Targeted Populations	Number of housing respondents	Percent of housing respondents
0-10% of units	28	33%
11-24% of units	8	10%
25-49% of units	6	7%
50-74% of units	8	10%
75-100% of units	34	41%

Chart 1: Percentage of Units in Housing Providers' Portfolios Provided to Targeted Populations
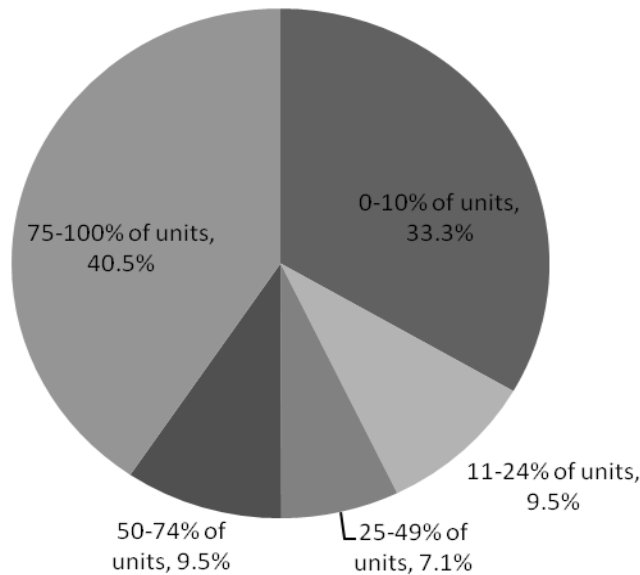
Housing respondents reported that most of the targeted residents had low to moderate incomes from 30-80% area median income (AMI) and that very few targeted residents had incomes at or below 15% AMI, as illustrated in the charts below.

Table 4: Percentage of Targeted Tenants That Have Incomes Between 30% and 80% AMI

Percent of Targeted Population with Incomes Between 30% to 80% of AMI	Number of housing respondents	Percent of housing respondents
0-10% of targeted population	12	15%
11-24% of targeted population	7	9%
25-49% of targeted population	5	6%
50-74% of targeted population	12	15%
75-100% of targeted population	46	56%

Table 5: Percentage of Targeted Residents That Have Incomes Below 15% AMI

Percent of Targeted Population with Incomes Lower than 15% AMI	Number of housing respondents	Percent of housing respondents
0-10% of targeted population	53	67%
11-24% of targeted population	9	11%
25-49% of targeted population	6	8%
50-74% of targeted population	5	6%
75-100% of targeted population	6	8%

Service Respondents: Targeted Populations and Types of Services

Most service respondents strived to work with individuals with intellectual or developmental disabilities (73.1%). Other populations that service respondents targeted were individuals with physical disabilities (56.9%), and individuals with mental illness and/or substance abuse disorders (56%). Other populations targeted by service providers included persons with HIV/AIDS, victims of domestic violence and/or sexual assault, and older persons.

The most frequent services provided by respondents was case management; independent living supports; and job/skills training, placement and supports. Service respondents also provided other psychiatric/counseling services, substance abuse treatment, and food/nutrition services. The least frequent service provided was preventative care services.

The majority of service respondents collect income data on over 75% of their clients. Of the service respondents that collect income data, almost half found that 75-100% of their clients have incomes below 150% of federal poverty level (see Table #6 below). When asked about the numbers of clients under 100% of federal poverty the distribution of answers varied: only 41.6% of service respondents stated over 75% of their clients were under this level, while 22.6% stated that only 0-10% of their clients were under this level (see Table #7 below).

Table 6: Percentage of Clients with Incomes at or Below 150% of the Federal Poverty Level

Percentage of clients with income at or below 150% of federal poverty guidelines	Number of service respondents	Percent of service respondents
0-10% of clients	14	10.2%
11-24% of clients	10	7.3%
25-49% of clients	18	13.1%
50-74% of clients	27	19.7%
75-100% of clients	68	49.6%

Table 7: Percentage of Clients with Incomes at or Below 100% of the Federal Poverty Level

Percentage of clients with income at or below 100% of federal poverty guidelines	Number of service respondents	Percent of service respondents
0-10% of clients	17	12.4%
11-24% of clients	14	10.2%
25-49% of clients	18	13.1%
50-74% of clients	31	22.6%
75-100% of clients	57	41.6%

FUNDING

Housing Respondents: Funding Sources for Housing Development and Operation

Half of housing respondents stated that their properties received public funding to provide rental subsidies. The most popular sources of funding were Section 8 Housing Assistance Payment (HAP) contracts, Project-Based Section 8 rental subsidy, and United States Department of Agriculture (USDA) Rural Development funding. Additionally, the majority of housing respondents (71.6%) indicated that their tenants received rental assistance that was not tied to the development. The most popular sources of rental assistance received by tenants were Section 8 Housing Choice Vouchers and tenant based rental assistance from the local public housing authority.

A majority (57.7%) of housing respondents reported the use of only one to two funding sources to develop housing for the targeted population. Over a third (36.6%) of respondents stated they used three to five funding sources, and only 5.6% used more than five sources.

Housing respondents were then asked to rate the frequency of use for their funding sources, on an adjusted scale where 1 was most frequently used and 5 was least frequently used (see Table #8 below).[1] The most frequently used funding sources for housing development were state government assistance (average score of 1.98) and local government assistance (average score of 2.19). The least frequently used sources for housing development were fundraising/charitable donations (average score of 3.39). The category "Other" included the development organization's own revenue sources.

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[1] Original scale in the survey was 1 (frequently used) to 8 (not frequently used). In order to compare frequency of use with importance of source, the frequency-of-use scale was adjusted to a maximum of 5 (e.g. the average ratings were multiplied by 0.625).

Housing respondents then rated the importance of their funding sources, on a scale of 1 to 5 where one is most important and 5 is least important (see Table #8 below). The most important funding sources to make a deal financially feasibility were state government assistance (average rating of 2.05) and federal government assistance (average rating of 2.21). The least important funding source was fundraising/charitable donations (average rating of 4.10). By analyzing the frequency and importance side-by-side, it is clear that state government funding is most frequently used and rated as most important. Unexpectedly, local funding sources were second-most frequently used but fourth place in importance. Fundraising/charitable donations were the least frequently used funding source and correspondingly the second-least important source of funding.

Table 8: Frequency of Funding Compared to Importance of Funding

Source of Funding for Housing Development	Frequency Average Rating (adjusted for scale of 1-5)	Importance Average Rating (scale of 1-5)
Federal Government	2.41	2.21
State Government	1.98	2.05
Local Government	2.19	2.73
Private Foundation or Corporation	2.76	3.45
Non-profit	3.03	3.41
Lending institution	2.26	2.66
Fundraising/Charitable Donations	3.39	4.10
Other	3.23	4.21

Chart 2: Frequency of Funding Compared to Importance of Funding for Housing Development
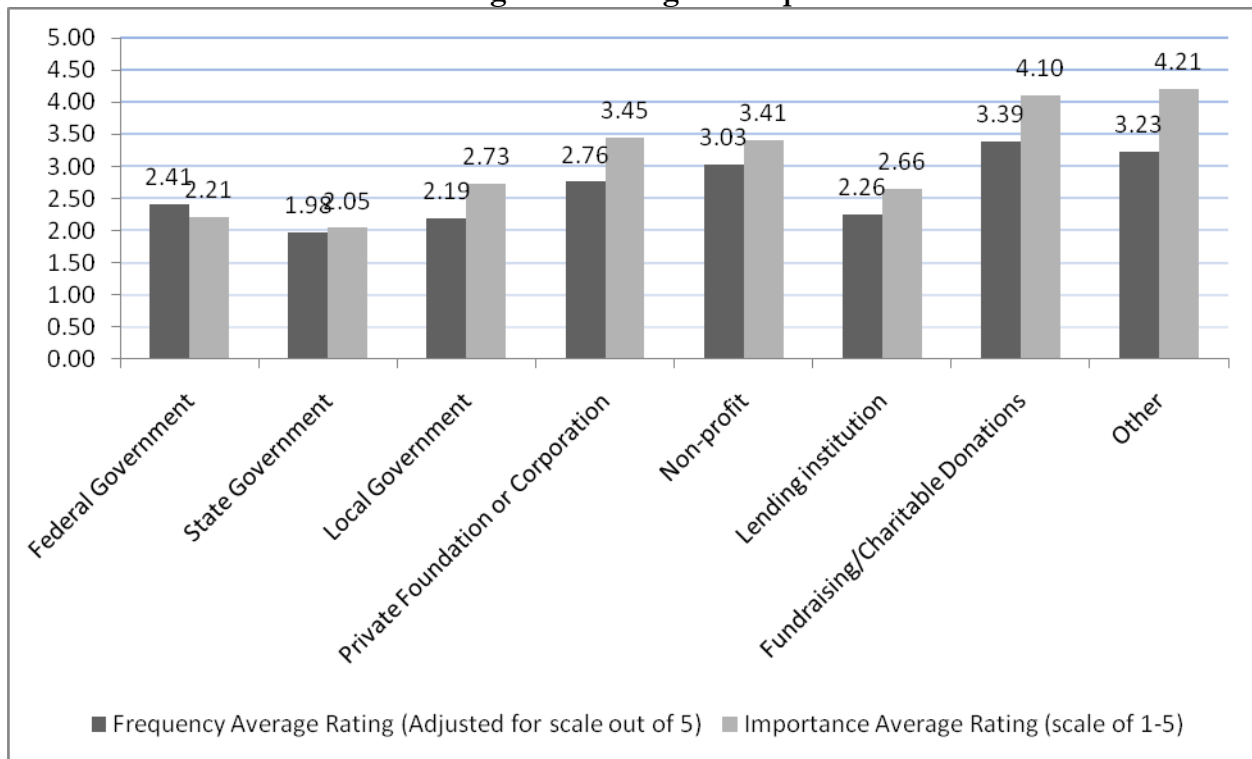
Housing Respondents: Housing Connected to Services

Of the housing respondents participating in the Provider Capacity Survey, 64.7% provided services to residents in their housing developments. These services were provided either on-site by the property management organization, on-site by a community partner, or off-site by a community partner. The most frequent services provided to residents were job/skills training, placement and supports and income stability/financial literacy education. The least frequent services provided to residents were medication management, personal attendant services for activities of daily living (ADLs), and home health services.

The percent of units in a housing development that received services were very evenly distributed. Of the housing providers, 34.0% responded that 0-24% of the units received services; 27.6% responded that 25-74% units received services and 38.3% responded that 75-100% of units received services. Additionally, different services led to different levels of staffing for those services. Home health services have the highest average number of staff, while transportation services have the lowest average number of staff.

Housing Respondents: Funding Sources for Resident Services

Those housing respondents who responded affirmatively to providing services to their residents were then asked an additional set of questions about the types of funding resources utilized for resident services. The majority of housing respondents (58.5%) used one to two sources of funding to provide services. Those housing respondents were asked to rate the frequency of use for their funding sources that provided services to residents, where 1 was most frequently used and 5 was least frequently used (see Table #9 below).[2] The most frequently used funding sources were federal government assistance (average score of 1.82) and non-profit funding (average score of 1.88). The least frequently used sources for services provided to residents were lending institutions (average score of 3.16). The category "other" included non-financial resources such as volunteer hours.

Housing respondents were then asked to rate the importance of their funding sources, where 1 was extremely important and 5 was not important (see Table #9 below). The most important funding sources for services provided to residents were federal government assistance (average rating of 2.26) and non-profit (average rating 2.60). The least important funding source was lending institutions (average rating of 4.00). By analyzing the frequency and importance side-by-side, it is clear that federal government funding is most frequently used and rated as most important. Lending institutions were the least frequently used funding source and correspondingly the least important source of funding.

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[2] Original scale in the survey was 1 (frequently used) to 8 (not frequently used). In order to compare frequency of use with importance of source, the frequency-of-use scale was adjusted to a maximum of 5 (e.g. the average ratings were multiplied by 0.625).

Table 9: Frequency of Funding Compared to Importance of Funding for Resident Services

Type of Funding for Services to Residents	Frequency Average Rating (adjusted for scale of 1-5)	Importance Average Rating (scale of 1-5)
Federal Government	1.82	2.26
State Government	2.02	2.74
Local Government	2.61	3.13
Private Foundation or Corporate	2.94	3.21
Non-profit	1.88	2.60
Lending Institution	3.16	4.00
Fundraising/Charitable Donations	2.77	3.28
Other	2.33	3.00

Chart 3: Frequency of Funding Compared to Importance of Funding for Resident Services
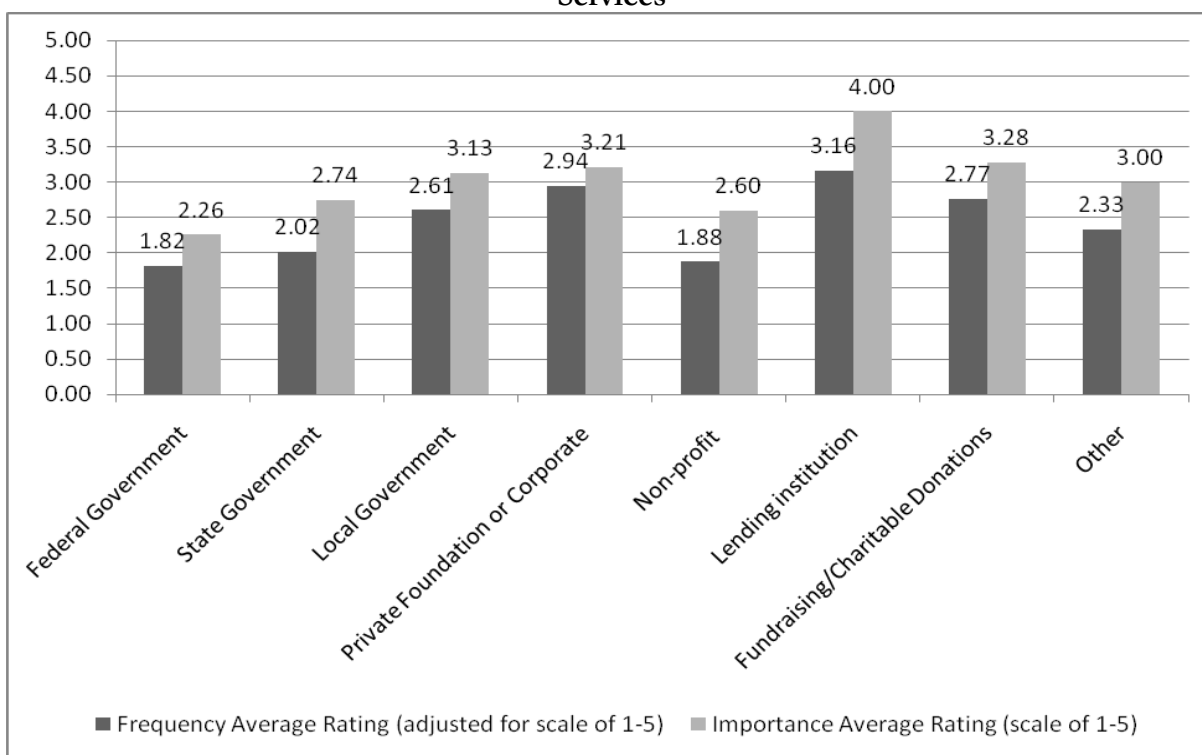
Service Respondents: Funding Sources for Supportive Services

Service providers were also asked about the funding resources utilized to provide community based supportive services. Over half (58.5%) of service respondents used one to two sources of funding to provide services. Service respondents were asked to rate the frequency of use for their funding sources, where 1 was most frequently used and 5 was least frequently used (see Table #10 below). [3] The most frequently used funding sources were state government assistance (average rating of 1.47)

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[3] Original scale in the survey was 1 (frequently used) to 8 (not frequently used). In order to compare frequency of use with importance of source, the frequency-of-use scale was adjusted to a maximum of 5 (e.g. the average ratings were multiplied by 0.625).

and federal government assistance (average rating 2.20). The least frequently used were lending institutions (average rating of 3.58) and private foundation or corporate funding (average rating of 2.99).

Service respondents were then asked to rate the importance of their funding sources, where 1 was most frequently used and 5 was least frequently used (see Table 10 below). The most important funding sources for supportive services were state government assistance (average rating of 1.27) and federal government assistance (average rating of 1.76). The least important were lending institutions (average rating of 4.04) and non-profit funding (average rating of 2.93).

Table 10: Frequency of Funding Compared to Importance of Funding for Services

Types of funding for services	Frequency Average Rating (adjusted for scale of 1-5)	Importance Average Rating (scale of 1-5)
Federal Government assistance (ex - Older Americans Act Title III, SAMSHA, CMS, etc.)	2.20	1.76
State Government assistance (ex - DADS, DARS, DSHS, etc)	1.47	1.27
Local Government assistance	2.64	2.71
Private Foundation or Corporate funding	2.99	2.91
Non-profit funding	2.76	2.93
Lending institution funding	3.58	4.04
Fundraising/Charitable Donations	2.84	2.92
Other	2.28	2.80

Chart 4: Frequency of Funding Compared to Importance of Funding for Services
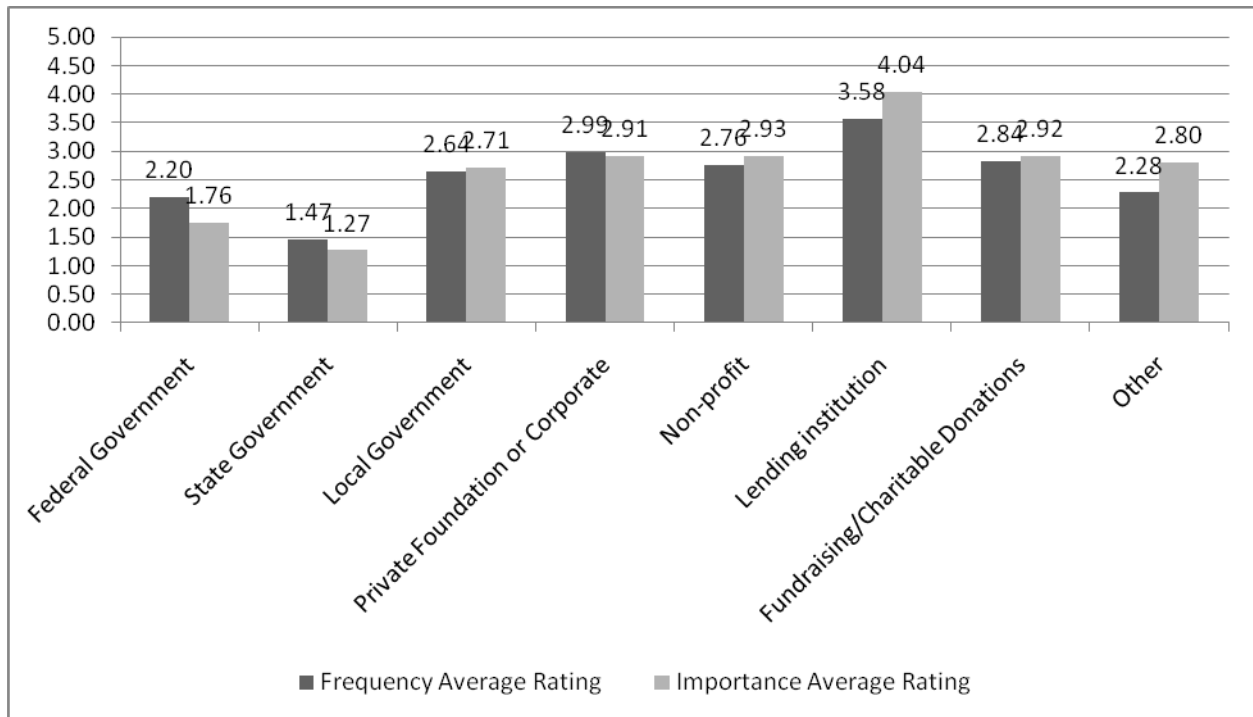
The majority of service respondents listed the following types of assistance received by their clients: Medicaid services (89% of clients), Supplemental Security Income (89% of clients), and Social Security Disability Income (73% of clients). Other types of assistance used by clients included Medicare, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF), and Veterans Benefits.

Service Respondents: Services Connected to Housing

The majority (62.3%) of service respondents stated that their organization makes referrals to community-based residential housing options. Approximately half of service respondents had a working relationship with a local housing provider, and a majority had relationship with local public housing authority. Others partners for service respondents were local mental health authorities, transitional housing providers, or permanent supportive housing providers.

According to the service respondents, 73.9% of respondents had clients who lived in private homes followed by 51.0% of respondents who had clients living in subsidized rental property and 50.3% of respondents who had clients living in public housing. Only 7.0% of respondents provide services to clients in institutional living facilities (nursing homes). It should be noted that 26.1% of respondents reported that their clients included homeless individuals. Finally, approximately half of the service respondents indicated that they provide their services both at their organization's location and the location of the client.

OBSTACLES TO DEVELOPING SERVICE ENRICHED HOUSING

Housing respondents that do not currently provide services to their residents were asked to rank the frequent obstacles to service-enriched housing on a scale of 1 (most frequently encountered obstacle) to 7 (least frequently encountered obstacle). Results can be seen in Table #11 below. For 'housing only' respondents, the most frequent obstacles to developing service-enriched housing were complicated funding rules and regulations (average rating of 2.56) and lack of funding resource to provide services and supports (average rating of 2.93). The least frequent obstacles were community opposition (average rating of 4.64) and tenancy barriers (average rating of 3.86).

Housing respondents who do currently provide services to their residents were also asked to rank the frequent obstacles to service-enriched housing on the same scale. Results can be seen in Table #11 below. For 'housing plus services' respondents, the most frequent obstacles to developing service-enriched housing were lack of funding resource to provide services and supports (average rating of 3.06) and lack of funding resources to subsidize rent (average rating of 3.48). Similar to the 'housing-only' respondents, the least frequent obstacles were community opposition (average rating of 3.84) and tenancy barriers (average rating of 4.46).

By comparing the frequency and importance side-by-side, it becomes apparent that lack of funding resources to provide services and supports to tenants was encountered with high frequency by both types of housing providers and community opposition was encountered with low frequency by both providers by both providers.

Table 11: Obstacles to Developing Service-Enriched Housing

Obstacles to service-enriched housing	Rating Avg. of Frequency for 'Housing-Only' Respondents	Rating Avg. of Frequency for 'Housing Plus Services' Respondents
Community opposition (Not in My Back Yard [NIMBY]-ism)	4.64	3.84
Lack of funding resources to subsidize rent	3.53	3.48
Lack of funding resource to provide services and supports (including administrative expenses to operate services)	2.93	3.06
Tenancy barriers for targeted population (i.e., restrictions on serving individuals with criminal history)	3.86	4.46
Conflicting requirements for layering multiple funding sources	3.64	3.81
Complicated funding rules and regulations	2.56	3.62
Other	4.75	4.86

Chart 5: Obstacles to Developing Service-Enriched Housing
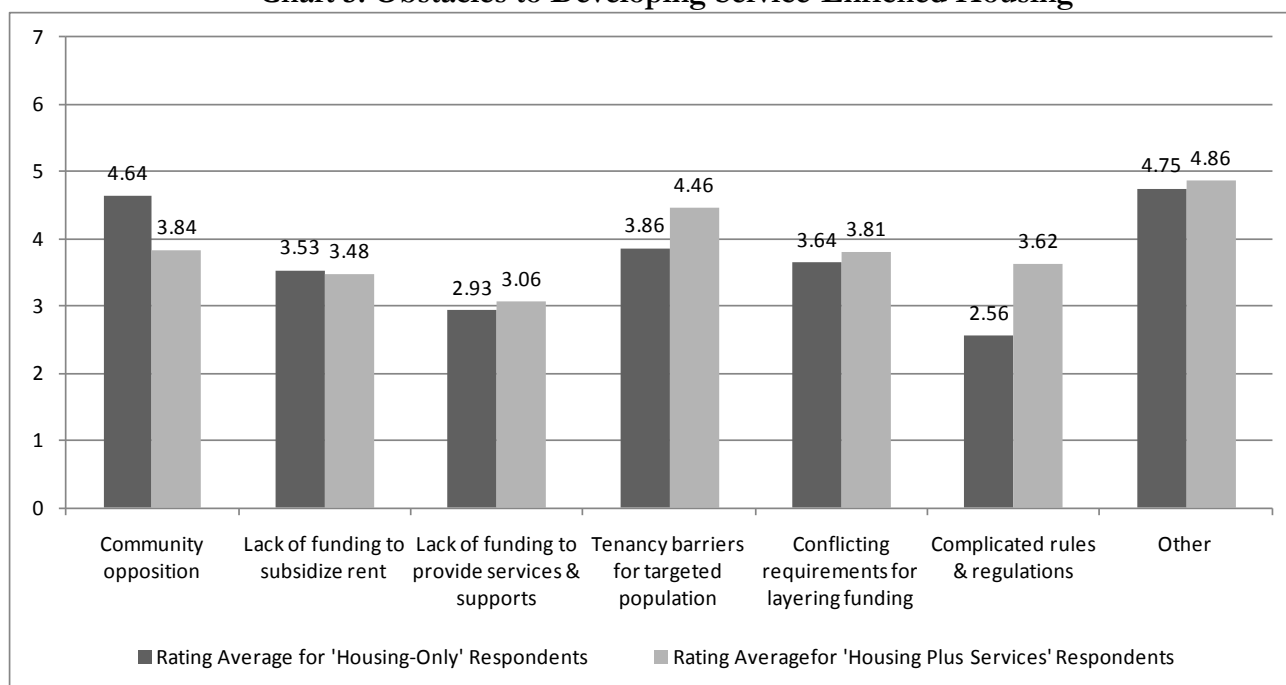
When asked what methods were useful to overcome obstacles to service-enriched housing, housing respondents' answers coalesced into three main categories. First, respondents highlighted how important it is to establish formal partnerships with outside service providers, citing the need to undertake focused networking and relationship-building efforts. Second, respondents stated that developing robust, consistent communication with the surrounding community was critical to avoiding neighborhood opposition and cited education, outreach, and coalition-building efforts with the community as powerful tools of communication. The third method for overcoming obstacles to service-enriched housing was to get creative when financing the development and/or operation of

such housing by diversifying resources to layer into a project and engaging in substantial fundraising efforts.

OBSTACLES TO COMMUNITY BASED SERVICE PROVISION

Service provider respondents were also asked to rank the obstacles they have experienced when providing community-based services and supports to a targeted population on a scale of 1 (most frequently encountered obstacle) to 8 (least frequently encountered obstacle). Results can be seen in Table #11 below. The most frequent obstacles to providing services and supports were lack of funding resource to provide services and supports (average rating of 2.41) and eligibility restrictions (average rating of 3.75). The least frequent obstacles were language barriers to service provision (average rating of 5.62) and cultural barriers to service provision (average rating of 5.40).

Table 12: Obstacles to Providing Community-Based Services & Supports

Obstacles to Providing Community-Based Services & Supports	Rating Avg. of Frequency for Service Provider Respondents
Eligibility restrictions	4.64
Lack of funding resource to provide services and supports (including administrative expenses)	3.53
Conflicting requirements for layering multiple funding sources	2.93
Complex funding rules and regulations	3.86
Community's lack of awareness of available local service provision	3.64
Cultural barriers to service provision	2.56
Other	4.75

When asked what methods were used to overcome obstacles to providing community based services and supports to a targeted population, service providers gave responses in four main categories. The first method is to establish partnerships, coalitions, or collaborative with local and state government, housing providers and other service organizations. The second method is to provide ongoing community outreach, and advocacy to educate the public about the availability of services and to avoid community opposition. The third method is to find creative ways for overcoming a limited budget, such as applying for a wide variety of grant opportunities, utilizing volunteers, and conducting extensive fundraising. Finally, the last method stated for overcome obstacles was applying effective case management practices, to ensure quality and efficient provision of or referral to services and supports.

Finally, service provider respondents were also asked the question, "What does your organization perceive to be the greatest obstacle that these clients have to living in community based residential housing?" The biggest obstacles perceived by local service providers are availability and affordability. In terms of availability, many respondents cited long waiting lists for subsidized housing, often with no options for supportive services and no options that will accept certain special needs populations. In terms of affordability, respondents stated that local affordable housing stock often has income requirements above what persons living at or below 30% of AMI can afford and does not have rental subsidies available. Additionally, respondents also mentioned problems with the affordability of services, citing a lack of funding for needed services to be provided in community settings.

COMPARING RESULTS

When comparing result provided by housing respondents to those provided by service respondents, several differences highlight the possibility of additional barriers to the provision of affordable housing with linkages to services and supports. When observing the frequency of funding sources utilized for housing and services, federal funding was most frequently utilized by housing organizations to provide services to residents, but third-most frequently utilized by service providers and fourth-most frequently utilized for housing development. State government assistance was very frequently used in all categories, ranking either first or second. Fundraising/charitable donations were not frequently used for housing development, but second-most and third-most frequently used to provide services. The distinctions in utilization rates raise further questions as to the availability of each source, the ease at which it is accessed, the amount of funding award provided to each recipient, how public policies guiding these sources may create restrictions or prioritizations, etc.

Table 13: Types of Funding By Frequency

Type of Funding	Frequency Average Rating for Housing Development	Frequency Average Rating for Services to Residents Provided by Housing Entity	Frequency Average Rating for Service Providers
Federal Government	2.41	1.82	2.20
State Government	1.98	2.02	1.47
Local Government	2.19	2.61	2.64
Private Foundation or Corporation	2.76	2.94	2.99
Non-profit	3.03	1.88	2.76
Lending institution	2.26	3.16	3.58
Fundraising/Charitable Donations	3.39	2.77	2.84
Other	3.23	2.33	2.28

Further distinctions arise when comparing the importance of funding sources for housing development and service provision. The importance of fundraising and charitable donations was cited as moderately important to service providers but much less important for housing development efforts. Additionally, private foundations, corporate funding source and non-profit funding sources were also found to be more important service provision than for housing development. In contrast, state government assistance and financing from lending institutions were more important to housing providers when developing a property than for providing services to residents of this property. Such findings highlight the breadth of knowledge and experience required when seeking to provide affordable housing with linkages to services and supports, as so many differing funding sources must be obtained and coalesced into a single financing and operating structure.

Table 14: Types of Funding By Importance

Type of Funding	Importance Average Rating for Housing Development	Importance Average Rating for Services to Residents Provided by Housing Entity	Importance Average Rating for Service Providers
Federal Government	2.21	2.26	1.76
State Government	2.05	2.74	1.27
Local Government	2.73	3.13	2.71
Private Foundation or Corporate	3.45	3.21	2.91
Non-profit	3.41	2.60	2.93
Lending institution	2.66	4.00	4.04
Fundraising/Charitable Donations	4.10	3.28	2.92
Other	4.21	3.00	2.80

APPLYING THE RESULTS

The Provider Capacity Survey gives the Council a greater understanding of the existing capacity for service-enriched housing in Texas and the ways in which housing providers and service providers attempt to serve persons with disabilities and persons who are elderly. Additionally, for those housing providers who do not currently offer the provision of on-site or off-site services, these respondents were asked if they would be interested in pursuing service-enriched housing development. Approximately 51.6% of these housing respondents indicated they were either interested or extremely interested in pursuing a service-enriched housing development, sending the Council a clear message that providers' willingness to engage in service-enriched housing is strong, as long as certain barriers can be overcome.

In that vein, the Provider Capacity Survey also assisted the Council in its efforts to identify barriers preventing or slowing service-enriched housing efforts. Survey results revealed that developers often struggle with locating and accessing funding sources for both housing development and service provision, given the regulatory complexities of layering multiple financing resources. This finding, along with the statutory requirement to study the financial feasibility of service-enriched housing projects led to the Council's next undertaking, which was to assess the housing development finance models utilized by best practice developers throughout Texas. The results of this effort are provided in the next chapter.

CHAPTER 5: TEXAS BEST PRACTICE CASE STUDIES: HOUSING DEVELOPMENT FINANCE MODELS FOR SERVICE-ENRICHED HOUSING

BACKGROUND

One of the Council's on-going statutory responsibilities is to create a financial feasibility model that assists in making a preliminary determination of the financial viability of proposed service-enriched housing projects. In order to accomplish this task, Council staff embarked on a series of interviews of successful service-enriched housing developers throughout Texas, to gain a clear understanding of how these organizations structured the financing on each property. The Council sought to get a wide variety of perspectives from for-profit developers, non-profit developers, and foundations producing service-enriched housing in urban and rural areas of the state.

From May 19th, 2011 through August 1st, 2011, Council staff conducted eight interviews with nine housing entities, listed in the order in which they were interviewed: Easter Seals Central Texas (Easter Seals), Foundation Communities, Green Doors, DMA Companies (DMA), Samaritan House, New Hope Housing, Inc. (New Hope), Hamilton Valley Management, the Texas Housing Foundation, and the Cesar Chavez Foundation (Chavez Foundation). Simultaneously, staff reviewed TDHCA underwriting reports for successful multifamily deals with a service component. Staff also conducted a literature review on best practices for housing development, service-enriched housing and financing strategies. Using both research and housing provider interviews, Council staff crafted this chapter, which seeks to provide insight into the essential components of the development financing process for creating service-enriched housing.

THE ORGANIZATIONS

Cesar Chavez Foundation (Chavez Foundation): Established in 1993, the Cesar E. Chavez Foundation is a national non-profit organization providing assistance to disadvantaged communities in seven states. The Foundation built, renovated, and manages 4,300 units of high quality affordable housing. In Texas the Chavez Foundation focuses its development efforts primarily in the Rio Grande Valley.

DMA Companies (DMA): DMA Companies is a national for-profit organization providing development consulting services to developers seeking to build or rehabilitate affordable housing, develop affordable housing in small cities and rural communities, and provide property management services. Council staff spoke to DMA in depth regarding its senior developments in small communities.

Easter Seals Central Texas (Easter Seals): In 2010, two non-profit organizations with a mission to service the unique needs of persons with disabilities, United Cerebral Palsy of Texas and Easter Seals Central Texas, combined efforts and the expanded Easter Seals Central Texas organization now includes a Community and Housing Services (CHS) Department. CHS assist individuals with disabilities and their families in finding affordable and accessible housing, including the acquisition and rehabilitation of multifamily rental units.

Foundation Communities: Began in the early 1980s as the Austin Community Neighborhood Trust, Foundation Communities is a nonprofit organization developing and managing service-enriched, high-quality affordable housing to low-income individuals in Austin and North Texas.

Green Doors: Founded in 1990, Green Doors is a nonprofit organization whose mission is to prevent and end homelessness and poverty by developing and managing affordable housing and providing access to supportive services for Central Texans.

Hamilton Valley Management: Founded in 1981, Hamilton Valley Management is a for-profit development and management company, specializing in affordable multi-family housing in rural Texas.

New Hope Housing, Inc. (New Hope): Founded in 1993 with the core purpose to create life-stabilizing affordable apartment homes for adults who live singly on limited incomes, New Hope is a non-profit organization whose current goal is to develop and operate approximately 1,000 supportive single room occupancy (SRO) units throughout metropolitan Houston.

Samaritan House: Established in 1991, Samaritan House is a non-profit organization whose mission is to create supportive communities, providing housing and resources for persons living with HIV/AIDS and other special needs.

Texas Housing Foundation: The Texas Housing Foundation is a development and management organization whose mission is to promote adequate, affordable housing, economic opportunity, and a suitable living environment for low-income families. Additionally, the Foundation's Community Resource Centers provide delivery of social and public health services to qualified residents throughout their service area.

THE DEVELOPMENT PROCESS: WHAT TO CONSIDER

When an organization considers developing and administering service-enriched housing, there are numerous factors that influence the decision to move forward. Throughout the eight interviews conducted by Council staff, a number of key issues continually arose with each housing provider concerning the development process that a provider undertakes. Considerations include site selection, ownership structure, layering of funding sources, provision of services and more. For each decision, the developer must weigh the sometimes competing priorities of meeting government rules and regulations, assuring financiers, appeasing local community organizations, and staying true to the mission of serving low income households with supportive service needs.

Housing and service entities should be encouraged by the nine organizations detailed in this report. Although they vary wildly in the funding sources utilized, type of development undertaken, and populations served, all organizations have successfully served low income special needs populations while maintaining financial solvency. These organizations can serve as potential examples for other housing providers for how to successfully navigate the maze of the service-enriched housing development process.[4]

DEVELOPMENT ACTIVITY

One of the very first decisions that our interviewees made when contemplating service-enriched housing development was whether to pursue the construction of a new property or the acquisition and rehabilitation of an existing one. Interviewees gave advantages and disadvantages of each of these development activities. New Hope, Foundation Communities, Easter Seals, Green Doors, and Samaritan House have all undertaken rehabilitation projects. New Hope prefers new construction over rehabilitation due to the ability of the developer to design and build to suit the precise needs of the tenants. Past experience dictates that New Hope tends not to pursue rehabilitation projects given the possible negative aspects of the property that are unknown at the time of purchase and could be very costly. Foundation Communities realized it had to be selective with the types of properties it purchased for rehabilitation, preferring to purchase extended-stay hotels over nursing homes due to differing design features. Whereas nursing homes are typically constructed with shared facilities, extended-stay hotel rooms are already designed as efficiency units with kitchenettes, making the conversion to single room occupancy (SRO) units much easier and less expensive.

The high cost associated with constructing or rehabilitating a sizable multifamily property typically means that a developer must focus on funding sources that provide large award amounts. These funding sources, such as Housing Tax Credits (HTCs), administered by the Texas Department of Housing and Community Affairs (TDHCA), and the U.S. Department of Housing and Urban Development's (HUD) Section 202 or Section 811 program funding, come with their own complications:

- Easter Seals and Foundation Communities mentioned the high costs associated both with applying for HTCs (application fees, consultant fees, closing costs) and maintaining a HTC property (annual compliance costs, auditing costs, etc);

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[4] It should be noted that many of the housing providers interviewed develop housing for all low income populations, and not solely for special needs populations. Many of the developments referenced within this report provide housing to both special needs tenants as well as non-special needs tenants and being an individual with a special need is not a requirement for residency.

- Samaritan House referenced that the level of leasing paperwork associated with HTCs requires a great deal of property management staff time;
- Green Doors and Easter Seals mentioned that the HTC program is highly competitive; therefore an organization runs the risk of investing a large amount of funding into a project's pre-development costs with no guarantee of receiving funding.

Easter Seals, DMA, and the Chavez Foundation also mentioned the onerous restrictions placed on the usage of HUD's Section 202 and Section 811 funding as well as a long list of HUD regulations that one must comply with (i.e. – use of rental income, replacement reserves budgeting, per unit management fees, etc). For example, interviewees referenced not being able to use Section 202 or Section 811 funding for amenities like washers, dryers, and dishwashers, therefore developers must secure additional funding both to purchase these amenities and to perform on-going maintenance.

As a hybrid between new construction and acquisition of existing property, Easter Seals pursues a development model where it purchases a set number of units within a condominium property that is still in the pre-development stage. Easter Seals approaches the developer prior to construction, purchases the units, and works with the developer to design those units to fit the needs of Easter Seals' tenants. Varying from the other housing providers interviewed, Easter Seals does not own the entire property, just the units acquired.

New Hope utilized Housing Tax Credits to transform the former HouTex Inn into Brays Crossing, a 149 unit SRO property with a distinct public art component. Brays Crossing opened in February 2010, just south of downtown Houston.

OWNERSHIP STRUCTURE & AFFORDABILITY PERIOD

Many interviewees mentioned ownership negotiations that take place when crafting service-enriched housing deals. Foundation Communities, New Hope, and Easter Seals all create distinct oversight bodies for each of their properties and transfer ownership of the property to each individual oversight body after purchase. All properties share the same governing board and contract with their founding entity (Foundation Communities/Easter Seals) for property management services. This ownership structure is undertaken by Easter Seals because HUD requires each Section 811 funded property to be owned by a separate 501(c)(3) non-profit organization. Additionally, Foundation Communities and Easter Seals both consolidate all related oversight entities for financial auditing purposes, rather than conducting separate audits of each property's oversight body. The only exception is Foundation Communities' HTC properties, which require separate audits.

Another factor influencing ownership structure is the ways in which developers can forgo property taxes, which can be a major budget item and influence the financial feasibility of a development deal. One method is to pursue funding sources that provide tax exemption, such as the Section 202 and Section 811 programs. A second option is to partner with tax exempt entities, such as Community Housing Development Organizations (CHDOs) or Housing Finance Corporations (HFCs). For example, DMA partnered with tax-exempt Habitat for Humanity on a HTC deal. Additionally, Foundation Communities' Garden Terrace and Skyline Terrace both have CHDO status, as does Samaritan House. Finally, a third option is to ground lease the property to a public or tax exempt entity, which Foundation Communities' utilized for Spring Terrace, with the City of Austin holding a 99 year ground lease on the property, as well as for Arbor Terrace, with the Austin HFC holding the lease.

Finally, as owners of affordable housing properties, interviewees are also aware of the affordability requirements of the various development funding sources. HTCs have a 15 year affordability period, but TDHCA offers scoring incentives to those developers who increase affordability to 40 years. Section 202 and Section 811 funded properties have 40 year affordability periods. The longest affordability given was 99 years. DMA received City of Austin General Obligation (GO) bonds on its Wildflower Terrace property in exchange for a 99 year affordability period. Additionally, Foundation Communities' properties owned by the City of Austin and Austin HFC also have 99 year affordability periods.

Located in North Austin, Spring Terrace offers 140 furnished SRO apartments with on-site services and a secure entrance. Residential services include: adult education classes, an education savings program, money management classes, free tax preparation, financial stability programs, a food pantry, referral to community services, case management, and free off-site counseling services.

DEVELOPMENT TIMING & SITE CONTROL

In order to develop service-enriched housing, interviewees had to exercise a great deal of patience. Applying for state and federal government funding sources is a lengthy process. Assembling multiple funding sources, which is typical for a service-enriched housing project, can take years. Aside from funding, additional timing issues include ability to negotiate and maintain site control, negotiating purchase, receiving building permits and environmental review clearance, and locating service partners. Many of these steps occur simultaneously.

Housing development programs associated with HUD (HOME, Section 8 moderate rehab, Section 202/811, Neighborhood Stabilization Program (NSP)), Federal Home Loan Bank (FHLB), and the HTC program all require an applicant for funding to prove site control for the location they are proposing to develop or rehab. This first step of getting the property under contract requires developers to either have pre-development funding on hand or raise funds fairly quickly. Most interviewees utilized funding from foundations, private fundraising, or NeighborWorks America. Examples from Samaritan House and Foundation Communities regarding negotiations for this pre-development funding process indicate it can last between two and six months.

Once obtaining site control, interviewees pointed out that from the time from application submission to funding award may be 8 to 12 months. Given this fact, it is either important to have a patient seller, as stated by the Chavez Foundation, or be willing to pay above market pricing on the property in order for the seller to hold it for you, as DMA stated. Some interviewees cited the time it takes to move through the application and award process as the biggest obstacle they encountered, due to the expense of maintaining site control without knowing whether or not the development has received funding.

During this 8 to 12 month period, interviewees were simultaneously putting together the additional capital and operating funding. For example, directly after Foundation Communities closed on the sale of their Garden Terrace property in 2001, they managed to submit funding applications to the FHLB, City of Austin HOME Program, City of Austin CDBG Program, TDHCA HOME Program, and Travis County all at the same time. Additionally, interviewees such as New Hope stated that such elongated timelines mean that they have multiple proposed deals in the pipeline at one time, in different phases of the pre-development and development process. For example, as New Hope was breaking ground on their 4415 Perry property, which received 2010 HTCs, it was simultaneously applying for 2011 HTCs, as well as conducting research on possible property locations for the 2012 HTC cycle.

PROPERTY LOCATION & COMMUNITY OPPOSITION

Suitably locating a service-enriched housing development is a very meticulous process. Developers want their properties to be in close proximity to the amenities required by their tenants, but they also have to be mindful of potential obstacles of a given location, particularly whether or not the surrounding community will accept the placement of affordable housing for persons with special needs.

All of the interviewees touched on the importance of location for their properties, but there was a distinct separation between urban developers and rural developers. First and foremost, many urban developers were quick to mention the importance of proximity to public transportation. Easter Seals pointed out that HUD has recently included proximity to transit as part of the scoring structure for awarding Section 811 funding. Additional location-based features, such as inexpensive land, low crime rate, availability of jobs, low foreclosure rates, and nearness of schools, hospitals, churches, banks, pharmacies and grocery stores all factor into where an urban property is sited. In contrast, rural areas of Texas often do not have the capacity for many amenities or those amenities are separated by large distances. Therefore, as the Cesar Chavez Foundation realized, its largest location-based issues involved infrastructure, such as water and sewer lines, paved roads, and access to an electrical grid. Locations lacking infrastructure faced larger barriers to development, because such infrastructure components are difficult to produce and costly to implement. Additionally, not many funding sources are flexible enough to be used for infrastructure purposes.

Beyond a proximity to needed amenities, interviewees also had to tackle the issue of possibly locating in an area with community opposition. Many developers had potential deals fall through due to the consequences of a Not In My Back Yard (NIMBY) mentality, with Foundation Communities and Green Doors citing supportive housing for special needs populations as receiving particularly strong opposition. For example, in 2009 Samaritan House located a site in the western portion of Fort Worth and lined up multiple funding sources from HUD and the City to tear down a vacated motel and construct a service-enriched property. However, community organizers

opposing the projects took their concerns to several media outlets and soon Samaritan House was forced to abandon the project, withdraw their application for 2010 HTCs, and return their HUD funding. Similarly, in 2008 Green Doors applied for HTCs on a property in the Austin area and also put in a zoning change request to the City. Although they resolved the zoning issue, the surrounding community submitted letters of opposition to TDHCA, which effectively killed the deal.

Interviewees have found many ways of overcoming community opposition. Both Foundation Communities and New Hope discussed how extensive community outreach efforts early in the process aided in their ability to persuade neighborhoods to support service-enriched housing development. Foundation Communities discussed working with local neighborhood associations to garner City support for zoning changes. New Hope discussed approaching community members as soon as they have site control of the property, long before applying for project funding. For one New Hope development, it took eighteen months to gain neighborhood support, which was ultimately achieved through the creation of an architectural advisory committee comprised of local residents, allowing them input in the development process.

Additionally, it should be noted that interviewees who have developed properties exclusively for seniors, such as DMA, or developed properties in rural locations, such as the Texas Housing Foundation and the Caesar Chavez Foundation, have not encountered community opposition to those properties.

PARTNERING WITH PRIVATE LENDERS AND TAX CREDIT SYNDICATORS

Interviewees touched on the complexities of choosing to take on debt from private lending institutions for a service-enriched housing development for low income households. Green Doors and New Hope state that operating a debt-free property allows for lower operating expenses and assists in maintaining low rents, which allows the developer to serve those at lower income levels. Additionally, New Hope mentioned that if it was required to make monthly payments on a loan, it would not have enough funding remaining to pay for expenses associated with maintenance and repair. Green Doors and Samaritan House have in fact pursued private loans in order to fill the gap between funding raised and total development costs. Foundation Communities also received an interim bank loan on Skyline Terrace, which it paid off upon receipt of HOME and HTC funding. On the other hand, the Caesar Chavez Foundation finds it important to take on debt, in order to send a message to financiers and the development community that the organization is willing to maintain an on-going investment in the property.

Located in South Central Austin, Skyline Terrace offers furnished efficiency apartments with on-site services and a secure entrance.

Another circumstance in which these developers interact with private lenders is through the HTC program. Interviewees pursuing HTC have to prove the viability of their properties, showing lenders that they will receive a return on their investment, and gaining the trust of syndicators and lenders

can take time. Both the Texas Housing Foundation and Green Doors cited needing a long track record of success as a housing developer, in order to make syndicators and investors comfortable with housing individuals with special needs and comfortable with the provision of supportive services. Texas Housing Foundation stated that this is particularly true for rural areas. Investors tend to pursue large properties (over 50 units) in urban areas, seeing those as safer investments, so developers must work harder to prove the viability of smaller developments in small communities. This was less of a concern for the Caesar Chavez Foundation, which is a national organization with a large endowment, but it also conceded that investors are less comfortable with smaller developments, due to tighter underwriting standards.

Foundation Communities stated that syndicators tend to view the financial soundness of the developer as a guarantee that the developer has the means to keep the property afloat, which helps to build their trust. Green Doors also mentioned that developers can gain an investor's trust by proving that they have already lined up rental subsidies and service providers for lower income tenants. Interviewees also stated that once a housing provider establishes a relationship with a syndicator and that syndicator understands the type of housing being developed, it has proven helpful in lining up investors.

<div align="center">

PARTNERING WITH SERVICE PROVIDERS

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The majority of housing providers interviewed stated that services provided to their residents, whether on-site or off-site, were in a large part provided by outside service entities. Given that many housing funding sources do not allow service provision as part of the operating budget, it is difficult to maintain services without partnerships. These partnerships vary depending on the particular needs of the tenants, and generally each housing provider partners with multiple service providers. For example, given that Samaritan House works with persons living with HIV/AIDS and persons with mental illness and/or chemical dependency, they partner with the HIV Planning Council, AIDS Outreach Center, Tarrant County Homeless Coalition, Homeward Bound, and Mental Health Mental Retardation Tarrant County (MHMRTC).

Facilitating partnerships with service providers was cited by multiple interviewees as a challenging and gradual process, which many times does not come together until the very end of the development timeline, after construction is underway or even completed. Particularly when entering into a Memorandum of Understanding (MOU) with service partners, New Hope cited the importance of cultivating personal relationships with service partners, given the need for the relationship to endure throughout the life of the property, as well as an interest in meeting specific standards of care. New Hope noted that partnership cultivation can be a time consuming process, as many discussions must be had surrounding staffing, on-site space and other logistics.

Certain funding providers, such as HUD, SAMHSA, and FHLB require housing developers to provide letters of support from partner service organizations, and HUD now requires an even more formal proof of partnership, such as MOUs. For example, Easter Seals enters into MOUs with Austin/Travis County Integral Care (ATCIC) and Austin Resource Center for Independent Living (ARCIL) for its Section 811 grant applications. Other funding sources, such as the US Department of Veterans Affairs, will not enter into MOUs for service programs, such as the HUD- Veterans Affairs Supportive Housing (VASH) Program. Easter Seals finds it more difficult to prove service provision to HUD when service utilization by tenants is completely voluntary. Green Doors also cited the difficulty in proving service partnerships when applying for housing funding, as service

partners are also applying for service funding and unsure if they will be awarded. New Hope echoed this sentiment, stating that many times the funding schedules for housing and services do not overlap, so scenarios arise where a service grant is submitted that reserves a certain number of housing units, but construction is complete before the grant is awarded, thus costing the developer money to hold open these reserved units.

Many interviewees discussed the features of providing on-site services versus off-site. For rural locations, service providers are too far away for tenants to travel to and most service organizations cannot afford to open locations in rural areas. Therefore, rural developers such as the Texas Housing Foundation and the Caesar Chavez Foundation provide service entities with on-site office space. Texas Housing Foundation has actually used income from developing HTCs properties to create Community Resource Centers (CRCs) in Burnet, Llano, and Williamson County, signing MOUs with service organizations to provide free office space in exchange for the provision of services to tenants of its developments as well as the public at large. Urban developers have also provided on-site space to service entities and New Hope stated that the ideal is to secure one's service partnership in advance of development, so to build office space into the design of the property.

Another consideration when securing service partners is the tenants which one intends to serve. DMA mentioned that for senior developments, local senior centers and adult day care centers are great partners, as the Older Americans Act provides funding for these services through entities such as the state's Area Agencies on Aging. Other interviewees, like Foundation Communities and Green Doors mentioned securing funding sources that provide funding for both rental assistance and services, such as HUD's Supportive Housing Program and HUD-VASH Program, in order to meet the needs of very low and extremely low income households. Several interviewees, such as New Hope and Green Doors, mentioned that many times those tenants who require supportive services arrive at the development with an already established connection to an outside service provider.

Alternatively, some service organizations get more intricately involved with housing developers, renting a number of units for their clients and conducting daily or weekly case management. For example, Green Doors has master lease agreements with Front Steps, ATCIC, and the Texas Department of Criminal Justice for units within their properties. New Hope also master leases units in its 1414 Congress development to a social service agency. Additionally, some service entities decide to venture into housing development themselves, while partnering with another organization for property management. DMA provided development consulting to both Family Eldercare and ATCIC, which utilized Section 202 and Section 811 funding, respectively, to develop affordable housing properties.

New Hope went through an intense renovation of 1414 Congress to preserve this historic landmark in the heart of downtown Houston and has 57 SRO units. Reopened in September 2010, 1414 Congress houses the chronically homeless with disabilities.

Finally, interviewees discussed the staffing required to provide services to their tenants. Some interviewees mentioned only hiring community/property managers to provide resident services, while others, such as New Hope, Samaritan House, and Foundation Communities, provide case management staff and/or information and referral staff. All three mentioned that the operating funding for such staff does not come from their HTC program funding, as it is not an allowable use.

Funding Sources and Uses Table

Funding Source	Development Assistance (Acquisition, Construction, Rehabilitation)	Rental Assistance	Services
HUD: Community Development Block Grants (CDBG)	X		X
HUD: HOME Investment Partnership Program (HOME)	X	X	
HUD: Neighborhood Stabilization Program (NSP)	X		
HUD: Section 811	X	X	
HUD: Section 202	X	X	
HUD: Section 8 Housing Choice Vouchers		X	
HUD: Section 8 Moderate Rehabilitation SRO Program	X	X	
HUD: Housing Opportunities for Persons with AIDS (HOPWA)	X	X	X
HUD Competitive HOPWA: Special Programs of National Significance (SPNS)	X	X	X
IRS: Low Income Housing Tax Credits (HTC)	X		
Federal Home Loan Bank: Affordable Housing Program (AHP)	X		
HUD Veterans Affairs Supportive Housing (VASH) Vouchers		X	
McKinney/Vento Homeless Assistance Continuum of Care: Supportive Housing Program (SHP)	X	X	X
HRSA Ryan White Program		X	X
USDA Rural Housing Programs: Section 515 Program	X		
TDHCA: Housing Trust Fund (HTF)	X	X	X
TSAHC: Texas Foundations Fund	X		X
Local charities, foundations	X	X	X
Medicaid 1915(c) Waivers			X

DEVELOPMENT FUNDING – PRIMARY FINANCING SOURCE

Primary funding sources are capital financing utilized in the construction of a housing development. Primary funding sources are crucial to the development of service-enriched housing, as these sources tend to be the basis around which a deal is structured. Without these sources, developments would not move forward. Each funding source mentioned below was cited by at least one interviewee as the critical capital financing. However, each source is different, with its own funding, eligibility and compliance requirements. The potential advantages and disadvantages of such requirements are also detailed within this section.

<p align="center">HUD: NEIGHBORHOOD STABILIZATION PROGRAM (NSP)</p>

Neighborhood Stabilization Program (NSP) funds may be used to purchase, demolish, redevelop, rehabilitate, or land bank foreclosed, blighted, or vacant properties in order to stabilize communities. Foundation Communities recently utilized NSP funds awarded to TDHCA to acquire a vacant extended stay hotel in Austin, which meets both NSP property requirements, and Foundation Communities want to utilize efficiency units for the production of supportive housing. As mentioned earlier, Austin HFC purchased the land and operates as the owner and landlord. FC Austin One Housing Corporation, the nonprofit affiliate of Foundation Communities, holds a 99 year ground lease on the property and began reconstruction efforts utilizing a $7.26 million deferred forgivable NSP loan from TDHCA. An additional $3.45 million in funding was needed to complete the rehabilitation project. Foundation Communities serves as the property manager and service provider for what is now known as Arbor Terrace. Foundation Communities was able to secure the NSP funding in the form of a deferred forgivable loan, to serve individuals at 0 to 30% AMI, with a waiver from the TDHCA Governing Board.

Similarly, the Chavez Foundation worked with the City of Houston's NSP program to acquire and redevelop the Zollie Scales apartments, a foreclosed property in Houston. The Chavez Foundation utilized $8.8 million in NSP funds for reconstruction along with $1.3 million in conventional financing. With a deferred developer's fee, the total project cost is $10.5 million and provides 158 units for families and elderly persons. The NSP loan is structured so that when the debt coverage ratio is above 1.2, the program income will be returned to the City of Houston. The Chavez Foundation stated that flexible lending terms and the large upfront capital made NSP funds an ideal primary funding source and encouraged the organization to develop within the City of Houston.

NSP funding has similar regulations to the Community Development Block Grant (CDBG) program, but with additional restrictions and affordability period requirements similar to the HOME program. One advantage is that NSP can be used to fund increased property amenities, such as washers/dryers in units. Another advantage with NSP funding, given that properties certify income upon occupancy and re-occupancy, is that even if a household's income increases, the family is allowed to remain in the unit and pay the same amount of rent. One key consideration and possible drawback when using NSP funds is property selection and location requirements. Funds can only be used in an eligible census tract, as defined by HUD, and eligibility criteria differ between NSP funding rounds. Non-profit developers must locate foreclosed, blighted, or vacant properties for redevelopment. If using NSP funds to acquire foreclosed or abandoned properties, and buying from the entity that foreclosed, lenders must certify that they have followed tenant protections.

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HUD Section 811 program funds can be used for the development (construction, rehabilitation, or acquisition of housing) and operation of supportive housing for very low income persons with physical disabilities, developmental disabilities, chronic mental illness or any combination of the three.

DMA worked as a consultant with non-profit organizations on Section 811 deals. Easter Seals routinely uses Section 811 funds for non-traditional deals, such as the purchase of units within condominium developments. When a Section 811 Notice of Funding Availability (NOFA) is released, Easter Seals begins researching new condominium developments and meets with developers to see if they are willing to modify plans to create accessible units. Unit design, location, and accessibility considerations are kept in mind when assembling deals. After applying for funds, Easter Seals enters a purchase option for the units, which serves as proof of site control. The deal is written contingent upon receipt of Section 811 funding. The developers must be willing to hold units until funds are granted, which can be a lengthy process. The purchase of multiple units entices developers to hold them, as they can show this commitment to their investors.

Section 811 funds also have restrictions on what funds can be used for; both DMA and Easter Seals reported seeking additional outside funding to cover amenities such as balconies and in unit laundry facilities. Additionally, as each Section 811 property requires the creation of its own non-profit entity, Easter Seals cited this as a cumbersome process to undertake for each deal.

The Section 811 program encourages independent living for persons with disabilities. Program requirements are flexible in that services are not required to be provided by the developer, but rather established through partnerships with services providers. Easter Seals meets this requirement in several ways; the population served is eligible for local services, Easter Seals has MOUs with local providers and formal agreements with the local center for independent living. The flexibility of Section 811 requirements allows Easter Seals to make sure services are available, though some residents may not pursue them. An additional advantage of the Section 811 program is that funding is also provided for on-going project rental assistance, which is discussed further in a later section. Finally, similar to NSP, Section 811 funding is advantageous in that residents are able to stay in units if their income increases.

HUD Section 202 provides funding to nonprofits for the development and operation of supportive housing for very low income persons age 62 years and older. Project rental assistance contract funds are also available to provide supportive services. DMA cited work as a consultant with non-profit organizations on Section 202 deals as well as a developer of Section 202 properties. The Chavez Foundation has also used Section 202 funds to construct senior housing. Similar to the Section 811 program, Section 202 provides additional funding for rent subsidies. Another similarity with Section 811 is that Section 202 is grant funding; therefore no repayment or debt service is required and no general partner is needed.

Drawbacks to using 202 funding include restrictions on eligible uses, as the funds cannot be used for property infrastructure and certain amenities are disallowed (e.g. dishwashers). These are important restrictions, as the Chavez Foundation reported having to walk away from deals because of the lack

of infrastructure (roads, sewers, water, and electricity). DMA also noted that HUD can be slow in processing Section 202 projects, which creates a hardship on developers to maintain site control.

DMA operated as a consultant on Lyons Gardens, a 52 unit development in Austin serving households below 30% AMI. The Section 202 program provided $3 million towards the total development cost of $5.6 million. The remaining funds were raised through City of Austin HOME funding, Federal Home Loan Bank (FHLB), fundraising, and foundations.

HUD: Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) Program

HUD Section 8 moderate rehabilitation funds can be used by PHAs and private non-profits for rehabilitation, operating costs, and rental assistance payments to serve very low-income, single, homeless individuals. Tenants pay no more than 30% of their income towards rent. Samaritan House utilized Section 8 moderate rehab funds for rehabilitation of a donated nursing home facility. The rehabilitation was completed with additional funds from a capital campaign to create a 60 unit SRO development serving persons with HIV/AIDS. The Section 8 moderate rehab program also provides a rental subsidy for 52 of the 60 units.

The Section 8 moderate rehabilitation program is advantageous for organizations such as Samaritan House because it targets SRO buildings and provides rental assistance for 10 years. This type of subsidy helps make projects sustainable and allows the organizations to serve residents of higher need.

Internal Revenue Service: Low Income Housing Tax Credits

The Housing Tax Credit (HTC) Program receives authority from the U.S. Treasury Department to provide an indirect federal subsidy in the form of tax credits to non-profit organizations and for-profit developers to finance the development of affordable rental housing for low-income households. Nationwide, HTCs are one of the largest funding mechanisms for the construction of affordable rental housing.

HTCs provide an upfront tax credit which is sold to investors, providing a project subsidy to reduce or eliminate debt service on the property and therefore reduce rents. In Texas, HTCs are extremely competitive and sought by non-profit and for-profit developers alike. Developers must be able to sell their HTCs and line up investors. The non-profit organizations interviewed relied on their strong reputations and history of success to assure investors. This can be a challenge for newer organizations. HTCs also require a limited partnership ownership structure, with a general partner (developer) and a limited partner (investors). The general partner and limited partner have differing long-term goals. The limited partner wants to safeguard their investment and seeks the maximum tax off-set, whereas the general partner will be interested in the property's long-term operations. Working with a limited partner was identified as a constraint to utilizing funds from HTCs.

Foundation Communities and New Hope Housing use HTCs in their development model to construct debt-free, single room occupancy buildings. New Hope Housing uses the HTC program as their primary financing mechanism and stated that credits are essential to the construction of their properties. HTCs are typically combined with other state or local government funding, including HOME funds and general revenue sources.

Between the competition and upfront costs associated with applying for housing tax credits, Easter Seals cited the program as too expensive and risky for their small organization as costs to apply for HTCs can be in the tens of thousands of dollars. While the expense of applying for HTCs can be justified when undertaking higher cost projects, Foundation Communities noted that they could not justify using HTCs for their smaller rehabilitation projects (Garden Terrace and Spring Terrace). HTC compliance for Foundation Communities adds $30,000-50,000 per year in operating expenses. Therefore, HTCs are useful in projects where the need for subsidy is greater, such as new construction. The HTC model allows New Hope to build new construction properties, designed specifically to meet the needs of their residents. When pursuing funding sources the Chavez Foundation also prefers HTCs for their flexibility usage in providing increased amenities and infrastructure.

US DEPARTMENT OF AGRICULTURE: RURAL HOUSING PROGRAMS - SECTION 515 PROGRAM

The Section 515 Guaranteed Rental Housing Program provides loans with interest rates as low as one percent to developers of affordable rural rental housing. The program serves very low-, low-, and moderate-income families, the elderly, and persons with disabilities. Funds can be used to buy and improve land and to provide necessary facilities.

Hamilton Valley Management works primarily in rural Texas utilizing the Section 515 program. The program was noted as a primary contributor to affordable housing in rural Texas. One limitation to the Section 515 funding is that the USDA budget model has little to no room for services. The Chavez Foundation has also utilized Section 515 Program funding to create housing in rural Texas. Resident services are then provided by its sister agency, LUPE (La Union del Pueblo Entero). While limited in funding amount and eligible uses the Section 515 program serves as a valuable lending tool for the construction of affordable housing in rural communities.

Development Funding – Secondary or Gap Financing

Secondary funding sources are generally more flexible in their uses and regulations. After securing primary funding for a deal, developers then begin to assemble secondary funding sources. Some secondary funding may be small in amount and truly 'gap financing.' Others are more significant in amount but classified as secondary because the funds are more flexible in allowable uses and sometimes can take secondary lien position to the primary funding source.

<p align="center">LOCAL SOURCES</p>

Local funding sources are frequently layered with other primary funding sources to complete a deal. These sources include Housing Finance Corporations (HFC), Community Development Block Grants (CDBG), HOME Investment Partnerships Program (HOME), Tax Increment Financing (TIF) Districts, and General Obligation (GO) bonds. With HOME, metropolitan areas known as participatory jurisdictions receive funding directly from HUD and local governments have great flexibility in designing their local HOME programs. Funds may be awarded to Community Housing Development Organizations (CHDOs) for construction of single and multifamily housing, home repair, rental or home purchase purposes. Targeted beneficiaries are low, very low, and extremely low-income households. The CDBG program funds are awarded to entitlement cities and counties to ensure decent affordable housing. Funding must benefit low and moderate-income households and activities may include the acquisition of real property, construction of public facilities and improvements, provision of public services, economic development activities, homeownership assistance and structural rehabilitation.

Local funding sources can be more flexible and better suited for layering into complex housing deals. Easter Seals has historically utilized City of Austin GO bonds, CDBG funds, and HOME funds to provide additional amenities in their Section 811 project units, amenities that could not have been paid for with Section 811 funding. Similarly, Foundation Communities has layered a combination of local HOME and CDBG funding into their Skyline Terrace and Arbor Terrace properties. Another advantage of local funding is that they all tend to have the same rules and reporting requirements, which are much less restrictive than federal sources. Thus interviewees cite them as an easy source to obtain when completing a deal and Easter Seals found them to be less onerous to apply for and comply with.

Housing Finance Corporations (HFCs) can also provide acquisition funds. Foundation Communities worked with the Austin HFC to acquire their Arbor Terrace property. As stated earlier, the HFC owns the land, with a 99 year ground lease for the FC non-profit affiliate, eliminating the property's tax burden. Foundation Communities also utilized $2 million of local city funds in the deal. This financial structure was possible because the city agreed to subordinate their loans to the larger TDHCA NSP forgivable loan.

The Chavez Foundation found favorable loan terms with local NSP funds. By working with the City of Houston the Foundation was able to address the city's concerns regarding a foreclosed property and get loan terms to begin payment once the property's debt-coverage-ratio exceeds 1.2. Samaritan House found non-traditional assistance through the affordable housing set-aside established by their local Tax Increment Financing (TIF) district, administered through the City of Fort Worth. The organization utilized funds available for infrastructure improvements which would have otherwise

been paid for in development costs. It should be noted that TIF funds are designated for infrastructure improvements and cannot be used for building development.

Finally, general revenue provided by local governments is frequently more flexible than other funding sources. Green Doors and Foundation Communities have both utilized City of Austin general revenue and GO Bonds for the Pecan Springs, Skyline Terrace, and Arbor Terrace developments respectively. Similarly, New Hope routinely layers local City of Houston funds into their development deals.

FEDERAL HOME LOAN BANK (FHLB): AFFORDABLE HOUSING PROGRAM (AHP)

The Federal Home Loan Bank (FHLB) provides direct grants and subsidized loans to assist FHLB members to partner with local housing organizations to fund affordable housing. Grants are often used to fill a gap in available financing, funds may also be used to construct or rehabilitate rental housing, provide homebuyer down payment or closing cost assistance, and cover the cost of homebuyer pre- or post-purchase counseling.

Chavez Foundation, Foundation Communities, Green Doors, and the Texas Housing Foundation all routinely utilized FHLB grants to complete deals. The funds are useful as gap financing because they are grants and flexible enough to cover amenities or infrastructure. However, DMA noted two drawbacks of FHLB funding for their purposes. The first is a high level of competition for AHP funds and the second is FHLB's priority to award non-profit developers or developers serving homeless individuals.

HUD HOMELESS ASSISTANCE CONTINUUM OF CARE: SHP (SUPPORTIVE HOUSING PROGRAM)

SHP funds can be used for the development or operation of transitional housing, permanent supportive housing, safe havens, and services to reduce the incidence of homelessness. Samaritan House utilizes $200,000 annually for supportive services only to the Villages at Samaritan House.

Additionally, there are Supportive Housing Program bonus grants available from HUD. Samaritan House was awarded a bonus SHP grant of $250,000 and is working to acquire property for a permanent supportive housing development. These funds will be used for housing and supports to chronically homeless pregnant women in Fort Worth. SHP funds help organizations provide vital services and encourages independent living.

The Villages at Samaritan House is located in Fort Worth's medical district on the Near Southside. Open since 2006, more than 85% of tenants are either infected or affected by HIV/AIDS. Support services include social & medical case management, food service, substance abuse and mental health counseling, transportation and programs to facilitate literacy and re-employment.

HUD: HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)

The HOME Investment Partnerships (HOME) Program receives funding from

HUD and provides loans and grants for affordable housing development. As stated earlier, HOME program funds are administered by TDHCA as well as local participating jurisdictions. By state law 95% of TDHCA's HOME funds must be distributed to small communities, typically in rural location, that are outside participating jurisdictions. The remaining 5% must serve persons with disabilities and can be utilized statewide.

HOME funds are frequently combined with HTCs. Used in combination, HOME funds can further reduce mortgage payments, creating lower rents, and increasing affordability. For developers wishing to serve households below 60% AMI, HOME funds are a financing mechanism to reach very-low income households. The use of HOME can also provide additional amenities, larger units, or common spaces. Foundation Communities utilized TDHCA's HOME CHDO-set aside funds for units serving persons with disabilities in their Garden Terrace, Spring Terrace, and Skyline Terrace developments. DMA also reported using HOME funding, from TDHCA and well as local providers, because the program provided good interest rates.

TDHCA: HOUSING TRUST FUND (HTF)

The Texas Housing Trust Fund (HTF) provides loans, grants, or other comparable forms of assistance to finance, acquire, rehabilitate, and develop decent, safe, and sanitary affordable housing. HTF dollars come from state general revenue and can be used to meet a variety of housing needs. Historically, the HTF has used these funds to meet state needs. Easter Seals used

HTF monies for capacity building to begin developing affordable housing. With the help of a consultant Easter Seals was successful in Section 811 applications. TDHCA's HTF has also provided an Affordable Housing Match Program which allows developers to access funds when their primary development funding source requires a

Located in South Austin, Garden Terrace offers furnished efficiency apartments with on-site services and a secure entrance. Residential services include: adult education classes, an education savings program, money management classes, free tax preparation, financial stability programs, a food pantry, referral to community services, case management, home health assistance, and free off-site counseling services.

match. The HTF helped the Chavez Foundation access primary funding by providing match funds. As general revenue, HTF dollars have less restrictions that federal sources, and thus are more flexible in their usage, many times directed to meet the state's greatest unmet needs.

Additionally, it should be noted that local governments also create housing trust funds with general revenue sources. DMA pursues local housing trust funds for additional assistance when developing service-enriched housing.

TSAHC: TEXAS FOUNDATIONS FUND

The objective of the Texas Foundations Fund is to provide grants to nonprofit organizations and rural governmental entities for (i) the construction, rehabilitation, and/or critical repair of single family homes for Texas residents of very low or extremely low income, with a particular emphasis on serving very Texans that may have a disability or live in a rural area, and (ii) the provision of
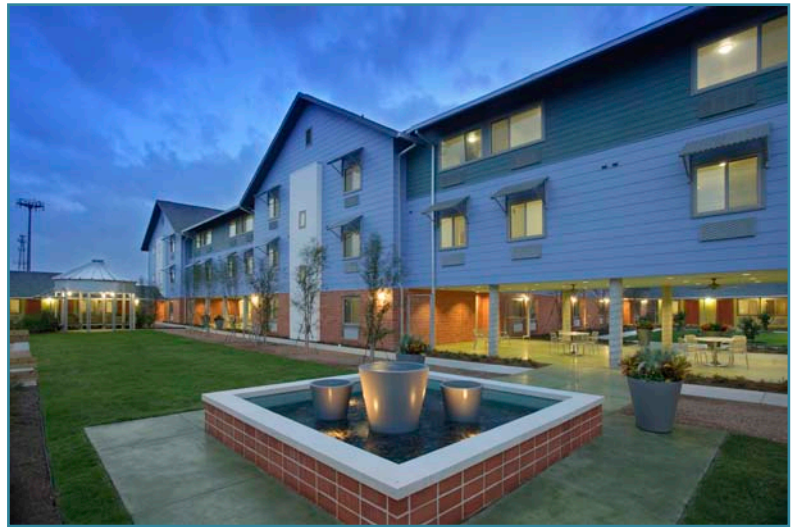
additional supportive housing services for very low or extremely low income residents of multifamily rental units.

One of the goals of the Texas Foundations Fund is to award those organizations providing supportive housing with supportive services. Only those organizations providing supportive housing and supportive housing services are eligible under the Texas Foundations Fund. TSAHC focuses on creating permanent supportive housing opportunities for adults, youth/young adults, and families with children who: have household income at or below 50% of AMI; and have chronic health conditions that are at least episodically disabling, such as mental illness, HIV/AIDS, and/or substance use issues, and/or face other substantial barriers to housing stability; and are not able to obtain or retain appropriate stable housing without easy, facilitated access to services focused on providing necessary supports to the tenant household. These target populations include people who may be homeless (for any length of time) or are at risk of homelessness, and includes those who may be leaving other systems of care without a place to live, such as (1) young people aging out of foster care, (2) people with mental illness or other disabilities leaving jail or prison, and (3) some older adults.

TSAHC has completed four award cycles of the Texas Foundations Fund and nineteen applicants have been awarded $50,000 each to carry out eligible activities under the Fund, totaling $950,000 in overall awards. Easter Seals, Foundation Communities, Green Doors, and New Hope have all received awards from the Fund. Easter Seals received funds for owner-occupied home accessibility modifications, while Foundation Communities and New Hope Housing each have received two $50,000 grants through the Fund for their supportive housing services.

CHARITIES AND FOUNDATIONS

As service-enriched housing development deals can layer as many as 10 to 15 funding sources for a successful deal, non-government sources such as private foundations can play an important role in providing gap funding. For example, New Hope was established in 1993 through the Christ Church Cathedral- Episcopal capital campaign, when the decision was made that for every dollar raised towards the Cathedral, a dollar was matched for community reinvestment. New Hope's emphasis on fundraising continues and the organization feels strongly that a fundraising focus has contributed to its success. Impressively, 27% of New Hope's funding comes from

2424 Sakowitz is situated between the Fifth Ward and the Denver Harbor Addition in Houston. Opened in October 2010, this 166 unit SRO property is Houston's first 'green' multifamily housing development.

foundations. An advantage of foundation funding is that these funds typically do not have usage restrictions or compliance requirements. Additionally, New Hope mentioned that fundraising has contributed to its success in creating the first LEED certified affordable housing development in Texas (2424 Sakowitz), achieving platinum certification - the highest level issued by the U.S. Green Building Council.

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Foundation Communities also reaches out to local and national charities and foundations and have been successful at receiving grants from organizations like the Enterprise Foundation and NeighborWorks America.

<u>PRIVATE LENDING</u>

Finally, private lending is a resource for developers that are unable to secure grants or loans for the entire development cost. Samaritan House turned to $900,000 in private lending to rehabilitate a donated nursing home into an SRO development. Green Doors financed their Pecan Springs development with a variety of sources including private lending. While private lending is sometimes a last option, the Chavez Foundation discussed the increased responsibility and property management required by debt service. The Foundation felt that a moderate amount of debt can encourage responsible property management and control of operating expenses.

SERVICES/RENTAL ASSISTANCE RECEIVED TO THE DEVELOPER

Another component of the case study interviews, central to financing service-enriched housing development, is locating sources of supportive service funding and rental assistance funding. In addition to partnering with outside service providers, securing service funding as a developer can ensure that tenants with special needs will remain stably housed in a community based setting, rather than relocating to an institution. Securing rental assistance is critical for developers to be able to serve extremely low income tenants. The following section of the report details the supportive service sources and rental sources utilized by the housing providers interviewed, as well as those sources which can provide both service and rental assistance combined.

<div align="center">SERVICE FUNDING SOURCES</div>

SAMHSA:

Each year the Substance Abuse and Mental Health Services Administration (SAMHSA) provides discretionary funding grant opportunities for projects assisting persons with mental illness and/or substance abuse disorders. In 2009, SAMHSA's Center for Mental Health Services (CMHS) provided $400,000 to Foundation Communities to implement the Health Options for Moving toward Empowerment (HOME) Project. Foundation Communities is utilizing project funding to assist 30 to 40 individuals annually and 160 unduplicated chronically homeless adults over the 5-year project period. These individuals reside in Foundation Communities properties and receive mental health and substance abuse treatment services, such as psychiatric care, nurse visits, and the ability to check into a 90-day inpatient recovery program while maintaining their housing unit.

<div align="center">RENTAL FUNDING SOURCES</div>

HUD - SECTION 811 & SECTION 202 PROGRAMS:

Easter Seals, DMA, and the Cesar Chavez Foundation have all utilized either Section 811 or Section 202 program funding. A unique component of Section 811 and Section 202 is that developers are provided project based rental assistance funds to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent - usually 30 percent of adjusted income. Rental assistance funding is a necessity for the financial feasibility of these developers' projects, as HUD's income eligibility standards for Section 811 and Section 202 is restricted to households earning no greater than 50% of AMI. Easter Seals stated that it exclusively serve persons at or below 30% of AMI, but a benefit of the Section 811 program is that it allows tenants to remain in their unit even if their income increases; the tenant's portion of the rent simply increases. Easters Seals also mentioned that the households they serve typically have a static income, as SSI or SSDI payments is the only income they obtain, making Section 811's rental assistance component essential for these households to retain community based living arrangements.

HUD - Project Based Section 8 Funding:

DMA and the Texas Housing Foundation both cited the use of project based Section 8 funding awarded to their property by the local public housing authority (PHA). Through this Section 8 program funding, the rents of a set number of housing units are subsidized by HUD through a

housing assistance payments (HAP) contract between the owner and the PHA. Like the Section 811 and Section 202 programs, HUD provides Section 8 rental subsidies to the project owners in an amount equal to the difference between the HUD approved rent and the HUD required rental contribution from eligible tenant families, which is typically 30% of the tenants' family monthly adjusted income.

HUD - Section 8 Moderate Rehabilitation (Mod Rehab) Single Room Occupancy (SRO) Program:

Foundation Communities and Samaritan House have both received Section 8 Mod Rehab funding. For these SRO developments, HUD enters into annual contributions contracts (ACCs) with local PHAs in connection with the moderate rehabilitation of residential properties. These PHAs make Section 8 rental assistance payments to participating landlords on behalf of homeless tenants who rent the rehabilitated units and again, the rental assistance payments generally cover the difference between a portion of the tenant's adjusted income and the unit's rent. Samaritan House received these funds in 1993 to provide rental assistance to 52 housing units serving homeless persons living with HIV/AIDS. Foundation Communities received the same funding source in 2001 for their Garden Terrace property, to provide to 50 housing units serving homeless persons.

HUD - Competitive HOPWA: Special Programs of National Significance:

Ten percent of available HOPWA funds are awarded as grants during a competitive selection of projects proposed by State, city, and local governments or by nonprofit organizations. Funding is available for two types of projects, one of them being Special Projects of National Significance (SPNS), which are innovative projects that target assistance to underserved populations, including racial and ethnic minorities, women, and persons in rural areas.

In 1998, Samaritan House received its first SPNS grant award, from the Tarrant County Community Development Division, which was used to create The Genesis Project. The Genesis Project places tenants of their SRO property into individual apartment units scattered throughout the City of Fort Worth. These low income individuals with HIV/AIDS sign a lease with the property manager and then Samaritan House pays a portion of their rent every month. As HUD has placed a priority on the renewal of expiring competitive HOPWA grants, Samaritan House has continued to receive SPNS renewals through the present time.

<u>COMBINED RENT & SERVICES FUNDING SOURCES</u>

Project Based HUD Veterans Affairs Supportive Housing (VASH) Program

The HUD-VASH program combines Section 8 Voucher rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans' Affairs (VA). The VA provides these services for participating veterans through local VA medical centers and community-based outreach clinics. The local administrators of the HUD-VASH program are PHAs and they are allowed to project-base up to 50% of their HUD-VASH voucher allocation, meaning that the rental subsidy is connected to the housing development rather than the tenant.

Foundation Communities has received project based HUD-VASH program vouchers for twenty housing units and Green Doors has submitted an application for project based HUD-VASH vouchers for their Treaty Oaks property.

HUD Continuum of Care: Supportive Housing Program (SHP)

The Continuum of Care (CoC) is a set of three competitively-awarded programs created to address the problems of homelessness in a comprehensive manner. One of those, the Supportive Housing Program (SHP), is designed to help develop housing, provide both rental subsidies, and offer supportive services for people moving from homelessness to independent living. Key service assistance includes: food, clothing, transportation, outpatient medical/dental or other healthcare, and case management. Foundation Communities, Green Doors, Samaritan House, and New Hope all mentioned their utilization of SHP funding, but in differing ways. Samaritan House received SHP funding solely to provide supportive services to homeless individuals with HIV/AIDS living in their rental property. In contrast through a formal agreement with Caritas of Austin, Foundation Communities received SHP funding in the form of rental subsidies for 20 units in each of their Spring Terrace and Skyline Terrace properties. Residents of those units pay no more than 30% of their monthly income towards rent.

HUD: Formula HOPWA

HOPWA distributes 90% of its program funds using a statutory formula that relies on AIDS statistics: three quarters of HOPWA formula funding is awarded to qualified States and Metropolitan areas with the highest number of AIDS cases and one quarter is awarded to metropolitan areas that have a higher-than-average per capita incidence of AIDS. The City of Fort Worth is one of these metropolitan areas and awards funding to Samaritan House for project-based rental assistance as well as supportive services.

Health Resources and Services Administration: Ryan White Program

The Ryan White Program works with cities, states, and local community-based organization to provide HIV-related services. The Ryan White legislation created five different programs, called Parts, to meet needs for different communities and populations affected by HIV/AIDS. Part C provides comprehensive primary health care in an outpatient setting for people living with HIV disease, including funding for early intervention services, core medical services, support services, and administrative costs, which can include rent, utilities, and facility support costs. Samaritan House has utilized Ryan White Program funding solely to provide supportive services to their tenants affected by HIV/AIDS.

TDHCA: Homeless Housing & Services Program

During the 81st Texas Legislative Session, $20 million was appropriated to TDHCA to fund the Homeless Housing and Services Program (HHSP) in the eight largest cities in Texas for the purposes of assisting regional urban areas in providing services to homeless individuals and families, including supportive services and rental assistance. The eight cities receiving HHSP funding include: Arlington, Austin, Corpus Christi, Dallas, El Paso, Fort Worth, Houston and San Antonio. New Hope partnered with the Houston organization receiving HHSP funding, SEARCH Homeless

Services, to provide on-site case management to New Hope residents. Similarly, Foundation Communities partnered with the Austin organization receiving HHSP funding, Austin Resource Center for the Homeless (ARCH), also for case management services.

SERVICES/RENTAL ASSISTANCE FUNDING PROVIDED TO THE TENANT

Although it was not central to the discussion, interviewees did mention sources of service funding and/or rental assistance funding that tenants would bring with them when moving into a service-enriched housing development. While these funding sources cannot be figured into the financial formulas of the housing providers, as they are tenant-based rather than project-based assistance programs, they are useful sources for extremely low income tenants to utilize to remain living in community based residential housing.

RENTAL FUNDING SOURCES

If a housing developer does not obtain funding for project-based rental assistance, interviewees noted that it is extremely difficult to serve households at or below 30% Area Median Income (AMI) unless they can obtain rental assistance of their own. Many times, the only monthly income for senior residents or residents with disabilities is Supplemental Security Income (SSI) or Social Security Disability Income (SSDI), leaving them far below 30% AMI. Therefore, individuals seek tenant-based rental assistance. The most common source of tenant-based rental assistance is the Section 8 Housing Choice Voucher Program, which issues vouchers through the state's network of local public housing authorities (PHAs). Every interviewee stated that they accept Section 8 Voucher recipients and that Section 8 assistance is the most commonly utilized funding source; however most of the state's PHAs have waiting lists that are several years long.

Two sources of tenant-based rental assistance administered through TDHCA are the HOME Partnership Program's Tenant Based Rental Assistance (TBRA) Program and the Housing Trust Fund's (HTF) Veterans Rental Assistance (VRA) Program. These programs are not permanent rental assistance as HOME TBRA is provided for a period not exceeding 24 months and HTF VRA cannot exceed 36 months. Easter Seals and Green Doors are local TDHCA TBRA providers specifically serving persons with disabilities and Green Doors is also a local provider of HTF VRA. Thus, these organizations can provide tenants with rental assistance to be used either at units developed by the organization, or elsewhere. The City of Austin also receives HOME funding and administers a TBRA Program. Foundation Communities cited receiving tenants who utilize Austin TBRA assistance through a partnership with the Passages Collaboration.

COMBINED RENT AND SERVICES FUNDING SOURCES

There are additional sources of assistance that households can obtain separate from their housing provider which offers both a rental subsidy component and a supportive service funding component. The two specifically cited by interviewees are the HUD-VASH Program and Housing Opportunities for Persons with AIDS (HOPWA) Program. As stated previously, HUD-VASH Program combines Section 8 Voucher rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans' Affairs (VA). VA provides these services for participating veterans through local VA medical centers and community-based outreach clinics. Similarly HOPWA funding may be used for a wide range of housing and social services costs

including rental assistance, short-term payments to prevent homelessness, health care and mental health services, chemical dependency treatment, nutritional services, case management, assistance with daily living, and other supportive services. Samaritan House stated that many of their residents have received HOPWA funding through Tarrant County Community Development for tenant-based rental assistance.

Service Enriched Housing Projects - Financial Breakdown

EASTER SEALS CENTRAL TEXAS – THE IVY

Description: 8 condominium units within 7 building complex

Funding Sources:

HUD Section 811 Program	$739,900.00
City of Austin Rental Housing Development Assistance/GO Bonds	$491,040.00
ESCT Capital Advance *	$ 3,700.00
Total Sources	**$1,234,640.00**

* - HUD requires a minimum capital investment by the applicant equal to 0.5% of the Section 811 capital advance amount

Funding Uses:

Acquisition of 8 units	$1,108,740.00
Title and Recording Fee	$ 4,050.55
Attorney's Fees	$ 14,000.00
Consultant's Fees	$ 20,000.00
Insurance	$ 9,424.53
Taxes	$ 2,893.04
Surveying	$ 3,200.00
Homeowners Association Dues	$ 3,318.75
ESCT Austin Housing III, Inc. Development Costs*	$ 69,013.13
Total Uses	**$1,234,640.00**

*Includes development activities such as: environmental review, down payment costs, inspections, and administrative and start-up operating costs

FOUNDATION COMMUNITIES – GARDEN TERRACE

Description: 103 SRO units built in three phases

Funding Sources:

Austin Housing Finance Corporation	$2,275,750.00
TDHCA – HOME Program	$1,000,000.00
FHLB Affordable Housing Program - Atlanta (Phase I)	$500,000.00
FHLB Affordable Housing Program - San Francisco (Phase II)	$300,000.00
NeighborWorks America	$464,000.00
Charitable Foundations	$347,000.00
Deferred Developer Fee	$200,000.00
Individual Fundraising	$130,433.00
Miscellaneous Income	$117,299.00
Travis County	$50,000.00
Corporate Grants	$20,000.00
Total Sources	**$5,404,482.00**

Funding Uses:

Acquisition	$1,067,152.00
Hard Costs of Construction	$3,696,283.00
Soft Costs/Professional Fees	$389,047.00
Developer Fee	$200,000.00
Reserve	$52,000.00
Total Uses	**$5,404,482.00**

FOUNDATION COMMUNITIES – SKYLINE TERRACE

Description: 100 SRO units

Funding Sources:

Low Income Housing Tax Credit Equity	$3,969,392.00
Austin Housing Finance Corporation	$3,516,850.00
TDHCA – HOME Program	$1,450,000.00
FHLB Affordable Housing Program - San Francisco	$750,000.00
NeighborWorks America	$213,648.00
Charitable Foundations	$418,096.00
Enterprise Community Partners - Green Communities	$65,000.00
Enterprise Community Partners - Capacity Building	$10,000.00
Misc Income	$32,000.00
Total Sources	**$10,424,986.00**

Funding Uses:

Acquisition	$4,422,192.00
Hard Costs of Construction	$4,018,104.00
Soft Costs/Professional Fees	$666,690.00
Developer Fee	$898,000.00
Reserves	$420,000.00
Total Uses	**$10,424,986.00**

SAMARITAN HOUSE - THE VILLAGES AT SAMARITAN HOUSE

Description: 60 SRO units and 66-one, two & three bedroom apartments within 4 building campus. Note: Funding information below includes the creation of 74 new housing units, as well as the rehabilitation of an existing 52 unit building, for a total development of 126 housing units.

Funding Sources:

Low Income Housing Tax Credit Equity	$ 7,068,379.00
Permanent Financing Loan	$ 3,415,000.00
FHLB Affordable Housing Program	$ 800,100.00
Capital Campaign (Fundraising)	$ 452,760.00
Total	**$11,736,239.00**

Funding Uses:

Acquisition	$ 1,913,440.00
Site Work	$ 1,080,500.00
Construction Costs	$ 5,805,935.00
Architect & Engineering Costs	$ 324,510.00
Indirect Construction Costs	$ 553,204.00
Existing Facility Rehabilitation* (52 SRO + 8 new units)	$ 350,000.00
Developer Fee	$ 866,000.00
Furniture & Fixtures	$ 442,650.00
Reserves	$ 400,000.00
Total	**$11,736,239.00**

* Rehabilitation includes roof replacement and other building improvements

CONCLUSION & NEXT STEPS

It should be noted that this chapter is meant to be utilized by individuals or organizations with existing experience in affordable housing development. The Council acknowledges that service-enriched housing development is a more complex undertaking than typical housing development, with an intricate financing and development process. Therefore organizations interested in the creation of service-enriched housing in their community are encouraged to either seek the assistance of an experienced development consultant or partner with an existing service-enriched housing provider.

CHAPTER 6: PUBLIC INPUT ON BARRIERS TO SERVICE-ENRICHED HOUSING

Online Discussion Forum

In preparation of the Housing & Health Services Coordination Council's 2012-2013 Biennial Plan, the Council solicited feedback regarding the Plan's content through the HHSCC Online Discussion Forum (https://tdhca.websitetoolbox.com/). As the Forum Moderator, the Council generated questions to be posed to the public regarding potential barriers to service-enriched housing and recommendations to overcome those barriers.

Councilmember Mike Goodwin

The Forum was announced through Texas Department of Housing & Community Affair's email list, the Texas State Affordable Housing Corporation's email list, the HHSCC email list, and the Council's webpage. Additionally, the Council sent out specific email invitations to all members of the public who attended the Council's 2010 Public Forum Series - held in preparation of the 2010-2011 Biennial Plan - in Austin, Houston, El Paso, and Fort Worth. The Discussion Forum was open for one month, from Friday, October 21st, 2011 until Friday, November 18th, 2011. The Discussion Forum yielded 31 responses, which are provided below.

Barriers to Consumers

Moderator Post: What are the most frequent barriers that consumers face when attempting to access service-enriched housing?

Response: "Too many consumers who have serious mental illnesses also have felony drug convictions that are a direct consequence of their illnesses (i.e. in their attempts to "self medicate" they have been ensnared in the criminal justice system). We need a mechanism for clearing the consumers' records, indemnifying property owners, and/or creating alternatives for these individuals to access truly affordable housing."

Response: "One barrier to accessing housing for persons with a disability is the cost of rent when compared to the SSI monthly benefits ($674) in Texas. Other barriers include poor understanding of mental illness by apartment managers, small support systems, and limited availability of public housing and Section 8 vouchers."

Response: "There is a huge shortage for people with disabilities with SSI-level income. They make up a big chunk of the under 30% MFI population. What little housing there is that is supposed to be available, it is too often occupied by people at higher income levels. Likewise, housing with accessible features is often occupied by people who do not need the accessibility."

Response: "Barriers are:
1. Affordability – See the "Priced Out" publications for details.
2. Lack of coordinated and effective advocacy for the dollars that ARE available – the state has done a fairly good job but local advocates are often stymied by PHAs or Con Plan staff telling them "we can't do that" when, indeed, both PHAs and the Con Plans have significant vulnerability to advocacy!!
3. Lack of clarity re: housing and services. Access to housing is one thing, services should be separate. I should not have to comply with a services treatment plan to retain my housing.

If you have not seen it, take a look at the Permanent Supportive Housing ToolKIT at:
http://www.samhsa.gov"

Response: "I have spoken to a few people in various service-enriched housing programs, and for some, the forced compliance to a treatment plan is troubling. Even when the case management and other services are supposedly voluntary, people feel like they are in an institution.

The simple fact is that we are not experiencing a shortage of case management. Most people have case management out the ying-yang. The crisis is shortage of REAL affordable housing. The other issue is the high concentration of prescription and/or street drug dependent people in one place. I am sure that most of them go in intending to stay clean, and end up in a drug supermarket."

Response: "Along with the costs of housing for adults with intellectual and developmental disabilities there is a barrier to options for housing. The continuum from institution to 3 or 4 bedroom homes is not addressed. What is best for the individual? Options that the individual and his/her family want/feel are best for the person with IDD do not exist. How can families make the best decisions for the future of their children when group homes are appropriate for a child/adult?"

Response: "For persons highly disabled with severe and persistent mental illness (SPMI), frequent barriers are:

1. Inability to navigate the system themselves – they need a LOT of help and support.
2. Criminal records that shut them out of some housing.
3. Inadequate support in their community living situation so they do not stay on their medications, often leading to multiple hospitalizations or incarcerations, and to substance use.
4. Insufficient supply of safe, affordable, permanent housing for those with incomes of SSI, SSDI or less.
5. Lack of Medicaid care/support funds to provide appropriate housing-related support services, tailored to individual needs.
6. Public misconceptions/misinformation about mental illness that fosters stigma and discrimination."

Moderator Post: What barriers are specific to persons who are elderly as they attempt to access community based residential housing resources?

Response: "I have a problem with the lack of quality control and inspections given to housing for the elderly in rural areas. Many elderly do not file complaints or rock the boat because they will be subject to harassment and higher rent, or they might not get those needed repairs done in a timely

manner and they have no alternatives. They have no ombudsman to help them and if and when they do file a complaint they still are subject to the landlord's harassment because they might not hear back our given a follow up for the agency that is looking out for their best interest and then there is a harsh reprimand from the landlord if allegations are false."

Moderator Post: What barriers are specific to persons with disabilities as they attempt to access community based residential housing resources?

Response: "For most persons with intellectual and developmental disabilities, the barriers begin when they are born. Financial strength only happens when the family can afford to take care of the child for the child's lifetime. For most parents this isn't possible. Parents cannot bankrupt themselves for their child with disabilities. There is no collaboration between the State and the Families to plan for the adult life of the child. SSI/SSDI is assumed, but it's not enough to pay for decent housing. When they "attempt to access community based residential housing" they can't afford it or the housing that exists is not what the adult expects to live in.

The expectations are set by the adult (with family) ideally through the Person-directed Plan. How do the HCS program providers provide for residential options outlined in the plan, if those residential options don't exist? For example housing options on a continuum should be available throughout Texas. People should be able to make choice based on their abilities and desires."

Response: "The specific barriers for highly disabled persons with severe and persistent mental illness (SPMI) are:

1. Inadequate or non-existent community interventions overall, causing people to cycle over and over through mental /state hospitals, jails, and emergency rooms, at high cost to taxpayers.
2. An insufficient supply of safe, affordable, permanent housing for this population, who have incomes of, at most, SSI or SSDI.
3. Lack of comprehensive, person-specific, government-funded support or care services, i.e., Medicaid waivers such as 1915i, for the most disabled individuals with mental illness; such supports would keep them successfully housed in the community. There are currently no Medicaid waivers for which persons with SPMI qualify – they are all for persons with intellectual or developmental or "medical" disabilities, and mental illnesses are not deemed to be "medical" even though they are.
4. The general public is poorly educated about mental illness, causing ongoing stigma, discrimination, and "NIMBY" attitudes."

Financial Barriers

Moderator Post: What funding related barriers are most difficult to overcome when creating service-enriched housing?

Response: "The whole system is upside down. The vast majority of public funds – federal, state, local – go to development of housing targeted to people at higher income levels, 50-80% MFI or higher. This housing is already OVERBUILT and completely unnecessary in most areas. People at extremely-low income level, under 30% MFI, get table scraps. Housing units for people below 30%

MFI are disappearing faster than they are being replaced, while the population in need grows rapidly. The result is unnecessary institutionalization, homelessness, imprisonment, and people stuck in living arrangements with people who abuse them."

Response: "The cost of building or renovating property is very high. New nonprofit businesses like ours interested in very low income housing options need to be creative in how we reduce the cost of creating the physical buildings. There is no profit in this business, since rent is based on SSI/SSDI. Very little funding is available. Texas State Offices need be more open to reassigning existing undeveloped, abandoned, misused property to create housing for people with intellectual and developmental disabilities. Texas should help this population by proactively working with nonprofits to win HUD funding. There are lots of financial barriers getting the housing built/renovated for use by this population."

Response: "There is little incentive for developers to build housing for the very low income (those on SSI or SSDI, or less) given the cost of construction, the lack of funding sources, and the expected returns. And municipalities and states are not filling the void. As a result, the supply of units for this group of people falls far below need.

In addition, funding is practically non-existent for the services component in service-enriched housing. For some disabilities, Medicaid provides care supports or there are other government programs for veterans or persons with HIV/AIDS. But one group has consistently been left out of the picture: those with severe and persistent mental illness (SPMI). There are no care support Medicaid funds for them. Apparently the state would rather use oodles of general revenue (taxpayer) dollars to pay for their re-hospitalizations and re-incarcerations than provide for them properly in the community – a sad statement of our priorities."

Response: "A while back we had a contract with TDHCA to provide Tenant Based Rental Assistance. I had a consumer in the program who transitioned out of a nursing home. He had numerous severe medical problems. His wife did not work because she was constantly dealing with his conditions, going to medical appointments, and in and out of the hospital.

TDHCA made his wife get a statement from Social Security to prove she did not receive benefits, even though she was neither retirement age nor disabled. Then TDHCA made her go to previous employers to get written confirmation that she was not working, even though she had not worked in over two years. All to qualify for a rent subsidy of about $450 per month, which lasted about 15 months until he died.

Contrast this to the oversight – really, the lack of oversight – applied to developers who receive public funds. Developers never have to prove a need for the housing they build. HUD reports that housing for people at the 50-80% MFI level, and higher, is already overbuilt. Developers face no consequences if these housing units sit empty, or are occupied by people at income levels too high to qualify, or if designated accessible units are occupied by people who do not need the accessibility.

So, if you are poor, it is assumed that you are attempting fraud. If you can jump through enough hoops, you are grudgingly granted meager assistance. TDHCA is a staunch defender of taxpayer dollars, leaving no stone unturned to verify that you meet all qualifications. If you are a developer, TDHCA certainly understands your plight as you have to deal with all these pesky regulations, such as providing housing to people who actually need it. Maybe you have a few mistakes that make your

development more profitable, but no one really checks. What's a few million dollars here and there, as long as you heroically build the tax base."

Response: "Let's not forget that building housing where every single tenant is on SSI or SSDI does not make mathematical sense!! Financially healthy developments have mixed incomes and permanent supportive housing units that are within larger developments offer diversity and the chance for real community integration for people on SSI/SSDI."

Response: "It's my feeling that the two areas we need to focus on, and better integrate, are operating (rental) subsidies and comprehensive service funding for those individuals that need more than 'light' services in order to effectively maintain their housing in the community. Medicaid should be a critical piece of this picture, particularly in light of the implementation of health care reform that will expand coverage to the vast majority of likely tenants...particularly formerly homeless tenants of permanent supportive housing."

Moderator Post: How would you modify these funding related barriers?

Response:
1. "Increase the incentives and funding to developers.
2. Pull down all available federal moneys.
3. When these 2 fail to create enough supply, the state and municipalities need to fund housing creation for those with very low income (SSI or SSDI, or less); institute a dedicated fee or tax to do so.
4. Get a Medicaid waiver to pay for care/support services for highly disabled persons with severe and persistent mental illness (SPMI)."

Response:

"The new 811 regulations allow the state to award some 811 funds. The state also awards HOME, LIHTC, etc. Developers have to apply to multiple funding sources, which is a headache and why more people don't try. So, what if this could be bundled, with 1 application to award funds from several sources. Of course, these awards would have to include some 30% units.

We know several things:
A. There is a huge need for 30% units, while the supply of 50-80% units is already overbuilt at least in many parts of the state.
B. Yet the majority of funds still goes to the latter.
C. The new 811 rules allow up 25% as disability-targeted. So, how about a policy of 25% for every publicly-funded development? The developers only argument is bang-for-the-buck, they can do less units for the money. So what? The housing they want to build is already overbuilt anyway."

Response: "It is time to update the Medicaid (HCS, TxHmL) waiver program for adults with intellectual and developmental disabilities. (A state may operate several HCBS waiver programs at once, each offering a distinct package of services and supports to a different group of individuals. These choices combine to give states considerable latitude in deciding which services and supports will be offered and in customizing benefit packages to meet the needs of particular groups.)

A continuum of living options is needed. Not all people with IDD are able to live in a group home and thrive. All people should be able to live near or in the same building as their friends. People need services (therapies, in home training, etc.), regardless of where they live. The concept of interim care should be for homeless shelters and other dwellings that truly are interim. The ICF/MR successes/best practices should be reviewed and applied to options in the continuum. The state needs to ensure that there is housing available for the potential homeless – the people with IDD who are not institutionalized. The alternative is that people with IDD will be on the street, in homeless shelters and ultimately in jail. The expenses of this are enormous – much larger than having decent places to live.

The elimination of Texas State Institutions needs to be planned out in detail. Parents of children in the institutions don't know how to take care of their children. Many parents are ill or worse. Communities have been created around these institutions. It is not just that the State spends $100K-$200K per year on each person in an institution (PI), when the cost would be 60% of that if they lived in the community. The state is depriving many people of services to house the few.

There must be housing available for the PI to move into. As a parent I would want to know where my child is going to be moved to. I may want to visit the place. And I may want a guarantee that I won't have to provide any support for the child. I will visit when I can. It is time housing options were established for the PI and the employees of the institutions offered to position to work in these housing options. Texas needs to be proactive creating housing and ensuring parents their children will be fine. Texas needs to make a commitment that 40% of the funds from sustaining the institutions will go toward others with IDD. The 40% may not be enough but it's a start and it's a very loud statement that Texas wants to do the right thing for the potentially homeless IDD population."

Moderator Post: What resources is your organization currently in need of, to successfully connect housing and services for persons with disabilities or the elderly?

Response: "Community for Permanent Supported Housing's (CPSH) mission is to collaborate with businesses, service organizations, community and government to create safe, cost effective housing for adults with intellectual and developmental disabilities. There cannot be "successfully connect housing and services for persons with disabilities" without housing.

CPSH needs the following:
- donated/assigned land/property in safe, suburban or urban locations area rapid transit very close to the property (may require additional bus routes)
- priority HUD/State funding to construct/renovate properties
- collaboration between State and Local governments to prioritize creating housing options assistance from state to help successful quality housing service providers expand/increase number of clients they serve

CPSH has a good understanding of who currently provides housing and services to persons with IDD in North Texas. The barriers to more housing similar to the existing type (group homes) are:
- Cost of property/homes,

- Lack of interest from families (group homes don't have favorably reputations and are seen as options of last resort (see complaints and accident reports for objective information). Also, lack of quality of staff (ability to provide pay/benefits that attract good staff),
- Neighborhoods where group homes operate,
- For profit businesses have greater challenges in this business (pocketing profit decreases quality of staff),
- Nonprofit businesses have nonprofit challenges (fundraising, etc)."

Administrative & Regulatory Barriers

Moderator Post: Which state or federal regulatory requirements provide the biggest obstacle to the creation of service-enriched housing and why?

Response: "HUD 811 Funding – Why are there restrictions on the types of housing options that will be funded for people with intellectual and developmental disabilities through HUD? For example, limiting the number of "units" per building. Communities should decide what the people in their communities need. The Federal Government needs to be reminded of the Olmstead Act and other laws that state people have the right to live where they want. A congregant setting does not equal an institution. There are so many examples of congregant setting for "groups" of people – by race, religion, national origin, etc. These groups are considered part of the character of the community. People with intellectual and developmental disabilities have the same right to choose where to live."

Response: "The TDHCA may get funding for 811 housing next year. Provision of the accompanying support services may be accomplished by using already existing Medicaid waivers. There are currently no care support Medicaid waivers for which persons with severe and persistent mental illness (SPMI) qualify, therefore keeping these highly needy citizens from becoming beneficiaries of this housing with services.

In addition, for efficiency of service/care delivery and for social interaction, persons with SPMI need to have people like themselves in their community housing units in meaningful concentrations. This is necessary also because the general public, lacking education about mental illness, continues to foster stigma and discrimination."

Moderator Post: How would you recommend these regulatory requirements be modified?

Response: "Texas must apply for a care support Medicaid waiver for which persons with severe and persistent mental illness (SPMI) will qualify in order that they get the supports in the community that they need so they will stay successfully housed. Regulations should encourage a sufficient concentration in service-enriched housing of like individuals so service delivery is efficient/cost-effective and social interaction without stigma is possible."

Moderator Post: What policy recommendations would you make to the Texas State Legislature to further service-enriched housing?

Response: "The Legislature needs to understand mental illness for the severe disability that it is and provide appropriate community interventions, including housing with support services. This has been shown to be cost-effective as compared with hospitalizations, heavy emergency room usage,

incarcerations, and related court and police costs AND it is in the best interests of persons with severe and persistent mental illness (SPMI) in their road to recovery. The Legislature should ensure that Texas has a Medicaid waiver that covers the care supports for those with SPMI. It should establish greater developer incentives, appropriate more funding, and/or institute dedicated fees or taxes to pay for increased housing stock for the very low income (SSI, SSDI, or less)."

Response: "Specifically to funding housing options for adults with Intellectual and Developmental Disabilities, Legislative action to consider:
- For businesses: 100% tax savings of funds and materials donated to create housing
- Approval of changes to legislation that all persons with IDD to live where they want to live and continue to receive Medicaid waiver funds. (The type of home they live in doesn't change their needs for services.)
- Approval to allocate state owned land and property to be donated, purchased or leased for housing options.
- Take action to allocate more funds to Medicaid so that federal funds will increase for Texas.
- Recognize that Texas can be a better State when the people of the state who "can do" help those who "can't do." Show by their actions that they respect people with IDD acknowledge that they are entitled to live where they choose with the services they need (similar to how seniors are treated.)"

Response: "I am very concerned that services for the severely disabled that are mentally ill and living in nursing homes are not available. I am asked when I visit nursing homes and the person who have a desire to transition, if I know of services that the person can get while they are in nursing homes. Is there a requirement for the nursing facility to provide the services that the residents need?"

Response: "We need to ensure that home and community based services are available to persons with mental illness, and that those services are easily implemented by home-based service providers (MHMRs and other community-based providers) so that persons with mental illness can effectively maintain their housing and live in the community. Specifically, we should look for opportunities to expand accessibility of these services as a complement to subsidized housing in permanent supportive housing for mentally-ill individuals that have long histories of homelessness."

Moderator Post: Which state administrative requirements provide the biggest obstacle to the creation of service-enriched housing and why?

Response: "Specifically regarding housing for adults with intellectual and developmental disabilities: An early draft of SB No. 222 contained specified an increase in the number of people allowed in residential care settings. Why was this section removed from the draft? What was the discussion? Who represented the view that the paragraph should be reviewed? I receive several different responses to these questions. Larger group homes allow friends to live together (Adults with IDD have preferences for whom they want to live with). Larger group homes allow for effective use of 4, 5 and 6 bedroom homes that are foreclosed, reduced for quick sale, and abandoned."

Coordination Barriers

Moderator Post: *What are the most frequent challenges involving state or local cross-agency coordination?*

<u>Response:</u> "There are very few projects to establish housing for adults with intellectual disabilities for very low income adults (i.e. not private pay like Brookwood or Marbridge). HUD prefers applications from experienced organizations/agencies, and there is little HUD funding available. Collaboration opportunities among organizations (businesses/agencies) that want to support adults with IDD (and have experience with this population) is very hard to find. Land is needed. The State of Texas can help identify property for this housing.

Funding is also a common thread through many issues related to housing for people with IDD. Since there is no profit in housing this population (that I have found), loans need to be forgiven and donations identified. Ideally land and construction should have zero payback. Which agency will help? It appears that the State of Texas doesn't want to own this housing. The state should be a partner in helping the providers find the resources. The state employees are very knowledgeable and this knowledge should be shared.

Parents/families are partners in this, too. Parents don't have confidence in the current system.
- Budget cuts to programs that support housing for our IDD population have begun to affect the way we look at Texas Agencies.
- There is more support for the homeless, addicts, people with HIV/AIDs, and senior citizens and less support for PREVENTING homelessness for people with IDD. People with IDD did not cause their own disabilities
- Parents have shouldered most of the cost of raising our children with special needs far beyond the age that most children are expected to be raised, saving the state at least $1M per person by keeping them out of institutions. Parents would appreciate more help in ensuring their children have safe, affordable housing when they are gone.
- It is unrealistic to expect siblings and other family members to take care of a person with IDD when a parent can no longer do it. The system is insufficient and bureaucratic. To ask the siblings/family to navigate the system is taking energy away from caring for the person with IDD.
- Parents recognize familiarity and routine are very important to their children. Smooth transitions into residential options are preferred over waiting for aging, elderly disability, or death to move into emergency residential options. (This is perceived as the current situation.)"

Moderator Post: *What cross-agency coordination solutions would be most effective in overcoming these challenges?*

<u>Response:</u> "When more 811 housing (or affordable housing in general) becomes available, Texas must make sure that there is a Medicaid waiver that covers the care supports for persons highly disabled with severe and persistent mental illness (SPMI). Let's care for them properly in the community rather than allowing them to cycle through mental hospitals and jails. Also, Agency personnel, the Legislature and the general public need to be educated about mental illness to dispel misconceptions and misinformation and break down the stigma and discrimination that persist. I

have long been an advocate of providing age-appropriate information about mental illnesses to students through their health, biology or other school classes; after all, 6% of today's students are destined to develop a severe mental illness, so it's best that they be informed and be able to get early intervention and treatment before the illness becomes so severe. Emphasis should be on prevention and early intervention."

HHSCC Future Efforts

Moderator Post: What efforts can be taken by the Housing & Health Services Coordination Council to further the creation of service-enriched housing in Texas?

Response: "HHSCC should continue to break down the silos between agencies, with cross-fertilization not only between housing and health services, but also with the education department. It should look for ways to increase incentives to developers, pull down all available federal moneys and recommend other ways to fund housing creation, particularly for those with very low income (SSI, SSDI, or less). It should insure that a Medicaid waiver or funding is available to cover on-site care/support services for persons with severe and persistent mental illness (SPMI), a group that to date has been left out of appropriate community enriched-housing solutions by the state."

Council Meetings – Stakeholder Feedback

Beyond the Online Discussion Forum, the Council also welcomed members of the public to attend a quarterly Council meeting to provide input on the content of the 2012-2013 Biennial Plan. During the December 5th, 2011 Council meeting, Mr. Jason Howell, Executive Director of SoberHood, testified on behalf of the Texas Recovery Housing Network:

"It's important to remember that recovery happens and that its enriched housing that is highly correlated with recovery outcomes…I can say that the greatest threats to enriched housing in Texas is a shallow understanding to the spectrum of housing needs as well as fair housing discrimination on the part of state and local governments. People with disabilities have the right to dignity, the right to be seen as individuals, and the right to self-determination, and as such, they have a right to a spectrum of housing that includes family life, congregate living and peer-based group homes…If enriched housing is defined as integrated, affordable and accessible housing models that offer the opportunity to link residents with on- and off-site services and support that foster independence for individuals with disabilities and persons who are elderly, we must consider the full spectrum of housing models that are required to meet this diverse population's individual needs and their desires.

Granted, funding streams understandably focus on priority populations, but looking through a long-sighting, there will never be enough money to go around. That's the whole reason why we have priority populations like people with severe mental illness or histories to include chronic homelessness, but most people with disabilities are not a priority population, and if we provide them with this spectrum of enriched housing, hopefully they never will become a priority population.

Oftentimes individuals with disabilities choose to live together in group homes to gain the peer support that they need for better outcomes, and to possibly cost-effectively receive the services they need to live a happier and healthier life. Many of these group homes are peer run and self-funded. To meet the demand, we need grassroots group homes like this in every residential neighborhood.

For example, recovery residences are nationally certified server homes that provide people in recovery with peer-based support and a community culture of recovery. Rather than relying on outside funding, residents are expected to work, pay rent and volunteer. Peer mentors and coaches connect residents with supports and services.

Recovery residences are the preferred enriched housing model for people early in their recovery, so please, mindfully frame the enriched housing discussion as a spectrum of housing models that includes disabled group homes like recovery residences to prevent and remove policy barriers, and the most glaring policy barrier is around fair housing issues."

Then, at the March 5th Council meeting, two members of the public submitted testimony; the first was Amanda Calzada, Director of Client Services for the Corpus Christi AIDS Foundation:

"Some of the biggest concerns that we have in our community as we work to have a recovery-oriented system of care in our community is that many of the people that suffer from substance abuse disorder don't have enough transitional housing available to them, so we have many people coming out who are newly sober that are having to go back into the drug-infested neighborhoods and aren't able to get the support that they need in order to remain in recovery, and so I was just hoping to make a comment that when you look at your housing plan that you that in mind that in Corpus Christi, at least, we need more funds available for group housing.

When these people are released from residential treatment, they need to be placed immediately. It usually takes approximately six months for them to be able to find somewhere affordable to live. They'll get placed on a public housing authority list or a low income subsidized apartment list, but right now some of those places, our clients have been on them for three years and they still haven't found a slot available. Another issue is that some of these people have committed crimes in their past, and so because of their criminal history they are being denied and they're having to appeal that decision.

One of the issues, being in a substance abuse lifestyle for so long, they're not used to boundaries or having any limitations put on them, and so supportive/transitional housing would be where there are going to be house rules there in place for them where they are going to be required to be going either meetings or some other support service, so then that way they continue in their recovery and continue to get those tools to help them remain in recovery."

The second speaker was Marilyn Hartman of the Austin affiliate of the National Alliance on Mental Illness (NAMI):

"I continue to be concerned, very concerned about our citizens with severe and persistent mental illness, those with the most severe cases, those whose brain impairments don't allow them to have insight into their condition -- and this is a condition called anosognosia -- those who fail at staying on their meds because of this, and those who are a relatively small percentage of all those with mental illness but who create the most costs for all of us taxpayers.

ECHO, which is Ending Community Homelessness Coalition, here in Austin recently interviewed 289 homeless people in an attempt to find the 100 most vulnerable with a goal of providing housing and support services for them. Vulnerability would refer to those who are likely to die within five years unless they are housed and receive appropriate support services. Of the 100 most vulnerable,

48 percent had mental illness, 72 percent a substance use disorder, and 34 percent had both, and 25 percent were tri-morbid, meaning they had a mental illness, substance use disorder, and a serious medical condition…If we look at our incarcerated population, nearly 25 percent have a mental illness, and two-thirds of them have a substance use disorder and their recidivism rate is about 50 percent.

In Austin State Hospital, or ASH, 50 percent of the patients have already been in the state hospital or local mental health authority systems, and on average in any given month 10 percent of them are right back in ASH within 30 days. So these statistics haven't changed much in years, and Texas ranks 51st, even behind Washington, D.C., in per capita spending for mental health. We also know that in Texas a person with a mental illness dies, on average, 27 years sooner than somebody who doesn't have a mental illness. Well, I believe that we are not going to see a significant improvement in these statistics until we have appropriate interventions in the community when these people are discharged or released or homeless.

Housing with support services targeted to individual needs, along with medication compliance where anosognosia is evident, must be part of the treatment plan. Those that aren't going to recover anytime soon, if ever, need residential programs. So where are the ICFs or the small group homes for which those with mental illness qualify? And I really am not talking about board and care homes, I consider most of those to be a travesty. I'm also not talking about shelters, I'm talking about permanent supportive housing or more intensive residential programs such as ICFs or small group homes. And we do need the 1915i Medicaid waiver funds to cover the support services for this group of people. They don't exist in Texas right now.

Why do we think that just because somebody is diagnosed after age 22 that they are less disabled or need fewer supports than those with intellectual disabilities? Why do we allow people with anosognosia to go off their meds when research tells us that more damage is done to the brain with every psychotic break? Why do we as taxpayers shell out oodles of general revenue dollars to perpetuate the revolving door of incarceration, re-hospitalization, homelessness, and inappropriate ER and EMS use when there are cost-effective solutions in the community which also benefit these ill citizens? And it would appear that we think it's fine that vulnerable people are dying on our streets in significant numbers because I don't see the urgency to address this. Do we consider these lives expendable? All of this in a supposedly enlightened society.

I always use my 37-year-old son, a bright person, as an example. He's now been ill for 12 years with what his psychiatrist describes as schizophrenia, paranoid type, treatment resistant, and also has obsessive compulsive disorder. I knew that he needed a residential program after he was revolved through the doors of mental hospitals in multiple states 13 times in three years. Three of those times, at least, he was kept in for three months at great cost to our taxpayers, but again, government-paid residential programs don't exist for persons with mental illness here in Texas, no matter how severe the mental illness. So my family placed him in a self-pay facility and he has not been hospitalized since. That's the good news. He's been there nearly nine years, he is required to take his meds, and he considers this his home where he feels safe and cared for, but despite medications, he is still severely disabled, with recovery, if possible, somewhere in the distant future.

I had great hopes when the HHSCC was established that the needs of our citizens with severe mental illnesses would finally be addressed: residential programs that are not jails and prisons, but instead community housing with appropriate services paid for with Medicaid 1915i waiver in the

state plan, and integrated mental and physical health care. Well, I'm still hopeful. I do think that Texas can do better than we are for these citizens."

Addressing Barriers

In the next two chapters, the Council seeks to address the barriers discussed in this chapter. Chapter 7 provides policy and funding recommendations made by the Housing Committee, with particular attention to how policies can be created or revised, and how funding sources can be utilized in a way that increases the creation of service-enriched housing for persons who are elderly and persons with disabilities. Chapter 8 then provides policy and funding recommendations made by the Service Committee to the federal government, state legislature, relevant state agencies, and local providers. These recommendations look at improving the availability of and access to community based services and supports for those persons with disabilities and persons who are elderly who desire to maintain independent living outside of institutional settings.

SECTION III: RECOMMENDATIONS

CHAPTER 7: HOUSING RECOMMENDATIONS

The Council provides these recommendations pursuant to the express authority of Texas Government Code 2306.1096(c), acting as a statutorily designated resource to the Office of the Governor and the Legislative Budget Board.

Consumer Barrier – Affordability

The single largest barrier to persons with disabilities being able to live independently in community-based housing is affordability. Research conducted by the HUD's Office of Policy Development and Research found that as many as 1.1 million households with disabilities have "worst-case housing needs," defined by HUD as unassisted renters with income below 50% of their area's median income (AMI) who pay more than half of their income for housing or live in severely inadequate housing, or both. Between 2007 and 2009, the number of worst case needs among very low-income renters with disabilities increased from 38 to 41 percent.[67] This is in line with the finding that the incidence of poverty is much higher for persons ages 25 to 64 with a severe disability (27%) or non-severe disability (12%) as compared to no disability (9%).[68] In fact, HUD's Office of Policy Development and Research reported that almost two-thirds of unassisted very low-income renter households with disabilities have worst-case housing needs.[69]

According to the American Community Survey (ACS), the population of non-institutionalized working-age (21 to 64) persons with disabilities in Texas is approximately 1.44 million. Of that total, the number of persons receiving Supplemental Security Income (SSI) payments in Texas is 228,100.[70] For 2012, the monthly income for a single individual on SSI is $698, or $8,376 per year.[71] If you compare this income level to the area median income categories used by state and federal housing programs, $8,386 per year is well below the income limit for a single individual at the extremely low-income level (30% of AMI) for the State of Texas, which is approximately $12,650 for Federal Fiscal Year 2012.[72]

Developer Barrier – Financial Feasibility

The single largest barrier to an affordable housing developer being able to serve persons with disabilities who are at or below the extremely low-income level (30% of AMI) is financial feasibility. Developers receiving government assistance must balance the costs of building, maintaining, and operating a property over the affordability period required in their Land Use Restriction Agreement (LURA), which is typically 30 to 40 years. In most cases, in order to cover these costs, developers must take on debt, typically in the form of a loan from a traditional financial institution such as a bank, which is paid back through the income received on the rent paid by the property's tenants. The less rent paid to the property owner, the less feasible it is for a developer to cover their debt service payments.

For developers receiving government financing, such as Housing Tax Credits or HOME Program funding, this assistance allows the property to subsidize rent levels to be affordable to individuals at 50 to 60% of AMI. However this assistance by itself cannot provide enough funding for developers to subsidize rent levels to be affordable to individuals at or below 30% AMI, while still maintaining

financial solvency for the entire affordability period. Therefore, the main way for developers to serve individuals at or below 30% AMI while still maintaining financial solvency is to layer multiple funding sources. As seen in Chapter 5 of the Plan, developers conducting new construction or substantial rehabilitation activities to create affordable housing for special needs populations, typically must layer between 5 and 10 different funding sources in order to subsidize rents to levels affordable to households at or below 30% AMI. These funding sources become the operating subsidy that makes the development financially feasible.

Given these barriers to service-enriched housing, the Housing Issues Committee crafted and the Council recommends the following policy and funding recommendations:

Recommendations

> **Recommendation #1: Similar to the existing Owner-Builder Loan Program, the Council identifies as a barrier the need for funding to establish a Service-Enriched Housing Fund Program to provide a subsidy to developments that provide units for persons with disabilities that make at or below 30% of area median income.**

In 1999, the 76th Legislature passed Senate Bill 1287 which enacted enabling legislation for the Owner-Builder Loan Program.[73] In 2001, the 77th Legislature amended this program under Senate Bill 322, a legislative directive that required the continuation of an Owner-Builder Loan Program. This program, referred to as the Texas Bootstrap Loan Program, is designed to promote and enhance homeownership for very low income Texans, primarily those living in economically distressed communities and colonias. The Legislature required continual funding of this Program in statute, and every state fiscal year $3 million of state's Housing Trust Fund allocation is set-aside for the Program.

Given the need by developers for development subsidies to provide housing to households at or below 30% of area median income, the Council recommends that appropriate measures be taken to address the identified barrier of needed funding through the establishment of a Service-Enriched Housing Fund Program and provision of funds to support developments that provide units for persons with disabilities that make at or below 30% of area median income. This Program could provide one-time capital grants to supplement to existing capital financing sources, such as Housing Tax Credits or Mortgage Revenue Bonds, to ensure that affordable housing developers could afford to deeply subsidize a portion of their units for extremely low income households. The Council is available as a resource in this regard.

> **Recommendation #2: The Council identifies as a barrier the need for funding to provide project-based rental assistance to affordable housing developments that provide units for persons with disabilities that make at or below 30% of area median income.**

One of the main opportunities for providing affordable housing for extremely low income persons with disabilities is rental assistance, either tenant based or project based. While tenant-based rental assistance activities are funded through federal programs such as HOME and Section 8, there are no existing state or federal resources allocated towards project-based rental assistance. The Council recommends consideration of the appropriation of funds, in the form of rental subsidy, to support developments that provide units for persons with disabilities that make at or below 30% of area median income. Developments awarded with project-based rental subsidies will require this subsidy

over the course of the affordability period in order to continue serving this extremely low income population, so consideration should be given to addressing the barrier presented by this identified funding need.

> **Recommendation #3: The Council recommends that TDHCA and TSAHC replace references to "Supportive Housing" within housing development guidelines, such as the Qualified Allocation Plan and Multifamily Mortgage Revenue Bond program guidelines, with "Service Enriched Housing."**

The Legislature created the Council to promote efforts to increase service-enriched housing in the State of Texas. The Legislature also required TDHCA, with the advice and assistance of the Council, to define "service-enriched housing" by rule. This definition was adopted into Texas Administrative Code, Title 10, Section 1.11 in May of 2010. The Council recommends that TDHCA and TSAHC utilize the term "Service-Enriched Housing" and its established definition, in the place of the term "Supportive Housing." While the two terms could be viewed as similar to one another, in application they can be used to promote the assistance of different target populations, consequently trying to use these terms interchangeably may cause confusion. Therefore, in order for housing development programs administered by TDHCA and TSAHC to reach the audience intended by the Council and in the manner intended by the Council, replacing the term "Supportive Housing" with "Service-Enriched Housing."

> **Recommendation #4: The Council recommends that TDHCA consider in the development of future qualified allocation plans competitive incentives to reward those Housing Tax Credit applicants who propose an increased set-aside of units for persons with disabilities or an increase set-aside of units for persons that make at or below 30% of area median income. Possible options include creating bonus points within the "Populations with Special Housing Needs" or the "Rent Levels of the Units" scoring criteria of the Qualified Allocation Plan or providing some form of rental subsidy.**

The 2012-2013 QAP has 24 selection criteria, with points assigned to each criterion for scoring a HTC applicant. The purpose of the "Populations with Special Housing Needs" scoring criteria is to integrate tenants with special housing needs into traditional HTC developments by setting aside at least 5% of the units within that development. A second scoring criteria, called "Rent Levels of the Units," encourages deep rent targeting with additional units, beyond those already designated for targeting, that are set aside for households at 30% AMI. An Application may receive additional points for every additional 2.5% (urban) or 1% (rural) of low-income units provided at rents and incomes at 30% AMI. As a potential option for rewarding those applicants who choose an increased set-aside of units for persons with disabilities that make at or below 30% area median income, the Council recommends that bonus points be awarded to those applicants who go above the thresholds stated within the QAP for these scoring criteria. For example, a development proposing a 10% set-aside of units for persons with disabilities or a development proposing to set aside an extra 5% of units for persons at 30% AMI.

If adequate funding were available another option would be to provide a rental subsidy to supplemental a Housing Tax Credit award to applicants that choose to provide an increased set-aside of units for persons with disabilities that make at or below 30% area median income. For example, those applicants who propose an extra 5% set-aside of units for persons with disabilities could receive project-based rental assistance on those additional units.

Recommendation #5: The Council recommends that TDHCA amend compliance monitoring regulations concerning Affirmative Marketing efforts, to establish quantifiable requirements regarding the frequency of outreach by property managers to relevant community contacts and the volume of community contacts that are approached.

All housing developments which have received TDHCA funding through the Neighborhood Stabilization Program (NSP) program, HOME program, housing preservation incentives program, and all multifamily rental housing developments that were awarded HTCs after 1992 must demonstrate compliance with Texas Administrative Code (TAC), §60.114. TAC §60.114 requires that owners of these developments utilize Affirmative Marketing Plans, which must identify which persons are least likely to apply for housing at these developments without special outreach. All developments are required to select persons with disabilities as one of the groups identified as least likely to apply. As such, all owners are required to inform and solicit applications from persons with disabilities through the identification of and outreach to specific media and community contacts that reach persons with disabilities.[74]

However, TAC §60.114 does not regulate the frequency of outreach by the property manager to the community contacts, nor does it regulate the number of community contacts that should be contacted in order to satisfy the intent of the regulation. Thus, a manager could contact just one relevant community entity in a 12-month period and be considered compliant with TAC §60.114. The Council feels that, especially in urban areas of the state, this level of outreach does not adequately market affordable rental housing to persons with disabilities and recommends that quantifiable metrics be established within TAC §60.114 regarding the frequency of outreach by property managers to relevant community contacts and the volume of community contacts that are approached. These quantifiable requirements should allow for a distinction between rural properties and urban properties, as rural communities will likely have a smaller number of relevant community contacts for persons with disabilities. Additionally, the quantifiable requirements should also be tied to the vacancy rate of the property, so to ensure that properties with no vacancies and waiting lists are not required to conduct unnecessary marketing.

The Council also feels that the Department's 12-month requirement for which set-aside units must either be held vacant if not occupied by Persons with Special Needs is unduly burdensome, as there have been instances where developments have lost rental income because they have not been able to fill their set-aside units. In order to mitigate this unfortunate circumstance the Council recommends that the hold period be shortened from 12 months to six.

Recommendation #6: The Council recommends that TDHCA and TSAHC, in partnership with fair housing entities, conduct specific Compliance Training Workshops focused solely on Affirmative Marketing efforts and the identification of and outreach to appropriate community organizations.

TDHCA Compliance staff acknowledge that one of the more frequent findings of property non-compliance involves adhering to TAC §60.114 and that this non-compliance stems from the property managers' lack of understanding regarding (A) who the appropriate, relevant community contacts would be for marketing to persons with disabilities in their community and (B) how to undertake a marketing effort that attracts persons with disabilities to their developments. While TDHCA holds quarterly HTC Compliance Training Workshops to review all state and federal

requirements with development owners or owner representatives, the Council sees the need for a separate or additional educational workshop centered around affirmative marketing efforts.

The Council recommends that existing fair housing organizations be utilized by TDHCA and TSAHC to provide these workshops to the management staff of Housing Tax Credit and Multifamily Bond Program properties. These fair housing organizations could submit training modules/curriculum to TDHCA or TSAHC for pre-approval and then be considered an approved affirmative marketing educator. The Council also recommends that this affirmative marketing training become a regular session at housing professional conferences, such as those held by the Texas Association of Affordable Housing Providers (TAAHP).

> **Recommendation #7: The Council identifies that the limited size of the statutorily established Non-Profit set-aside within the Housing Tax Credit (HTC) Qualified Allocation Plan (QAP) and the fact that this set-aside does not provide for prioritization of eligible Service Enriched Housing developments for award is a limiting factor on the development of service enriched housing It is recommended that ways to address this barrier be explored and the Council is available as a resource.**

The 2012-2013 QAP has three HTC allocation set-asides: (1) the Non-Profit set-aside of 10% of the State Housing Credit Ceiling (Ceiling), (2) the USDA set-aside of 5% of the Ceiling, and (3) the At-Risk set-aside of 15% of the Ceiling. The Non-Profit set-aside is statutorily required by the IRS (26 U.S.C. §42(h)(5)) and the other two are statutorily mandated by the State Legislature (Texas Government Code, §2306.1111(d-2) & §2306.6714). TDHCA does not have clear and unambiguous authority to create set-asides or expand existing ones.

Supportive Housing is defined in the QAP as "Residential rental developments intended for occupancy by individuals or households in need of specialized and specific non-medical services in order to maintain independent living."[75] Applicant developments selecting "Supportive Housing" under the "Target Population" portion of the pre-application would most closely resemble service-enriched housing as defined by the Council.

Although the IRS dictates that the QAP must provide a Non-Profit set-aside, it does not preclude the state from increasing that set-aside beyond 10%, nor does it preclude prioritization of projects within the Non-Profit set-aside. Given that the majority of Supportive Housing applicants are non-profit organizations, the Council recommends consideration be given to assessing the appropriateness of the non-profit set-aside for use in addressing the need and priority of eligible Service Enriched Housing developments. Note in this regard existing language within the 2012-2013 QAP regarding the prioritization of Texas Rural Development Office (TRDO-USDA) Rehabilitation developments within the At-Risk set aside. Sample language is as follows: "Up to 5% of the State Housing Credit Ceiling associated with the Non-Profit Set-Aside may be given priority to Supportive Housing Developments."

> **Recommendation #8: The Council recommends that a requirement of an executed partnership agreement between the owner, the management agent and an appropriate local service organization(s) be written into the Land Use Restriction Agreement (LURA) of those HTC awardees that elected to receive points under the "Populations with Special Housing Needs" scoring criteria of the Qualified Allocation Plan and/or identifying their proposed development as "Supportive Housing."**

One of the main barriers keeping persons with disabilities from living independently in community based housing is a connection to community based services. Without readily available services, many persons with disabilities cannot maintain housing stability. Therefore, in order to ensure housing stability for this population, housing providers and service providers must establish on-going relationships.

Through the "Populations with Special Housing Needs" scoring criteria and the "Supportive Housing" category, the 2012-2013 QAP provides mechanisms for developers to identify units of affordable housing which can be utilized by persons with disabilities. However the 2012-2013 QAP does not require those developers to substantiate or maintain any service partnerships with existing local organizations. Therefore, the Council recommends that a requirement of a formalized partnership agreement between the owner, the management agent and an appropriate local service organization(s) be written into the Land Use Restriction Agreement (LURA) of those HTC awardees that elected to receive points under the "Populations with Special Housing Needs" scoring criteria of the Qualified Allocation Plan and/or identifying their proposed development as "Supportive Housing." Example service partners are those organizations who are part of statewide networks such as Centers for Independent Living (CILs), Local Mental Health Authorities (LMHAs), Area Agencies on Aging (AAAs), and Aging and Disability Resource Centers (ADRCs), and can provide a variety of long-term services and supports in on-site or off-site settings.

This agreement would most likely take the form of a Memorandum of Understanding (MOU) and should include at least three elements:
i. A commitment from the local service agency to provide, coordinate and/or act as a referral agent to ensure that supportive services will be made available to the special needs tenants;
ii. A standardized referral process that will be used by the project management to refer tenants to the local service agency; and
iii. A communications plan between the project management and the local service agency that will accommodate staff turnover and assure continuing linkages between the project and the local service agency for the duration of the compliance period.

TDHCA compliance staff could measure adherence to the MOU by monitoring for the existence of up to date, comprehensive referral procedures and communication plans, and for records showing that referrals requested by tenants were made to the appropriate organization.

Finally, the Council acknowledges that over a 30- to 40-year compliance period, changes may occur, both to the management of the property and to the partnership with the service provider. Therefore, language should be written into the LURA specifying that in the event that the partnership between the property owner and the local service agency dissolves, the property management has a specified grace period during which a new service provider can be found.

> **Recommendation #9: The Council recommends that TDHCA and TSAHC modify their multifamily bond program rules to incentivize service-enriched housing and encourage local housing finance agencies to utilize bond allocations to support the development of service-enriched housing.**
>
> Similar to the Housing Tax Credit QAP, TDHCA's Multifamily Housing Revenue Bond Program and TSAHC's Multifamily Private Activity Bond Program each has an application scoring criteria that awards points to applicants who provide specific amenities within their

proposed development. The Council recommends adding points to the scoring criteria for applicants who set aside a number of units as service-enriched housing. This language would promote the creation of affordable housing that establishes linkages to off-site service organizations for the provision of health-related and other services and supports for persons with disabilities and persons who are elderly. Additionally, the Council recommends that the Texas Bond Review Board encourage local housing finance agencies to prioritize their state bond allocation for service-enriched housing developments.

Recommendation #10: The Council recommends that TDA explore how state Community Development Block Grant (CDBG) funding allocations can be used to address the service-enriched housing needs of rural communities.

Every year, HUD provides federal Community Development Block Grant (CDBG) funds directly to the state of Texas, which, in turn, provides the funds to small, rural cities with populations less than 50,000, and to counties that have a non-metropolitan population under 200,000 and are not eligible for direct funding from HUD. Given the direction of the 82nd Texas Legislature, CDBG is now administered by the Texas Department of Agriculture's (TDA) Office of Rural Affairs. In Program Year 2011, the Office of Rural Affairs received $66.6 million from HUD for the administration of the state's CDBG non-entitlement program.[76] The primary objective of the CDBG program is to develop viable communities by providing decent housing and suitable living environments, and expanding economic opportunities principally for persons of low- to moderate-income.

The State of Texas has traditionally used CDBG funding for infrastructure improvements and the federal statute limits CDBG funding to only be used to rehabilitate existing housing stock; the only entities allowed to use CDBG funding for new construction activities are HUD approved Community-Based Development Organizations (CBDOs). This limitation hinders the ability of rural organizations to meet the needs of rural Texans who are elderly or have disabilities.

In 2011, as part of SB1, the Legislature the Texas Rural Health and Economic Development Advisory Council to advise the Texas Department of Agriculture on rural policy priorities, including priorities for the use and allocation of the CDBG funds. Every other year, this advisory council will develop a rural policy plan that includes (1) strategic initiatives for this state regarding economic development, community development, and rural health, including priorities for the use and allocation of the CDBG funds; and (2) recommendations for legislation and program development or revision. Therefore, the Council recommends that TDA and the Texas Rural Health and Economic Development Advisory Council explore opportunities for using CDBG allocations towards the creation of service-enriched housing for persons who are elderly and persons with disabilities.

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[74] Texas Administrative Code, Title 10, Part 1, Chapter 60, Subchapter A, §60.114 Requirements Pertaining to Households with Rental Assistance, http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=4&ti=10&pt=1&ch=60

[75] http://www.tdhca.state.tx.us/multifamily/htc/index.htm

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CHAPTER 8: SERVICE RECOMMENDATIONS

The Council provides these recommendations pursuant to the express authority of Texas Government Code 2306.1096(c), acting as a statutorily designated resource to the Office of the Governor and the Legislative Budget Board.

Integration Vision Statement: The Council promotes a continuum of community based housing options, providing persons with disabilities the ability to choose the most integrated, least restricted setting that fits their preferences.

The Council promotes full compliance by the State of Texas with the Olmstead Decision, which protects the right of persons with disabilities to choose whichever housing option they deem desirable. The Council recognizes that there are many factors that impact an individual's choice and ability to live independently in community based settings, including: disability, social network, availability of state and federal housing assistance, criminal history, accessibility of housing stock, sense of personal safety, geographic area (e.g., rural versus urban area), proximity to necessary amenities, family influences, stage of recovery, and available transportation options.

Given these factors, many individuals want their own apartment, some want to live with family members, others choose to live in small group home settings, and some prefer the assisted living facility (ALF) model. Offering a continuum of housing opportunities allows the provision of a step-down option from an institution and a time of adjustment to a less restrictive setting, which may ultimately result in a move to a private home. Public testimony received at recent Council meetings reflects the need for such a continuum, which includes group living arrangements:

"If enriched housing is defined as integrated, affordable and accessible housing models that offer the opportunity to link residents with on- and off-site services and support that foster independence for individuals with disabilities and persons who are elderly, we must consider the full spectrum of housing models that are required to meet this diverse population's individual needs and their desires…Oftentimes individuals with disabilities choose to live together in group homes to gain the peer support that they need for better outcomes, and to possibly cost-effectively receive the services they need to live a happier and healthier life…Recovery residences are the preferred enriched housing model for people early in their recovery, so please, mindfully frame the enriched housing discussion as a spectrum of housing models that includes disabled group homes like recovery residences…" – Jason Howell, SoberHood, December 5, 2011 HHSCC Meeting

"As a parent of a young man with Down's Syndrome, the socialization aspects of his life and the life of his 20,000 friends up here in North Texas is as important as the services that he is provided as an individual, and I think that's one of the reasons why so many families are choosing assisted living type settings is because they realize that in this day and age our children have friends in the community and want to live with those friends, and those friends become their extended family over time just as a typical person might view their friends. And that's one of the reasons why it's so compelling to have an assisted living philosophy…So options are very, very important. I just wanted to reiterate that concept." – Robin LeoGrande, Community for Permanent Supported Housing, December 5, 2011 HHSCC Meeting

"We have many people coming out who are newly sober that are having to go back into the drug-infested neighborhoods and aren't able to get the support that they need in order to remain in recovery, and so I was just hoping to make a comment that when you look at your housing plan that you that in mind that in Corpus Christi, at least, we need more funds available for group housing…They're wanting supportive housing, but there's about, I think, three clean houses available for our clients. I've had success in placing maybe two. Other than that, there's not that many beds available at these sober houses that are available in our community." – Amanda Calzada, Coastal Bend AIDS Foundation, March 5, 2012 HHSCC Meeting

"So where are the ICFs or the small group homes for which those with mental illness qualify? And I really am not talking about board and care homes, I consider most of those to be a travesty. I'm also not talking about shelters, I'm talking about permanent supportive housing or more intensive residential programs such as ICFs or small group homes…They don't exist in Texas right now." – Marilyn Hartman, NAMI Austin, March 5, 2012 HHSCC Meeting

Although the Council promotes a continuum of community based housing options, it also acknowledges that barriers to the provision of all options exist. To begin with, not all funding sources associated with the creation of community based affordable housing can be utilized for all housing options. For example, the largest of TDHCA's multifamily development programs is the Housing Tax Credit (HTC) program, which is governed by the Internal Revenue Service (IRS). Currently IRS guidance suggests that the use of HTC funding for congregant living arrangements such as group homes or ALFs is prohibited.[77, 78] Additionally, not all funding sources associated with the provision of community-based long-term services and supports can be utilized within all housing options. For example, the Texas Medicaid Program prohibited persons with intellectual or developmental disabilities eligible for the now discontinued Consolidated Waiver Program (CWP) to receive those services in congregate housing settings where four or more unrelated individuals reside.[79]

It is the Council's intention to make recommendations within this Plan to urge state and federal policymakers to remove such obstacles to the creation of a full array of housing options for persons with disabilities, allowing these persons to more fully realize their ability to choose the most integrated setting possible.

Recommendation #1: The State of Texas should urge the Centers for Medicare and Medicaid Services (CMS) to remove regulatory barriers to designing 1915(c) Waivers based on needs rather than diagnosis or condition.

Allowing Texas to serve more than one target group with a single waiver presents an opportunity for the state to be more flexible in their design of services and perhaps to streamline service delivery with some potential cost savings. The Council recommends that CMS grant the State of Texas the flexibility to design waiver services in ways that could potentially improve the state's focus on individual needs and allow better targeting of resources. Focusing on individual service needs rather than diagnoses that place individuals into specific waivers could enhance efforts to emphasize person-centered planning.

Because historically CMS has not allowed multiple eligibility criteria in one waiver, Texas applied for and received approval for two waivers: one waiving off of intermediate care facilities for individuals with mental retardation or related conditions (ICF/MR) level of care, and one waiving off of nursing

facility and hospital levels of care. The two waivers are operated together as a single program, the Consolidated Waiver Program (CWP) in Bexar county, serving individuals who would be eligible for any of five existing §1915(c) waiver programs, serving all ages, across all types of disabilities. Under the CWP, there is one set of providers, one comprehensive service array, one consistent set of rates, and one state administrative agency. CWP offers the broadest service array of the state's §1915 (c) waivers. Individuals are selected from the interest lists of the five original waivers and are offered services when qualifying under any of the three levels of care. Having the option to develop single waivers to serve populations with multiple levels of care could greatly enhance opportunities to better serve individuals in Texas.

Recommendation #2: The State of Texas should urge CMS to provide definitive guidance on eligible Qualified Residences for the use of 1915(c) Waivers

The Council supports the CMS philosophy that residential settings must be integrated and not be institutional. However, the Council has learned that a variety of community-based settings are preferred and necessary in order to meet all the goals and person-centered planning choices of those wanting to live in the community. The Council urges CMS to consider all these factors and recommends that CMS develop clear, definitive guidelines defining qualified residences for Medicaid waiver services which accommodate individual choice.

Recommendation #3: Increase funding for the Outpatient Competency Restoration Pilot Program in order to provide greater statewide coverage.

When persons with mental illness are found "Incompetent to Stand Trial," they are typically placed in a state hospital while undergoing rehabilitation and competency restoration. Such placements are called "forensic stays" and are very expensive, costing the state approximately $407 per day and an average of $33,238 per forensic treatment episode (given an average length of stay of 81.66 days).

As an alternative, the Outpatient Competency Restoration (OCR) pilots were launched by the Department of State Health Services (DSHS) in 2008 in response to Senate Bill 867 of the 80th Texas Legislature, which amended the Code of Criminal Procedure to explicitly allow for outpatient competency restoration of defendants who have been determined not to be a danger to others. Funding was awarded for pilot sites for OCR in selected areas where the Local Mental Health Authority (LMHA) and local judiciary have partnered together for competency restoration. Then in 2011, five new OCR sites were added per Rider 78 of the 82nd Texas Legislature. Through OCR, LMHA staff begins to arrange for housing (there is supervised residential placement offered as part of the pilot) and begins engaging any available family and community supports. Substance abuse treatment is initiated if needed and rehabilitation services begin, largely in the person's home. In many cases the center's Assertive Community Treatment (ACT) team, which offers the most extensive level of care in the center's array, will be engaged to "wrap around" these persons.

This pilot program has already shown tremendous cost savings. While the average length of stay is slightly longer (107 days), the cost of community based competency restoration is approximately $140 per day or $14,980 per treatment episode, providing a cost savings of $18,258 per person, per treatment. Given this cost savings, along with the provision of community based rather than institutional services and supports, the Council finds that continuation of funding to the OCR pilots and expanding the program to more LMHAs in order to provide greater statewide coverage would address some of the barriers identified in this report.

Recommendation #4: Promote coordination and partnership between local Recovery Oriented Systems of Care and local affordable housing entities.

DSHS' Recovery Oriented Systems of Care (ROSC) initiative started as a pilot project in Houston in May of 2010 and has recently expanded to 23 local communities across the state. ROSCs emphasize the importance of community collaborations and partnership, including governmental agencies at all levels, to ensure the continuum of care available for persons affected by substance use disorders.

The idea of ROSCs was initiative by the federal Substance Abuse and Mental Health Administration (SAMHSA) to facilitate cross system partnerships among six key areas: health, housing, transportation, education, criminal justice, and child welfare. However, while the local ROSCs see a great need in their communities for transitional and permanent housing for persons with substance use disorders, some have had difficulty connecting with local providers of affordable housing:

"Our ROSC focuses on six priority areas and access to safe and supportive housing is at the top of our list…We know that the larger inventory of housing resources is in the public housing sector, however we are not having much success gaining their support or participation." - Leonard Kincaid, Chairperson of the Houston Recovery Initiative

"Unfortunately we no longer have any halfway houses in this area and are also deficient in transitional housing for individuals...Also the housing need for adults is great, due to the fact that a large percentage of the individuals we serve have drug related felonies on their records, which prohibits securing much of the housing available." - Marcia Thomas, Chairperson of the Wichita Falls ROSC

The Council recommends that statewide affordable housing associations, such as the Texas Affiliation of Affordable Housing Providers (TAAHP) and the Texas chapter of the National Affordable Housing and Redevelopment Officials (NAHRO), promote the connection to ROSCs to their membership. The Council also encourages the attendance of city housing officials, local public housing authority representatives, and local community development corporation representatives at local ROSC meetings.

Recommendation #5: Seek funding to expand the Money Follows the Person Behavioral Health Pilot geographically to cover more areas of the state.

The Money Follows the Person Demonstration Program asks its relocation contractors to target persons with mental illness as a population to transition from institutions into the community. However, without the provision of and access to appropriate community-based services, persons with mental illness are less likely to successfully maintain independent living. As a solution to this challenge, the Money Follows the Person Behavioral Health Pilot was designed to help adults with severe mental health and substance use disorders leave nursing facilities and live successfully in the community. The Pilot coordinates evidence-based services, such as Cognitive Adaptation Training and substance abuse counseling, provided through the Local Mental Health Authority, with community-based, long-term care and medical services provided through the State's STAR+PLUS Medicaid managed care program. While the pilot began in Bexar County in 2008, it has since expanded to the Travis County.

Since its inception in April 2008, over 160 individuals (122 in Bexar County and 38 in Travis County) have transitioned from a nursing facility into the community. The current enrollment is 91 active enrollments (53 in Bexar County and 38 in Travis County). Additionally, 127 individuals have been served with pre-transition services (78 in Bexar County and 49 in Travis County). Additionally, the Behavioral Health Pilot was expanded to all seven counties that make up the Bexar County Star+Plus service area and the Travis County Star+Plus service area.

Based on previous analysis, an estimated 88% of individuals have maintained community independence after enrollment into the Pilot. Pilot participants also demonstrate statistically significant improvement on standardized scales that measure ability to survive in the community, independence in daily life, money management, and coping skills. Finally, preliminary analysis indicates that average Medicaid costs are lower under the pilot than prior to discharge.

The pilot is slated to continue through December 2016. Texas requested federal approval and funding to expand the Pilot geographically and to include state hospital patients in the Pilot. In January 2012, the Pilot was expanded to include the San Antonio State Hospital through leveraging of existing resources and infrastructure and working with DSHS' contractors at the Center for Healthcare Services.

Given the continued success of the Pilot in transitioning this population in the community, the Council is interested in making these evidence-based services available to people throughout Texas. And with the recent expansion of the STAR+PLUS Medicaid managed care program, the partnering of local LMHAs and local managed care providers to serve adults with severe mental health and substance use disorders leave nursing facilities has become a feasible effort. Therefore, the Council recommends that the Department of State Health Services and the Department of Aging and Disability Services jointly pursue funding from CMS to expand the Behavioral Health Pilot to more locations throughout the state, particularly those areas with local Money Follows the Person relocation contractors.

Recommendation #6: Increase funding to the Assertive Community Treatment (ACT) service packages as part of the Resiliency and Disease Management (RDM) Program.

ACT is a self-contained program that provides treatment, rehabilitation and support services to identified consumers with severe and persistent mental illnesses living in the community. Using an integrated services approach, the ACT team merges clinical and rehabilitation staff expertise, e.g., psychiatric, substance abuse, employment, and housing within one mobile service delivery system.[80] ACT is the most well researched service model for persons with severe and persistent mental illness and is currently being promoted by the Substance Abuse and Mental Health Services Administration (SAMHSA) and the National Alliance for the Mentally Ill (NAMI) as a best practice. The value of ACT teams can be measured in two ways, cost effectiveness and quality of life.

Starting ACT teams and establishing their fidelity has high costs, due to the program design and low consumer-to-clinician ratio (10:1).[81] However, as time progresses, the cost savings are realized. Cost analyses have shown that ACT is cost effective for patients with extensive prior hospital use, and in the long run it may provide a more cost effective alternative to standard case management for individuals with reoccurring substance use disorders.[82] These costs savings can measured in several ways: hospitalizations, use of emergency rooms, criminal justice involvement, and stable housing are among the most significant areas to measure costs savings. Quality of life is a little more subjective,

but longitudinal studies consistently produce positive outcomes for the system, consumers and families. Consumers and family members of consumers receiving ACT services continue to relate the positive impact of ACT upon their satisfaction with overall mental health services. [83]

Today there are approximately 50 ACT teams in operation throughout the state in both rural and urban areas. The Council recommends that increased funding for ACT service packages in RDM, particularly for individuals who have co-occurring mental health and substance abuse disorders, to ensure that this population is able to access services and avoid future hospitalizations would address some of the barriers identified in this report.

Recommendation #7: Utilize Projects for Assistance in Transition from Homelessness (PATH) funding to assist persons with mental illness exiting state hospitals and at-risk of homelessness.

Research has shown a high occurrence of mental illness and/or substance abuse amongst persons who are homeless. The U.S. Department of Housing and Urban Development (HUD), through their local Continua of Care (CoCs) network conducts a biannual homelessness census called a Point in Time (PIT) Count. An aggregate of Texas CoCs' PIT data provides most of the available information on homelessness in Texas. The 2011 PIT asked homeless participants if they were severely mentally ill and if they had chronic substance abuse issues and of the 36,911 homeless individuals surveyed by the 2011 PIT, 7,891 reported severe mental illness (21.4% of the general homeless population) and 10,595 reported chronic substance abuse (29% of the general homeless population).[84] Many of these individuals have cycled through state hospitals but have not been connected to the appropriate community based mental health and substance abuse services upon discharge.

The Projects for Assistance in Transition from Homelessness (PATH) program is designed for persons with serious mental illness, including those with co-occurring substance use disorders, who are experiencing homelessness or at risk of becoming homeless. Virtually all states use PATH funds to provide outreach services to contact and engage people who are disconnected from mainstream resources. PATH services include community-based outreach, mental health, substance abuse, case management and other support services, as well as a limited set of housing services.

The Council recommends that the Department of State Health Services utilize a portion of the State's PATH allocation to provide targeted outreach, prior to discharge, to those persons with mental illness exiting state hospitals who are at-risk of homelessness. Such outreach would include transitional services to connect these persons with community based mental health and substance abuse resources.

Recommendation #8: Local Benefits Counselors & Options Counselors should establish connections to discharge planning representatives in hospitals, nursing facilities and other institutional settings in order to ensure that persons who are residing in institutional settings or at-risk of institutionalization are educated about community based services, supports, and their rights.

The Texas Benefits Counseling Program, funded by the Department of Aging and Disability Services (DADS), trains and certifies regional and volunteer benefits counselors provide information, counseling, assistance and advocacy to people who are older and others who are Medicare-eligible regarding their benefits, entitlements and legal rights. Regional Benefits Counselors

are employed by local Area Agencies on Aging (AAAs) and train volunteers regarding public and private benefits, advocacy skills, and other relevant areas. Similarly, through the Money Follows the Person Program, DADS funds Aging and Disability Resource Centers (ADRCs) to provide Options Counselors for nursing home residents.

Traditionally, Benefits Counselors have worked with persons already living in community-based settings. However, there is a great need for the knowledge and expertise of Benefits Counselors in institutional settings, particularly by those staff conducting discharge planning tasks. Therefore the Council recommends that local AAAs establish greater connections between their Benefits Counselors and local institutions.

The Council also recognizes the need for activities that more effectively divert persons away from institutional settings that may be at-risk of institutionalization. Therefore, for those AAAs and ADRCs with the capacity to engage in targeted outreach with current resources, the Council recommends that the Benefits Counselors & Options Counselors work more closely with hospital discharge planners to help consumers at-risk of institutionalization remain in the community.

Recommendation #9: Expand Housing Navigators Pilot Program to Aging and Disability Resource Centers in other areas of the state.

As stated in Chapter 1 of the Plan, in the fall of 2010 DADS was awarded $160,000 from the Centers for Medicare and Medicaid Services (CMS) to fund a Housing Navigators Pilot Program connected with the state's Aging and Disability Resource Centers (ADRCs). By September 2011, Housing Navigators were hired in the following locations: East Texas ADRC (Longview, TX), Lower Rio Grande Development Council, North Central Texas ADRC (Arlington, TX), West Central Texas ADRC (Abilene, TX).[85]

These four ADRCs are already seeing signs of success. Housing Navigators have begun establishing linkages between the local service entities and local public housing authorities and connecting persons with disabilities transitioning out of institutional settings to community-based housing. The Council recommends that DADS continue to pursue federal funding for this Pilot program, so that it may be expanded to other ADRCs throughout the state.

Recommendation #10: Utilize ADRC Housing Navigators to conduct presentations to property managers of local affordable housing and public housing.

In the 2010-2011 Biennial Plan this Council recommended that a standardized presentation be provided to property managers of affordable housing, to explain the unique needs of tenants with disabilities or tenants who are elderly. The Council further recommended that this practice be adopted by any local organization that assists in the relocation of persons with disabilities or persons who are elderly from institutions to community based settings.

The Council sees the opportunity to expand upon this recommendation in two ways. First, the Council recommends that the staff hired through the Housing Navigators Pilot Program be utilized for this purpose. Second, the Council recommends that this presentation be geared towards educating affordable housing property managers and public housing property managers as to what local service entities are available in their community and how to best connect tenants with disabilities or tenants who are elderly to those service entities. As stated in the Housing

Recommendations Chapter, properties receiving state financing are required to create and fulfill Affirmative Marketing Plans for persons with disabilities. Program compliance rules dictate that properties must inform and solicit applications from persons with disabilities through the identification of and outreach to specific community contacts that reach persons with disabilities. Therefore, it is in the best interest of these properties to become educated as to the relevant community contacts and the Housing Navigators can play an integral role as the conduits of such knowledge.

Finally, on the whole, the Council encourages organization such as Aging and Disability Resource Centers and Centers for Independent Living, that serve Texas in an access and assistance capacity, to become more knowledgeable of affordable housing programs that are implemented by local, state, and national organizations. The Council sees the catalytic influence that communicating with affordable housing owners, developers, and property managers could have on establishing connections between low income persons with disabilities and long term services and supports.

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[77] Internal Revenue Service, *Guide for Completing Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition*, Chapter 12 – Category 11h, Retrieved from: http://www.irs.gov/pub/irs-utl/lihc-form8823guide.pdf

[78] Internal Revenue Service, *Treasury Decision 8520, 26 CFR, IRC Sec(s). 42, Final regulations.* Retrieved from: Novogradac & Company Affordable Housing Resource Center, http://www.novoco.com/low_income_housing/resource_files/irs_rulings/treasury_decisions/TD_8520.pdf

[79] Department of Aging and Disability Services, (2011, March). *Case Manager Consolidated Waiver Program Handbook*, Retrieved from: http://www.dads.state.tx.us/handbooks/cm-cwp/1000/1000.htm

[80] Department of State Health Services Retrieved from: http://www.dshs.state.tx.us/mhprograms/ACT.shtm

[81] Program design is inclusive of service coordination, rehabilitative services, psychiatric services, nursing services, medication management, housing support, substance abuse treatment, and vocational services.

[82] Substance Abuse and Mental Health Services Administration. *Assertive Community Treatment: The Evidence.* DHHS Pub. No. SMA-08-4344, Rockville, MD: Center for Mental Health Services, Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services, 2008. Retrieved from: http://store.samhsa.gov/shin/content//SMA08-4345/TheEvidence.pdf

[83] Department of State Health Services Retrieved from: http://www.dshs.state.tx.us/mhprograms/ACT.shtm

[84] 2011 Texas Interagency Council for the Homeless, "Draft Texas State Plan to Prevent and End Homelessness," Retrieved from: http://www.thn.org/storage/TICH_Plan_Final_Public_Comment%202.pdf

[85] Promoting Independence Advisory Committee, January 25th 2012 meeting, Department of Aging and Disability Services - Department Activity Report

SECTION IV: NEXT STEPS & FUTURE EFFORTS

CHAPTER 9: IMPLEMENTING SERVICE-ENRICHED HOUSING: CMS REAL CHOICE SYSTEMS CHANGE GRANT & THE HUD SECTION 811 DEMONSTRATION PROGRAM

The Council and its state agency representatives continue to seek out funding opportunities that could be utilized to fulfill its statutory obligations to further efforts to create service-enriched housing. This chapter discusses the recently revised, federal Section 811 funding program, the CMS *Real Choice Systems Change Grant: Building Sustainable Partnerships for Housing*, and a joint effort by the Texas Department of Housing & Community Affairs (TDHCA) and the Department of Aging & Disability Services (DADS) to pursue these two interrelated funding opportunities to further the work of the Council.

Background on the Melville Act

The Frank Melville Supportive Housing Investment Act of 2010 (Melville Act) was introduced by U.S. Senator Robert Menendez in July of 2009 to revise the supportive housing program for persons with disabilities known as Section 811. Established by the Cranston-Gonzalez National Affordable Housing Act of 1990, the Section 811 program originally provided capital financing to private non-profit organizations to construct and manage affordable housing properties intended solely for low income persons with disabilities. Over the past decade, the Section 811 program, which is administered by the U.S. Department of Housing & Urban Development (HUD), has become less and less effective, creating fewer than 1,000 new units per year.[5]

The Melville Act, which was signed into law by President Obama in January 2011, revises the Section 811 program in ways which are intended to better meet the housing needs of persons with disability as well as more effectively leverage the funding source to increases affordable housing production. First, the Melville Act authorizes more integrated models of supportive housing units by funding small set-asides of Section 811 units within affordable housing developments. Secondly, these integrated units within multi-family rental properties can be financed with other capital sources, such as such as the Housing Tax Credit program, the HOME program, bond-financing programs and others.

This reformed Section 811 program has two approaches to creating integrated permanent supportive housing for low income persons with disabilities: (1) the Modernized Capital Advance/Project Rental Assistance Contract (PRAC) approach and (2) the Project Based Rental Assistance approach. For the purposes of this Council, we focused on the second approach.

New Approach to Section 811

The Project Based Rental Assistance approach allows State housing finance agencies (HFAs) to apply for Section 811 funds for the very first time and sets the following parameters:

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[5] Technical Assistance Collaborative (2011, January), Frank Melville Supportive Housing Investment Act of 2010: Reforms to HUD's Section 811 Program Enacted

- Eligible projects are "new or existing multifamily housing projects for which the development costs are paid with resources from other public or private sources and a commitment has been made by the applicable State agency responsible for allocation of low-income housing tax credits" or "assistance under the HOME Investment Partnership Act."[6] This allows the Section 811 funding to be leveraged with larger capital financing sources with the intention of increasing the number of affordable properties with units designated for low income persons with disabilities.

- "Of the total number of dwelling units in any multifamily housing project containing any unit for which project rental assistance is provided, the aggregate number that are provided such project rental assistance, that are used for supportive housing for persons with disabilities…may not exceed 25 percent of such total."[7] This provision ensures that community integration goals are achieved under this new approach to supportive housing.

- "Project rental assistance may be provided only for dwelling units for extremely low-income persons with disabilities and extremely low-income households that include at least one person with a disability."[8] This provision sets the income eligibility for the new Section 811 units at households at or below 30% of area median income (AMI). The intention is to serve those individuals with no other means of income other than their monthly SSI provision and therefore cannot afford to live in the vast majority of affordable housing (which tends to be affordable to households at 50-60% AMI).

- Assistance "may be provided only for projects for which the applicable State agency responsible for health and human services programs, and the applicable State agency designated to administer or supervise the administration of the State plan for medical assistance under title XIX of the Social Security Act, have entered into such agreements as the Secretary considers appropriate (i) to identify the target populations to be served by the project; (ii) to set forth methods for outreach and referral; and (iii) to make available appropriate services for tenants of the project." This provision, called the PRA Agreement, requires an on-going partnership be established between the state HFA and the state's designated Medicaid agency, to ensure the successful implementation of supportive housing for persons with disabilities.

Background on CMS Real Choice Systems Change Grant

In July 2011, the Centers for Medicare and Medicaid Services (CMS) released a Funding Announcement as part the President's *New Community Living Initiative* entitled "Real Choice Systems Change Grant: Building Sustainable Partnerships for Housing." The purpose of the grant is to assist in developing sustainable partnerships between State Medicaid Agencies with State Housing

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[6] U.S. Government Printing Office, (2011) S. 1481: Frank Melville Supportive Housing Investment Act of 2010, Retrieved from: http://www.gpo.gov/fdsys/pkg/BILLS-111s1481enr/pdf/BILLS-111s1481enr.pdf
[7] U.S. Government Printing Office, (2011) S. 1481: Frank Melville Supportive Housing Investment Act of 2010, Retrieved from: http://www.gpo.gov/fdsys/pkg/BILLS-111s1481enr/pdf/BILLS-111s1481enr.pdf
[8] U.S. Government Printing Office, (2011) S. 1481: Frank Melville Supportive Housing Investment Act of 2010, Retrieved from: http://www.gpo.gov/fdsys/pkg/BILLS-111s1481enr/pdf/BILLS-111s1481enr.pdf

Agencies "resulting in effective and long term strategies to provide permanent and affordable rental housing for people with disabilities receiving Medicaid services and supports in the community."[9]

CMS invited States to submit proposals under one of three housing strategies. The first strategy was "to facilitate the creation of new partnerships between the State (Medicaid) and State Housing Agencies to create new high quality and integrated supportive housing units for Medicaid-eligible persons with disabilities receiving community-based supportive services through the use of newly authorized Section 811 Project Rental Assistance (PRA) funds."[10] A joint decision was made by the Texas Department of Housing & Community Affairs (TDHCA) and the Department of Aging & Disability Services, acting as the designated State Medicaid Agency, to apply for the CMS grant under the Section 811 strategy. Then in September 2011, TDHCA and DADS were informed that Texas was one of six states awarded the $330,000 grant.

CMS Grant Activities Proposed

As part of the Section 811 strategy, CMS required States to propose activities that will fulfill the following obligations:

(1) Complete the PRA agreement required by HUD;
(2) Modify the State Housing Agency Consolidated Plan, Qualified Allocation Plan (QAP) for the allocation of Low Income Housing Tax Credits in conjunction with Section 811 PRA funding;
(3) Ensure participation by consumers and families in any required Public Hearing (such as those required to revise State's Qualified Allocation Plans) and to educate State Housing Agency affordable housing developers;
(4) Develop a successful Section 811 PRA application to HUD in response to the NOFA; and
(5) Design and implement the necessary community infrastructure to ensure coordination of services and supports for consumers, including successful referrals to available Section 811 PRA units.

In order to meet these obligations TDHCA, in partnership with DADS, is implementing the following activities:

Preparation for Section 811 Funds – PRA Agreement & Section 811 Application

In order to fulfill the requirements of obligations (1) through (4), TDHCA sought to procure expertise through an outside vendor (called the 811 Vendor). The 811 Vendor's first task is to assist in creation of the PRA Agreement, evaluate methods for incorporating required elements and bring together TDHCA and DADS to negotiate their partnership. Specific 811 Vendor responsibilities include:

a) Researching which of the targeted Medicaid populations identified in the Real Choice Grant announcement could best be served by the program;

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[9] U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (2011, July). *Real Choice Systems Change Grant: Building Sustainable Partnerships for Housing Initial Announcement*
[10] U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (2011, July). *Real Choice Systems Change Grant: Building Sustainable Partnerships for Housing Initial Announcement*

b) Quantifying existing need given the utilization rates of current rental assistance and community-based service programs;
c) Identifying local community organizations best situated for dispersal of program information to consumers;
d) Identifying and documenting the operating procedures for a consumer referral process;
e) Evaluating which support services are the highest priority to Medicaid-eligible consumers to maintain independent living; and
f) Identifying the feasibility of providing these services in a community-based setting. The State will always follow the principles of person-centered planning.

The 811 Vendor's second task is to identify which TDHCA housing programs are the most appropriate and beneficial partners for Section 811 PRA funding and then modify the State's Consolidated Plan and/or the QAP to include policies and procedures which illustrate the State's commitment to the Section 811 program. TDHCA will take the recommendations to its Governing Board for approval of the draft plans.

As part of this process, the 811 Vendor will conduct a series of five statewide public hearings to receive input on programmatic changes. The 811 Vendors will advertise these meetings to individuals receiving targeted Medicaid services; their families and advocates; community-based service providers serving these individuals; and for-profit and non-profit affordable housing developers. Advertisements will be through press releases, announcements on state agency websites, email, and through a mailer for community organizations and statewide associations including: Aging and Disability Resource Centers (ADRCs), Centers for Independent Living, Community Action Agencies, Local Mental Health Authorities, Councils of Government, and the Texas Association of Affordable Housing Providers. To encourage attendance by individuals in the targeted Medicaid populations and their families, stipends will be made available for costs which may include: transportation, lodging, translation services and personal attendant services.

The 811 Vendor's third task will be to facilitate the grant's advisory body, known as the 811 Team. The 811 Team will consists of staff from DADS, TDHCA, Department of Assistive and Rehabilitation Services (DARS), Department of State Health Services (DSHS), HHSC and at least three consumers representing the target Medicaid populations. The 811 Team will meet monthly and will:

a) Evaluate the 811 Vendors' on-going research findings;
b) Provide input on the content of the PRA Agreement (i.e. - target populations to serve, outreach and referral methods, services to provide);
c) Discuss which TDHCA housing program to use with Section 811 funds;
d) Submit feedback on how the State can incentivize the use of Section 811 funding within program policies; and
e) Identify potential impediments to implementation of program changes by the State's subrecipients.

The 811 Vendor's final task will be to coordinate with TDHCA and DADS to craft the Section 811 application once the NOFA is released. The completed application will be also be reviewed by TDHCA's Disability Advisory Workgroup, the Council, and Promoting Independence Advisory Committee to ensure that targeted individuals and their advocates have opportunity to provide input.

Housing and Services Partnership (HSP) Academies

In order to design and implement the necessary community infrastructure to ensure coordination of services and supports for consumers, the first of two projects being implemented by TDHCA and DADS is the provision of two Housing and Services Partnership (HSP) Academies. The purpose of the HSP Academies are to educate affordable housing developers regarding Section 811 and help service and housing providers link their programs to serve the targeted Medicaid populations identified in the PRA Agreement.

The HSP Academies seek to build on the 2011 Policy Academies provided by the Texas Mental Health Transformation Work Group (TWG). The TWG Academies brought together local housing providers and health providers to create local plans for increasing affordable housing options for persons with mental illness. The HSP Academies will focus on the creation of affordable housing linked with services for all disability populations, and will focus on the specific needs of the targeted Medicaid populations identified in the PRA Agreement. The HSP Academies will provide housing technical assistance to access Section 811 funds and TDHCA's other housing programs, as well as housing resources from sources other than TDHCA, including those administered by HUD and the U.S. Department of Agriculture (USDA). Technical assistance for services programs will be provided on available services, including, but not limited to, services provided by State agencies for individuals with disabilities, services for targeted Medicaid populations, and services administered by the SAMSHA and the Centers for Medicare and Medicaid Services.

Each Academy will educate ten local community teams of five persons and each team will be required to at least have (1) a housing funder, provider, or developer; (2) a service provider; and (3) a consumer or consumer representative. For each team of five, stipends will be made available for costs which may include: transportation, lodging, translation services and personal attendant services. At the HSP Academy, teams will be encouraged to create action plans and goals for the development of affordable housing and services for individuals with disabilities. Teams will receive a Housing and Services Resource Guide, which will outline their community's available housing funds, current affordable rental housing stock, as well as available service funds and current service programs. The teams will receive educational materials on affordable housing and service resources, including Section 811 regulations. After the HSP Academy, TDHCA and the 811 Vendor will follow-up with four webinars with at least one targeting affordable housing developers throughout the State regarding how to apply for and participate in the TDHCA's Section 811 program. The remaining webinars will be on topics identified by the HSP Academy. The HSP Academy proceedings will be videotaped and posted on both TDHCA and DADS website for future use.

In order to measure the success of this effort, all HSP Academy teams will be required to report to TDHCA within six months of attendance. The report will include: (1) whether the team applied for 811 funds; (2) if applied, how many 811 units the application will fund; and (3) if the team received 811 funds. TDHCA will keep records of how many Section 811 applicants did not attend the HSP Academy and will use these figures to measure the HSP Academy's effectiveness. The results of these reports and records will be included in a white paper provided to CMS.

Housing and Services for Individuals with Disabilities Online Clearinghouse

The second project intended to provide the necessary community infrastructure to ensure coordination of services and supports for consumers is the Housing and Services for Individuals with Disabilities Online Clearinghouse (Clearinghouse). The Clearinghouse was an idea originally devised by the Council in Chapter 8 of the 2010-2011 Biennial Plan. In that Chapter, the Council identified the need for an online resource which provides a geographic inventory of housing providers and community-based service providers, in order to provide comprehensive lists of affordable, accessible and integrated housing providers and Medicaid services providers to consumers.

The Clearinghouse's online inventory establishes sustainable coordination between the housing and health services providers and will allow providers to meet needs of the targeted consumers for the Real Choice Grant: Medicaid-eligible individuals with disabilities who need (1) service assistance and (2) affordable housing in a community-based setting. The Clearinghouse will make available the contact information and services available for both: (1) service providers and (2) housing providers by geographic area. The housing provider information will include affordable rental properties and providers of rental assistance, homeowner rehabilitation assistance, accessibility modifications, and homeless services. The service information on the Clearinghouse will consist of the information on the internal databases from four health and human services agencies and will include Medicaid long-term services and supports, providers of waiver services, mental health and substance abuse services, and connections with the ADRCs.

The Clearinghouse will be publically accessible to all individuals, but specifically targeted toward providers. The providers will query the Clearinghouse by service area (e.g. by their city or county) and by the type of service or housing they need. For example, if the North Central Texas ADRC is seeking housing in the Plano area for an individual in a Medicaid waiver, the case manager could search for affordable properties and rental assistance in Plano, including future 811 units. Likewise, if a Dallas affordable property manager's mission is to house tenants with disabilities, the manager could look up the nearest service provider. This connection could lead to a partnership with that service provider to connect his/her tenants to the types of supports they need to remain stably housed.

The Clearinghouse will be created and maintained by the Health and Human Service Commission's Texas Information & Referral Network. Individuals will access the Clearinghouse by clicking on the "Persons with Disabilities" tab of the 2-1-1 Texas website.

Current Progress of the CMS Grant

The 811 Team held its first meeting in November of 2011 and provided input on selection of possible 811 Vendors from the pool of talent and expertise that exists within the state university system. After receiving applications and conducting negotiations, the University of Texas Center for Disability Studies (CDS) was chosen in January 2012 as the 811 Vendor. CDS is further subcontracting with The William Wayne Justice Center for Public Interest Law at The UT School of Law and De Mayo Associates. Since January, the 811 Vendor has made substantial progress in its research and data collection efforts and has drafted early versions of the PRA Agreement. The 811 Vendor has also facilitated the monthly 811 Team meetings as well as a smaller workgroup of

TDHCA, DADS, DSHS, HHSC, and Department of Family and Protective Services (DFPS) state agencies representatives.

During the 811 Team meeting in December of 2011, Texas Information & Referral Network representatives presented on the capabilities of the 2-1-1 Texas website. 811 Team members then provided feedback on the format and function of the Clearinghouse. Given this feedback, TDHCA and HHSC have begun Joint Application Design (JAD) sessions to create and test the Clearinghouse.

HUD released the Section 811 Project Rental Assistance Demonstration Program Notice of Funding Availability (NOFA) on Tuesday, May 15th, 2012. An application for award is due by July 31st, 2012 and funding awards will be announced by HUD by November 15th, 2012.

CHAPTER 10: NEXT STEPS

Given the statutory directives which guide the activities of the Council, the recommendation was made to TDHCA to utilize funding appropriated to Council activities for the release of a Request for Proposal (RFP) to hire a qualified outside vendor to conduct a Comprehensive Analysis of Service-Enriched Housing Financing Practices.

The Council determined that there was a need for a more in-depth look at the housing finance and development policies and practices that other states have implemented in order to increase production of service-enriched housing. Additionally, the Council identified the following statutory tasks that could be more thoroughly accomplished through the use of an outside vendor:

- *Identify barriers preventing or slowing service-enriched housing efforts, including barriers attributable to regulatory requirements, administrative limitations, limitations of funding, and limited coordination;*
- *Identify sources of funding for integrated housing and health services;*
- *Determine the requirements and application guidelines to obtain those funds;*
- *Provide information regarding effective collaboration methods and the use of layered financing to provide and finance service-enriched housing; and*
- *Provide training materials that assist in the development and financing of service-enriched housing*

The Council intends to fulfill outstanding statutory tasks through this Request for Proposal (RFP), which will conduct the following activities:

1. Conduct a comprehensive study of nationwide best practices in service-enriched housing financing and development. This will involve evaluating the programmatic policies of other states which provide funding resources for service-enriched housing; identifying regulatory, administrative, and financial barriers which prevent or slow service-enriched housing efforts in Texas and providing methods and examples for the effective use of layered financing to provide and finance service-enriched housing. This analysis will place particular emphasis on serving extremely low income (ELI) households, which are households whose incomes are at or below 30% of Area Median Income (AMI).
2. Produce recommended actions for providing service-enriched housing in Texas. These recommended actions should address regulatory, administrative, and financial barriers to service-enriched housing in Texas.
3. Develop training materials to assist in financing and developing service-enriched housing for extremely low income persons of all ages with disabilities. The Vendor will be responsible for developing two sets of training materials: the first set will be utilized by TDHCA to educate state housing and health services agency staff about the available funding sources to implement service-enriched housing, and a second set will be utilized by TDHCA to educate local entities interested in creating service-enriched housing in how to develop such housing.

TDHCA released this RFP in July 2012 and intends for the Comprehensive Analysis of Service-Enriched Housing Financing Practices Report to be released by summer 2013.

SECTION V: APPENDICES

APPENDIX A: THE 2012 PUBLIC FORUM SERIES & PUBLIC COMMENT ON THE 2012-2013 BIENNIAL PLAN

Jason Howell of the Texas Recovery Housing Network speaks to the Council at their public forum in Austin.

Between June 6th and June 19th, the Council held four public forums across the state to gather input on the 2012-2013 Draft Biennial Plan. Forums were held in Austin, Corpus Christi, Lubbock and Plano. Concurrently, the Council held a public comment period on the Plan from June 1st through June 22nd to receive feedback in written form. Both the forum series and the comment period were advertised through the Council's website, through the HHSCC email list, through the TDHCA email list and Twitter account, and through a series of TDHCA press releases. As part of a new initiative from the 2010 public forum series, the Council also partnered up with local organizations in each public forum location to act as co-hosts for the forums. The Corporation for Supportive Housing and Texas Supportive Housing Coalition co-hosted the Austin forum, the Homeless Issues Partnership and the Coastal Bend AIDS Foundation co-hosted the Corpus Christi forum, the Lubbock County Aging and Disability Resource Center co-hosted the Lubbock forum, and the Corporation for Permanent Supported Housing and the North Central Texas Area Agency on Aging co-hosted the Plano public forum.

While the Council received much general public testimony regarding the needs of persons with disabilities of all ages, the information included in this Appendix touches on the public comment that directly related to the 2012-2013 Draft Biennial Plan:

Austin Public Forum
(as provided by the transcripts of the Court Reporter)

Jason Howell, Texas Recovery Oriented Housing Network (TROHN):

"HUD reminded me that each time that a city receives HUD funding that they agree to affirmatively uphold Fair Housing, and if they don't, then HUD can ask for that money back and fines. None of us want that, and so I'm really pleased to see that in the recommendations in section three that there is recommendations for education and training around Fair Housing. The more the better, because if we can educate people on Fair Housing and stop some of these barriers, it's not only going to preserve the HUD funding dollars coming down, it's going to enable us to build quality capacity.

I would also ask that any time that you do have an analysis of impediments   and I kind of saw there was going to be an appendix around analysis of impediments   that the barriers and discrimination against disabled group housing is highlighted because that's the only way that we're going to make system change."

<u>Frank Fernandez, Green Doors:</u>

"A few things I would like to provide, really, in reading through the draft plan and really focusing in on the recommendations, generally I think the recommendations are great in terms of the first few recommendations focus on increasing investment, whether it's through additional funds for capital projects or trying to figure out ways to create additional rental subsidies or operational subsidies to help, whether it's project-based vouchers or things of that nature. Those are all good things.

Another thing that I think was a positive in the recommendations was trying to think about what can be done to incent the QAP process, because that's also going through public comment process as well, and thinking about what can be done to make it more receptive or you have better incentives for supportive housing kinds of projects, enriched housing kinds of projects being able to make it through, and whether that's through creating additional points, as the recommendation suggests, for housing for special need populations or for extremely low income, those are all, I think, good things.

The one thing I would add to that and we'll probably make the same comment during the public comment period for the QAP is I would still say for many folks who do this kind of housing and work with folks who have disabilities is that just like for affordable housing, generally neighborhood opposition and the weight it is given in that whole process is still a significant barrier, when thinking about the barriers, and the plan identifies that as a significant one.

But when you're really thinking about the deal and trying to get a project on the ground, tax credits are still the primary funding source for so many of these kinds of projects, and because of the way they are scored, they're so competitive, if you get any kind of neighborhood opposition, you pretty much are out of the running. Especially now more so because the forward commitment process is going through a change, and so that option really will be off the table correct me if I'm wrong, but I think that seems to be the case and so trying to figure out ways to put recommendations forth that will some way address that, I think, would be an important thing.

Another thing I would suggest in terms of when thinking about the recommendations, at least on the housing side, is getting increased investment is a good thing, but coordinating that, or thinking about how you coordinate that across the different state agencies I think is really important, something that a lot of the providers are trying to push at the local level is thinking about how can the funding for the housing be simultaneously RFP'd with the funding for the services.

Frank Fernandez of Green Doors speaks at the Council's public forum on the Draft 2012-2013 Biennial Plan.

Because what often happens for us, because we provide services but we are primarily a housing provider, is that we will locate a project or find a property and then we have to apply for those funds and make a commitment that we're going to do a portion for supportive housing and a portion for affordable, but we don't have the funding secured for the services. And so I have to just go on faith that we will be able to get that because we have existing relationships, we have past experience and a track record.

But I think you will have more success and you will have more projects being able to go forward if when you were doing a RFP for the housing funds, there may be some funds for those who are doing service-enriched housing or supportive housing, there's some service dollars attached to that, and so that you don't necessarily need to pool the funds, but as other communities have done, they braid these funds together so that you're able to get more compelling projects that serve this particular population.

The one thing I will add on one of the recommendations that did give me personally pause and we're trying to pool some of the coalition members was around some of the affirmative marketing compliance stuff. I will say personally our experience has been that is not the most effective mechanism for getting more folks who are disabled into housing. And that may be a function that we primarily serve folks with disabilities so it's not really our issue, it may be targeted to others.

And the additional point of including in the LURA some sort of mechanism, I think that's a little cumbersome, because in the recommendation you talked about wanting to have a memorandum of understanding in place, and I think that is a great requirement; we have those in place with our service providers. And having that as part of the application process and submitting that and making that a requirement makes sense. But having it in the actual LURA because these things change, and I know you tried to put flexibility in that language, but LURAs are legal documents and that can get a little sticky, I think a lot of folks would be hesitant around that. So that's just something for you all to think about. It's a good idea but I don't know if I would necessarily put it in the LURA."

<u>Jennifer Hicks, Foundation Communities:</u>

"I just wanted to commend the council on the plan. I thought the majority of the plan was great and I think will be of benefit to developing supportive housing, meaningful supportive housing. My only comment was the same that Frank ended on, and that was the item 7 in the housing recommendations. We at Foundation Communities will be submitting written comments but this was the only comment I wanted to make public comment on. The burden on the developer and the TDHCA staff will be immense. As a supportive housing developer, we have ten-plus MOUs with different service providers, and the service needs of our clients change and the partnerships with those service providers change, and so there will be LURA amendment after LURA amendment after LURA amendment, and it will be a significant burden, I think, on both sides.
Alternatively, I do think there needs to be something in writing. I think the MOU, I think an alternative could be during the compliance visits that TDHCA staff will have on these supportive housing developments that there be MOUs provided with the backup, so already when TDHCA staff comes to visit, they check what you submitted in your application, the services that you said you were going to provide, and they check to make sure you are providing those services.

So perhaps for supportive housing it is providing that backup with the MOUs, the sign-in sheets, the pamphlets, the brochures for those services to make sure that they're being provided, because I wholeheartedly believe that we do need to crack down on that and that's key to supportive housing. But I just think putting it in the LURA is setting us up for problems. It's just going to change. Someone is going to put something in the LURA and in six months it's going to be outdated, and whether or not people follow up to amend their LURAs or not, and whether that MOU is still in place or not, I think it's going to be problematic.

And so I think we can come up with alternatives to make sure that supportive housing developers are on the hook for the services that are key to being defined as supportive housing, but I just urge the council to come up with another method of documenting that.

I think the issue is more we're not worried about the requirement in itself, it's the flexibility that supportive housing, the need for the residents and those relationships with the service providers, if that relationship with that service provider isn't going well, we're going to end it, and so that's going to be an amendment to the LURA with whoever that service provider is.

And we do not have just one service provider, we'll have ten-plus service providers depending on the service funding that we're getting, the rental vouchers that we're getting and the target populations that we're serving. And so A, it would be impossible to just have one service provider agreement, and then B, it would be impossible to say that that service provider agreement is going to be enforced throughout the affordability period in the LURA. So it's not so much the requirement, it's the ability to be flexible, if that makes sense."

Plano Public Forum
(as provided by the transcripts of the Court Reporter)

Robin LeoGrande, Community for Permanent Supported Housing:

"Overall, the Plan is very thorough. It states the needs for enriched housing and funding very clearly. It provides best practices and challenges for residential service providers. The recommendations are necessary changes to the current services structure in Texas. It is clear that the Council listened to all input and has incorporated learning from previous years. Thank you for such a thorough draft…

The importance of having a right to decide on what types of housing people want to live in is both a legal and an ethical issue. A continuum of care is necessary to reflect all the options available to all people regardless of their disabilities.

In the preface of the Plan, it states the priorities, including the need to expand community-based housing options to persons who are elderly and persons with disability. For the purposes of this Plan, community-based housing options are considered to be non-institutional facilities, and to exclude licensed-care facilities such as assisted living. We would like to see all living options included.

In several areas of the Plan there are mentions of setting aside X percentage of units to populations with special needs housing, which includes persons with disabilities. We would like to see that there are no minimum limit to the number of people with very low income, and encourage all people who are not low income to live there as well, if they are so interested.

As our children have been raised in the community, they have developed friendships with their peers, both disabled and non-disabled. These friendships are important to them. They should be able to live with or near their friends in the same living structure.

To put a percentage limit on the number of disabled people living in a structure is an insult. There are communities all around Texas that have high percentage of people with specific interests, whether it is race, religion, or hobby. People living with disabilities should not be limited to where they live.

As stated in the Plan, partnerships between local housing providers and local service providers to provide persons with disabilities decent living situations is fundamental to the success of enhanced service enriched living.

Making this a reality can be very complicated, time-consuming and costly. Our organization, Community for Permanent Supported Housing has been working on a collaboration model that brings this concept to the community in which it serves. We would like to suggest that a pilot program up here, be available, and be supported to show how it can work.

In the Plan there is mention of supported housing for special needs populations as receiving particularly strong community opposition. It is the responsibilities of all citizens to follow the laws. If laws discriminate, they need to be changed.

Social issues are derived from behaviors, norms, social structures and policies that no longer apply. Changing the hearts and minds of people opposed to housing in their neighborhoods can be a long process handled with kid gloves. I would like to suggest that people living with disabilities have been in neighborhoods for years. This is not a new concept. Everyone should know the law and the laws should be followed… The Plan is very, very focused on enriched housing. I 100 percent agree with that. I just want to make sure that there are no barriers to that and that builders don't have excuses not to follow it."

Gaylen Tharp, Community for Permanent Supported Housing:

"I'd like to see the Consolidated Waiver Program continued, and expanded to other counties. That, I think, is our greatest chance of being able to thoroughly address the specific needs of the individual. So you don't take a person like my son, and put him in an institution or an institutionalized setting that he might not need, that costs us a lot more money. You allow him to live in a place with other people, maybe right around his need level, that just need some supports. That would be less expensive for the state.

Now I have one other comment on the Report, besides just saying that you guys did a fabulous job. I'm really impressed with how thorough everything is. I did notice that there was a lot of emphasis on lack of information and the need to be clearer on information for those in institutional settings.

It seemed to assume that people in the community, that the benefit counselors are fully clear in giving them information. I think that's not correct. It's very difficult, in the community, to get information about housing, to get information about waiver programs. There's a lot of confusion. So I would urge you to take the parts in the Report that assume that the people in the community are being served properly as far as getting information out, and just expand the clearinghouse and ways of providing information better to everyone.

I guess my point is specifically, it [the Plan] says, traditionally benefit counselors have worked with persons already living in community-based settings. And they may be working with some people, but I have actively, over the last two years, worked to find information about housing, and it is difficult. I graduated from college with honors and I'm having a lot of difficulty locating information about what's available in our community, and understanding the rules behind it.

And even the thing that Robin said about the three and four people living in group homes, it took me a long time to find the state citation that that is true. A lot of it we hear word-from-mouth but we don't know if it's definitely a law.

So I just want to emphasize that there's several places in this report that give the impression to lawmakers that the community knows what's going on and it's very clear, and benefit counselors work with them. And there may be some people that get that, but other people, like people in the CLASS program, people that are on the waiting list, people that are not in the programs, they don't know where to begin. So I want to emphasize that that would be very helpful to make sure that they are able to access that information as well."

Leann Hubanks, Plano Community Homes:

"The information that you've got on pages 82 to 84 [of the Plan] is very enlightening and I really want to make sure that you guys are thinking along that line. That is really spot on.

They're overbuilt and they don't serve the right population. That somebody really needs to be looking at the tax credits and saying, Okay. You need to put either rental subsidies with that or you need to be saying, so much of it has to be designated for 30 percent of median income and below. So somehow, somebody needs to make some changes into that system. Plano doesn't score very high so they don't work very well. It's overbuilt. There's too many around here. They sit empty.

Our residents can't afford to go there, so we end up with a waiting list. And we do the best we can. So I just want to remind you there's a silver tsunami coming and we're all out there doing the best we can. But we also deal with the disabilities. We deal with all of that, so we do the best we can with service-enriched housing.

And I know we've worked with some of the folks here and we appreciate everything you've ever done for us and we'll continue to do that, but we deal with both the seniors and the disabled and don't just get seniors with this. Thank you."

Written Comment

<u>Whitney Fleming on behalf of Coalition for the Homeless Houston/Harris County:</u>

While we think the overall plan is on target, we have some recommendations to strengthen the strategy.

p. 35—Housing needs for persons with disabilities
Because people who are sleeping in shelters, outside, and places not meant for human habitation are the ones in our communities with the most critical housing needs, we recommend adding information from the Point In Time Count and Housing Inventory Count found on page 106 to the section about housing needs for persons with disabilities. Information about people with the "worst case" housing needs already included on page 35 is helpful.

p. 36—Discharge from state psychiatric institutions to homelessness
While we thoroughly agree with the need for housing and service provision for people with severe mental illness, there are also many people who were extremely low-income to begin with and become homeless due to physical health issues or developmental disabilities.

p. 42—Tax Credit Properties
We appreciate the Council acknowledging that there are not enough tax-credit properties targeting extremely low-income people. Poverty coupled with a crisis is the largest trigger for homelessness, and the lack of availability of subsidized housing for extremely low-income people contributes to the problem and makes it more difficult to exit homelessness. 50% of literally homeless people in Harris and Fort Bend Counties have zero income.

In addition to the need for tax credit properties to provide units for people with extremely low incomes, there is also a major issue of tax credit properties refusing to house people with criminal records, especially Felony offenses. This is especially challenging for people who are in recovery from substance abuse and are facing limited housing opportunities based on their past behavior.

p. 48—Obstacles to service enriched housing due to a lack of funding for services
In other states, mainstream supportive services and healthcare is often more adequately funded than in Texas. We face a unique challenge, as a result, trying to find intensive enough supportive services to help people maintain their housing. We recommend the state uses general revenue funding or prioritizes Federal pass-through services dollars like from the Mental Health Block Grant to be prioritized for people who have unstable housing or experience homelessness.

p. 50—Cultural barriers listed as the least inflicting barrier
While we agree that the top barriers identified by service providers are accurate, cultural barriers are the least readily-identified by agencies when self-reporting. It is not likely that an agency that is not providing culturally competent services is self-aware enough to realize it is a barrier they are putting in place through their service delivery, and might be a larger issue in actuality than it is seen when self-reported.

p. 94—Recommendation #1
We wholeheartedly agree with developing one time capital grants by creating a Service-Enriched Housing Fund Program.

p. 94—Recommendation #2
By implementing recommendation number 2, the state would support the ability to house people at or below 30% AMI by being able to subsidize their rent on an ongoing basis, which we strongly recommend. Relying on HUD SHP grants, VASH, and HOPWA alone is not sufficient. States who have significantly increased their permanent supportive housing stock have been able to use state-based revenue to couple with other funding sources for construction. It would be helpful to pair the rental assistance and capital assistance with service dollars.

p. 97—Recommendation #7
We like requiring a partnership agreement between the service provider and the housing provider. However, we recommend strengthening it by removing "A commitment from the local service agency to provide, coordinate *and/or act as a referral agent* to ensure that supportive services will be made available to the special needs tenants."

Acting as a "referral agent" is not a substantial enough form of service provision when the populations focused on face 1. Significant barriers to navigating service systems, and 2. Mainstream supportive services in Texas are so under-resourced to begin with. To strengthen this, the supportive services should consist of intensive case management or other direct service provided to the tenants in the form of behavioral health care, medical care, in-home care to support activities of daily living, or supported employment services. See Austin's permanent supportive housing service standard requirements for an example.

p. 102—Service recommendations
In addressing the issue of balancing the need for peer-support and allowable activities under multifamily finance products, look to alternative models such as Houston's The Women's Home that provide recovery support in the form of multi-family permanent supportive housing. We agree that the need for housing that is supportive for people in recovery is a major issue because oftentimes people with histories of severe substance abuse have related criminal records that landlords in safe apartment complexes use to disqualify potential tenants.

P. 104—Partnering with Recovery Oriented Systems of Care (ROSC) groups
While addressing the need for affordable housing associations, etc. to partner with ROSC groups, there is still a need to waive criminal record restrictions for the population described.

p. 105—ACT Teams
We are in favor of increasing funding for ACT teams. Possibly doing joint funding of housing partnered with ACT grants?

p. 106—Partnering PATH funding for people exiting state hospitals at-risk of homelessness
 All Continuums of Care are required to have discharge plans in place to prevent people from being exited from institutions to homelessness. DSHS should use PATH and other housing and supportive service options to discharge people directly into housing in coordination with local Continuums of Care. A DSHS state hospital staff person should be appointed to coordinate discharge plans with local CoCs, inclusive of PATH and other programs.

p. 106—Recommendation #8
In addition to working with benefits counselors from the AAA, the programs need additional support for non-older adults with disabilities. There is a need to strengthen services from acting as an information and referral source about local resources to becoming an intake and placement support staff. Because supported/subsidized housing is in such short supply and people exiting such institutions might not be able to navigate the cumbersome system alone, the staff person should be responsible for helping to find and place into housing, in coordination with the local Continuum of Care's coordinated intake process for housing if there is one.

Lillian Ortiz on behalf of One Voice Texas:

While overall the draft report is quite informative and contains many recommendations that One Voice Texas supports, such as increasing collaborations between housing providers and service providers, increasing funding for supportive services (such as ACT, PATH, and Money Follows the Person), and increasing available funding at the State level for housing units targeted at low-income individuals and those with special needs, there are some concerns regarding the report and some of its recommendations outlined below:

- While the information provided by the online Provider Capacity Survey was informative, One Voice Texas has concerns that the information collected is not as thoroughly representative of providers throughout the State as it perhaps should be given the fact that this was an optional, on-line, self-reporting tool. In other words, did a truly representative portion of the State's housing providers respond to the survey?

In addition, self-reporting may lead to inaccurate assessments. For instance, "cultural barriers to service provision" was last under the obstacles to providing community-based services and supports. While providers themselves may think this is not a major issue, asking residents may very well deliver a different interpretation of the effects of cultural barriers in this area.

- One Voice Texas wholeheartedly supports the recommendation to establish and fund a "Service-Enriched Housing Fund Program" to support the development of housing units for persons with disabilities that make at or below 30% of area median income. However, it is imperative that such a program be composed of grants and not loans or a combination of the two given that developers/providers who typically develop housing for extremely low-income households are, most of the time, unable to assume any debt for such projects. (While the recommendation does suggest that the Program "provide one-time capital grants," references to the "Owner-Builder Loan Program" are a bit confusing.)

- One Voice Texas has concerns regarding the recommendation to replace the term "supportive housing" with "service enriched housing." The Texas Administrative Code defines supportive housing as residential rental developments intended for occupancy by individuals or households in need of specialized and specific non-medical services in order to maintain independent living. The Code defines service-enriched housing as integrated, affordable, and accessible housing that provides residents with the opportunity to receive on-site or off-site health-related and other services and supports that foster independence in living and decision-making for individuals with disabilities and persons who are elderly.

While One Voice Texas is not necessarily opposed to a change in terminology, there is some confusion as to why this change is needed and what, if any, effects this change will have on current TDHCA Programs and providers throughout the State. Further information on the reason behind this change is needed.

- While One Voice Texas supports efforts to encourage the development of housing units for individuals with very low incomes, the recommendation for the development of future qualified allocation plans competitive incentives seems a bit short-sided. It seems that rather than address the fundamental reason behind the overall lack of such units, which is a lack of available capital for these kinds of developments from the State and beyond, this recommendation jumps ahead to reward something that will not truly be viable until new funding/capital resources are developed and made available to interested parties.

- One Voice Texas has concerns regarding the recommendation that an executed partnership agreement between the owner, the management agent, and an appropriate local service organization(s) be written into the Land Use Restriction Agreement (LURA) of those HTC awardees that elected to receive points under the "Populations with Special Housing Needs" scoring criteria of the Qualified Allocation Plan and or identifying their proposed development as "Supportive Housing."

The concern stems from the legal complexities involved in amending a LURA at any given point. Given that service providers, as there may be multiple providers tied to one individual project, may change at various points during the lifespan of a housing development, it seems that requiring changes be made to the LURA each time there is a change in service provider places an undue burden on the housing provider.

- That is not to say that One Voice Texas does not support efforts to ensure that appropriate services are provided for the individuals housed in these facilities. However, there is not a clear enough explanation in the draft report on what problems, if any, with the current system led to this particular recommendation. A more thorough understanding of why this is an issue, such as that a significant number of awardees are not meeting their responsibilities in this area, would allow for the development of a more appropriate mechanism to ensure that residents in these facilities receive the services they need and that awardees are held responsible for their commitment to the State and their residents.

Lynda Ender, The Senior Source:

I commend the Council on all the work you are doing to create affordable service enriched housing in the State of Texas. After reading the draft of the Biennial Plan, I have the following comments:

1. I'd like for you to recommend that Texas cities adopt the Texas Boarding House Model Standards and regulate boarding home facilities as they are allowed to through HB 216, 81st Legislature.

2. You should request funding of ombudsmen to monitor assisted living facilities. In the 30 years since nursing home ombudsman duties expanded into assisted living, there has not been any designated funding for assisted living ombudsmen. In Dallas County, we've seen a sharp increase in

the number of ALFs in just the past five years. In 2005, we had 114 ALFs. Today, that number has grown to 173, which equals a 52% increase.

3. There was no mention of PACE. A PACE organization must provide Medicare & Medicaid services and a minimum of 16 additional services such as social work, drugs, primary care, social services, restorative therapies, nutritional counseling, recreational therapy, mental health services, hospice care and meals. I toured the PACE organization in El Paso, and it is very impressive, a miracle of sorts. Why can't our State of Texas…..this Council help create more PACE locations?

Claire G. Palmer, Attorney and Counselor at Law:

One source of funding that I didn't see mentioned was HUD Continuum of Care (CoC) Grants. I also thought that it was interesting that so many of the non-tax credit developers see a lack of housing need at the 50-6-% income levels, which I think is very needed in Texas, as is housing at 30%. Finally, I would have liked to see more discussion of the problems of integrating multiple sources of funding especially in proving permanent supportive housing where it seems the programs sometime work against each other.

Joy Horak-Brown, New Hope Housing:

All concerned with New Hope Housing are most impressed with the breadth and depth of this draft biennial plan and both understand and appreciate the significant effort involved in drafting it. As a true non-profit and the state's largest provider of single room occupancy (SRO) units, we hope that our comments are helpful. Please know that I welcome hearing from you at (713) 222-0290 or joy@newhopehousing.com to schedule a time to discuss the below comments, should that be useful to you.

Recommendation 1 *- Similar to the existing Owner-Builder Loan Program, the Council identifies as a barrier the need for funding to establish a Service-Enriched Housing Fund Program to provide a subsidy to developments that provide units for persons with disabilities that make at or below 30% of area median income.*

- ✓ We support that, as a state, more funds should be invested in vulnerable individuals and families served through supportive housing. This subsidy would be best used for services, in our view, as funding for the services piece is critical to success and is in short supply, <u>rather than</u> using this fund for capital grants. (Also, we find the wording a little confusing in its reference to the "Owner-Builder Loan Program, whereas this portion of the plan is discussing grants.)

Recommendation 2 *- The Council identifies as a barrier the need for funding to provide project-based rental assistance to affordable housing developments that provide units for persons with disabilities that make at or below 30% of area median income.*

- ✓ This excellent idea would make projects more financially feasible on an <u>operational</u> basis, <u>assuming</u> sufficient services funding is available.

Sufficient services might be attained either through higher, subsidized rent limits at 50% (see comments under Recommendation 4) or through a new and stable services funding resource.

Recommendation 3 - The Council recommends that TDHCA and TSAHC replace references to "Supportive Housing" within housing development guidelines, such as the Qualified Allocation Plan and Multifamily Mortgage Revenue Bond program guidelines, with "Service Enriched Housing."

We do not find this recommendation at all necessary. The definition of "service-enriched housing" as "…integrated, affordable, and accessible housing that provides residents with the opportunity to receive on-site or off-site health-related and other services and supports that foster independence in living and decision-making for individuals with disabilities and persons who are elderly…"

This definition does not capture all homeless populations, as all homeless are not either disabled or elderly.

Additionally, the requirement to provide medical services, whether on-site or off-site is *highly problematical*, both from a service provision standpoint and from a compliance standpoint.

It is our experience that language that is overly prescriptive hampers successful housing models. We ask that you retain the term "supportive housing" and its accompanying definition.

Recommendation 4 - The Council recommends that TDHCA consider in the development of future qualified allocation plans competitive incentives to reward those Housing Tax Credit applicants who propose an increased set-aside of units for persons with disabilities or an increase set-aside of units for persons that make at or below 30% of area median income. Possible options include creating bonus points within the "Populations with Special Housing Needs" or the "Rent Levels of the Units" scoring criteria of the Qualified Allocation Plan or providing some form of rental subsidy.

- ✓ New Hope Housing is in agreement with the concept of additional units for "persons with disabilities" and a link to PBRA for those persons, with the income/rent limit at 50% AMI.

We are leery of limiting income/rent to 30% rent limits, as that creates the affect of holding down rental income for a property and harming operations and service delivery. If a 50% rent/income limit is used, for example, then the increased rent (*through rental subsidies*) may be made available for services, i.e. the true costs are covered.

- - Important Note: I am a bit confused about the wording of portions of the biennial plan surrounding the 30% units. To be clear my concern is this: That the "total collected rent," is a sufficient yield to allow a property to be properly maintained and for robust services to be in place. And that any subsidies support that goal.

In short, as we read it, we believe that this recommendation attempts to require an activity that we in general support, as we understand the need for 30% units; however, until new funding resources are available, we do not believe the QAP should be altered.

Recommendation 5 - The Council recommends that TDHCA amend compliance monitoring regulations concerning Affirmative Marketing efforts, to establish quantifiable requirements regarding the frequency of outreach by property managers to relevant community contacts and the volume of community contacts that are approached.

<u>We do not support </u>this recommendation. Locating the challenged population served by supportive housing is not at all difficult! Adding yet another compliance/operational burden is seen by us as unnecessary and unhelpful. We believe that the TDHCA staff can review the Affirmative Marketing Plan at the point of application and can issue a deficiency notice if the outreach is insufficient, rather than layering additional compliance.

Recommendation 6 - *The Council recommends that TDHCA and TSAHC, in partnership with fair housing entities, conduct specific Compliance Training Workshops focused solely on Affirmative Marketing efforts and the identification of and outreach to appropriate community organizations.*

✓ Additional fair housing training is always welcome, and affirmative marketing could be an important part of that training. <u>However</u>, see our response to Recommendation 5 re affirmative marketing requirements.

✓ Re the non-profit set aside portion of the dialogue following Recommendation 6: <u>We strongly favor the concept</u> of a set aside (within the non-profit set aside) that prioritizes supportive housing. <u>However, the details of this concept would be crucial</u>, and New Hope stands ready to work on this significant step forward.

Also, we urge a recommendation to the TDHCA that bolsters the meaning and the staff interpretation of the non-profit set aside. We want to see the non-profit set aside applied only to TRUE non-profits. As stated in the above paragraph, the details here are crucial, and we are led to question whether carving up a set-aside that needs to be "fixed" makes sense just now.

Recommendation 7 - *The Council recommends that a requirement of an executed partnership agreement between the owner, the management agent and an appropriate local service organization(s) be written into the Land Use Restriction Agreement (LURA) of those HTC awardees that elected to receive points under the "Populations with Special Housing Needs" scoring criteria of the Qualified Allocation Plan and/or identifying their proposed development as "Supportive Housing."*

<u>We strongly disagree</u> with this recommendation. THDCA compliance is already in place and is executed in a quality manner. The Department does a fine job. Altering a LURA is an arduous task, both for the developer *and for the TDHCA*. Imbedded in this idea is a lack of flexibility, and that <u>flexibility is critical</u> to success.

For example: Supportive housing providers such as New Hope Housing have many MOUs with varying service providers, one or two MOUs is unrealistic. And these MOUs change/adapt to current needs. If service provision is found to be inadequate, the MOU is cancelled.

<u>We ask that no change is made</u>, please.

Recommendation 8 - *The Council recommends that TDHCA and TSAHC modify their multifamily bond program rules to incentivize service-enriched housing and encourage local housing finance agencies to utilize bond allocations to support the development of service-enriched housing.*

✓ Excellent idea. However, the term "service-enriched housing" is not one we support, so our support is behind this concept with the substitution of the words "supportive housing."

Note that we are unsure how applicable bonds are to supportive housing because of the debt factor, whereas supportive housing in essence has no debt. Typically, supportive housing relies on 9% deals due to the larger amount of equity available.

Recommendation 9 *- The Council recommends that TDA explore how state Community Development Block Grant (CDBG) funding allocations can be used to address the service-enriched housing needs of rural communities.*

We are unfamiliar with the needs of rural communities and with CDBG funding, so I am not commenting on this portion.

Jennifer Hicks on behalf of Foundation Communities:

Thank you for the opportunity to comment on the Draft 2012-2013 Texas Housing and Health Services Coordination Council Biennial Plan. We would like to commend the Housing and Health Services Coordination Council for the thoughtful inclusion of language and scoring that promotes supportive housing, targeting of lower incomes, and the provision of supportive services. We support all of the Service Recommendations in Chapter 6 of the plan. Our comments are focused on the Housing Recommendations in Chapter 7.

Please find our comments below:

- **Recommendation 1**: Service-Enriched Housing Fund Program – This is a great idea to target funds in order to increase the number of units available for persons with disabilities with incomes below 30% MFI.

- **Recommendation 2:** Project-Based Rental Assistance – We support making available funding for project based rental subsidies for supportive housing. This is a resource that is severely lacking in most jurisdictions in Texas and a hurdle for the development of successful supportive housing.

- **Recommendation 3**: Replacing "Supportive Housing" with "Service Enriched Housing" – We do not feel it is necessary to change the terms and definitions utilized in the Qualified Allocation Plan. We feel that we have worked hard over the past few years to finalize a definition for "supportive housing" that everyone was comfortable with and we would essentially be starting this process over with "Service Enriched Housing." We feel the definition for "Service Enriched Housing" is too prescriptive. Supportive Housing comes in many shades and we have found that when you get too prescriptive you actually eliminate the possibility of successful models of supportive housing. Please consider preserving the term "supportive housing" and maintaining the existing definition.

- **Recommendation 4:** Scoring bonus for persons with disabilities/30% MFI and below – We support this recommendation. Any way to prioritize units for 30% MFI or persons with disabilities is a positive in our mind.

- **Recommendation 5:** Compliance Monitoring Regulations concerning Affirmative Marketing – We do not support layering additional Compliance Monitoring Regulations concerning Affirmative Marketing on developers of affordable housing. We agree that developers need to market units to persons that are least likely to apply for housing, but

requiring a certain frequency is just an unnecessary burden on developers. It is likely that developers will have hard time complying with a frequency requirement which then creates more work for TDHCA staff. Could it be that there is a more thorough review of the Affirmative Marketing Plan required before funding is even awarded? A developer must sign a certification that this plan will be updated annually and that documentation of outreach will be available. If upon initial review of the Affirmative Marketing Plan (say at application), staff feels that the outreach is not significant enough, it can be corrected initially and not become a long-term monitoring issue.

As true supportive housing, our list of outreach organizations is long. The same should be expected of any other developer of supportive housing.

We agree with shortening the 12-month requirement for holding open units for persons with special needs to 6-months.

- **Recommendation 6.5** (not numbered in Draft Plan): Non-Profit Set Aside – We support any method that would increase the number of supportive housing projects getting funded via 9% tax credits. However, we first would recommend that TDHCA strengthen the meaning and interpretation of the non-profit set-aside whereby only TRUE nonprofits are getting the benefit of this set-aside. We feel that historically the nonprofit set aside has been applied to nonprofits that do not have the mission, capacity or history to be a true nonprofit. Until this is corrected, it might not make sense to apply a set-aside for supportive housing within this set-aside.

- **Recommendation 7:** MOU with Service Provider in LURA – We support strengthening and scoring incentives for substantial services and making those services more meaningful. However, adding the MOU requirement in the LURA is problematic due to the fact that MOUs will change from time to time. As a supportive housing provider, we can have dozens of MOU's with different service providers at one time. These MOU's change and morph. If we are not happy with the provision of services, an MOU is cancelled. Requiring that an MOU be placed in the LURA is just setting up TDHCA staff with an unnecessary burden. LURAs will inevitably be amended because MOUs change. It would also be very hard to select just one main MOU. Please do continue to rely on the on-site compliance visits which monitor developers for the provision of services as selected in their application and defined in their LURA.

- **Recommendation 8:** Incentivize Supportive Housing in Bond funding – We support this recommendation although bond funding is a bit harder to utilize for supportive housing where there is essentially no debt. The fundraising gap on a bond deal becomes even more significant as compared to a 9% deal where more equity is being raised.

APPENDIX B: IMPACTS OF THE AFFORDABLE CARE ACT ON TEXAS

Balancing Incentive Program

The Patient Protection and Affordable Care Act (ACA) created the Balancing Incentive Program (BIP)[11] which authorizes $3 billion for states through September 30, 2015 to increase access to non-institutionally based long term services and supports (LTSS). States that spend less than 50% of Medicaid LTSS funding on community based LTSS are eligible for a 2% enhanced FMAP.

According to CMS data, Texas spends 46.9% on community based LTSS.[12] As a result, Texas is eligible to receive approximately $82 million per year to invest in community based LTSS in exchange for making certain structural and programmatic changes. By October 1, 2015, Texas must achieve a 50% benchmark of Medicaid community based LTSS expenditures (which the state has already achieved) and make the following changes:

- *No Wrong Door/Single Entry Point System* – statewide coordinated system that provides information on available services, how to apply for services, referrals, determinations of financial and functional eligibility, or assistance with assessments for financial and functional eligibility

- *Core Standardized Assessment Instrument(s)* – standardized assessment instruments used in a uniform manner throughout the state to determine eligibility, identify service and support needs, and inform care plan development. Assessment instruments must address activities of daily living (ADLs); instrumental ADLs; medical conditions/diagnoses; cognitive functioning/memory; and behavior concerns

- *Conflict Free Case Management* – separation of case management and eligibility determination from service provision (e.g., through administrative separation of services and enhanced state oversight)

Community First Choice State Plan Option

Section 2401 of ACA gives states the option to provide State Plan home and community based attendant services, habilitation and personal emergency response services in exchange for a 6% enhanced Federal Medical Assistance Percentage (FMAP). Participating states must make these services available to all eligible individuals regardless of age, type or nature of disability, severity of disability, or the type of community-based attendant services and supports the individual needs to lead an independent life. There is no end date stipulated in the law. For the first full fiscal year of implementation, states must maintain or exceed the prior fiscal year's state Medicaid expenditures (under Sections 1115, 1905(a), and 1915 of the Social Security Act) for individuals with disabilities.

Under the ACA, individuals eligible for Community First Choice (CFC) must already be eligible for Medicaid under the state plan <u>and</u> meet an institutional level of care. Additionally, they must:

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[11] Patient Protection and Affordable Care Act, Section 10202
[12] This data reflects Medicaid community based LTSS spending during federal fiscal year 2009.

- Be part of an eligibility group that provides access to nursing services and but for these services, the individual would receive services in a nursing facility, intermediate care facility for persons with intellectual disabilities, or an institution for mental disease; or
- The individual's income may not exceed 150% of the Federal Poverty Level (FPL).

APPENDIX C: UPDATING THE ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

The State of Texas, as a recipient of funds from the U.S. Department of Housing and Urban Development (HUD) under several programs including the Community Development Block Grant Program (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant Program (ESGP), and Housing Opportunities for Person with AIDS (HOPWA), has provided required certifications, including a certification that it will affirmatively further fair housing. Affirmatively furthering fair housing is defined by HUD as the preparation of an Analysis of Impediments to Fair Housing Choice (AI), taking appropriate actions to overcome the effects of any impediments identified through the analysis, and maintaining records reflecting the analysis and actions.

As the agency which administers the larger portion of HUD-funded programs in the state, the Texas Department of Housing and Community Development (TDHCA) has taken responsibility for maintaining a current AI. This document provides a high level description of how TDHCA will go about updating the *State of Texas Plan for Fair Housing Choice: Analysis of Impediments.*

Objective of the Analysis
An AI is a significant document, assessing demographic and other data, determining relevant patterns, conducting outreach and analysis to ascertain impediments, and attempting to devise concrete measures to be taken which, over time, should address the identified impediments. The AI covers public and private policies, practices, and procedures affecting housing choice. Impediments to fair housing choice might include, but would not be limited to:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin that restrict housing choices or the availability of housing choice; and
- Any actions, omissions, or decisions that have the effect of restricting housing choices or the availability of housing choices on the basis of race, color, religion, sex, disability, familial status, or national origin.

On December 1, 2009, a fair housing complaint was made against the State of Texas and ultimately addressed through a HUD-approved conciliation agreement signed by the state and complainants on May 25, 2010. The Conciliation Agreement required the state to update its AI, last updated in 2003, in two phases, known as Phase 1 and Phase 2. Phase 1 addressed a limited portion of the state impacted by hurricanes Ike and Dolly. Phase 2 must cover the balance of the state. The state has determined that although Phase 1 will remain in effect, it will promote a comprehensive AI to conduct Phase 2 in a manner that covers the entire state.

In March 2011, TDHCA submitted the *Analysis of Impediments to Fair Housing: Phase I Hurricane Impacted Counties* (Phase 1) to HUD. The analysis identified 16 impediments to fair housing choice in four categories: education, training, planning, and enforcement. Phase 1 received HUD approval on May 13, 2011, and as part of the approval letter, HUD recommended additional items to consider when developing Phase 2.

Methodology and Approach for Phase 2

In summer 2011, TDHCA procured a qualified firm to prepare Phase 2 – BBC Research & Consulting, Inc. (BBC). BBC has experience in the development of over thirty (30) AIs nationwide and has extensive consolidated planning, housing strategy, and market study experience. The BBC team has significant experience in the State of Texas, including the completion of housing studies for Austin, Garland, Lubbock, McKinney, and Odessa, as well as water and transportation studies for the Texas Water Development Board and Texas Department of Transportation. The BBC team has more than 10 years of experience conducting AIs and has developed a good working relationship with several cities and agencies in the state, as well as with HUD.

The scope of work for Phase 2 requires the layout and organization to be cohesive with Phase 1, so that they work together as two parts for a whole AI for the state of Texas. Although Phase 2 will be carried out with no preconceived ideas or limitations as to what it will find, each of the 16 impediments identified in the 63-county area covered under Phase 1 will be analyzed to determine whether they are found statewide, according to research methodology used by BBC.

Tasks under Phase 2 include conducting a review of state and local policies, practices, and codes that limit choice, zoning and land use practices, state access to housing through transportation, policies related to siting of new affordable housing, environmental issues in minority impacted areas, analysis of policies and statutes which perpetuate discrimination, public opposition about affordable housing, foreclosure patterns, and related items. Each task is further described in the Research Approach table below.

HUD recommends that the state develop policies to address actions the state will take when subrecipients of funding engage in actions that are found to violate fair housing and other civil rights laws or when subrecipients are identified as failing to affirmatively further fair housing.

Current Progress in Completion of Tasks for Phase II

1. <u>Demographic Analysis.</u> The Demographic Analysis has been completed, except for additional Census data, which the State is monitoring for release (poverty, disability). This section includes maps showing racial and ethnic concentrations at the Census Tract level for the entire state, 13 TDHCA service regions and large metropolitan areas.

   - Minority impacted area definition used in analysis: A "minority area" (also known as a racially/ethnically-impacted area) is any neighborhood or census tract in which: 1) The percentage of households in a particular racial or ethnic minority group is at least 20 percentage points higher than the percentage of that minority group for the housing market areas; 2) The total percentage of minority persons is at least 20 percentage points higher than the total percentage of all minorities in the housing market areas as a whole; or 3) If a metropolitan area, the total percentage of minority persons exceeds 50 percent of its population.
   - The "housing market area" is the region where it is likely that renters and purchasers would be drawn for a particular housing project. Generally the housing market area is the county.

2. <u>Housing Market Analysis.</u> The Housing Market Analysis is currently in process. Focus is on "disproportionality analysis," using participant information for housing programs (race, ethnicity, disability status, and household characteristics as available). The State is analyzing program participation by these variables compared to the income-adjusted populations for each county. Note: In some counties, the number of program participants is very small, not allowing for a statistically significant comparison. The State will also be overlaying areas with high foreclosure risk with minority impacted areas using recent data from the Local Initiatives Support Corporation (LISC): http://www.foreclosure-response.org/maps_and_data/lisc_data.html#sub2.

3. <u>Review of Jurisdictional AIs.</u> The Review of Jurisdictional Analyses of Impediments is now complete. The State analyzed the content of the AIs using the following Examination Criteria:
   - **Newness of information:** When was the AI last conducted?
   - **Public input:** Did the citizen input process contain consultation with and input from members of protected classes? Did the citizen input process include translation of documents into languages other than English?
   - **Minority impacted areas:** Did the AI examine areas of racial or ethnic concentrations? If so, do concentrations exist? Where? Did the AI contain an analysis of housing choice outside of minority impacted areas, if such areas were identified?
   - **Public policies:** Did the AI review the policies and practices of local public housing agencies? Was a land use and zoning analysis included? Did it examine limits on multifamily or affordable housing? Did the AI find evidence of zoning decisions denying affordable housing development or impose extra conditions? Did the AI contain an analysis of transportation options for protected classes? Did the AI examine environmental justice issues (e.g., location of affordable housing and minorities by brownfields, industrial areas)? Was NIMBYism reviewed?
   - **Private sector:** Did the AI analyze lending disparities between minorities and non-minorities? Did the AI contain an analysis of foreclosures?
   - **Impediments and Action Plan:** What were the main impediments to fair housing choice and how are these impediments addressed through the Fair Housing Action Plan?

4. <u>Other Key Tasks:</u>
   a. Land use, zoning and regulatory analysis is in process (conducted by subcontractor Clarion Associates).
   b. Transit analysis in process (coordinate with TxDOT FTA administrator for evaluations, grant histories; findings from the public input process).
   c. Environmental justice analysis — maps of high risk areas complete.
   d. Texas public finance laws and impact on municipal service delivery conducted by BBC in April.
   e. Complaint and legal case analysis in process.
   f. Resident survey complete.
   g. Stakeholder interviews are in process, conducted by BBC, Community Solutions and Morningside Research and Consulting and will continue through July and August.
   h. Stakeholder survey is in process. The State is identifying and compiling stakeholder outreach lists.
   i. Public community meetings will be conducted during the summer. The following community meeting locations have been selected:

Figure 1. Community Meeting Locations
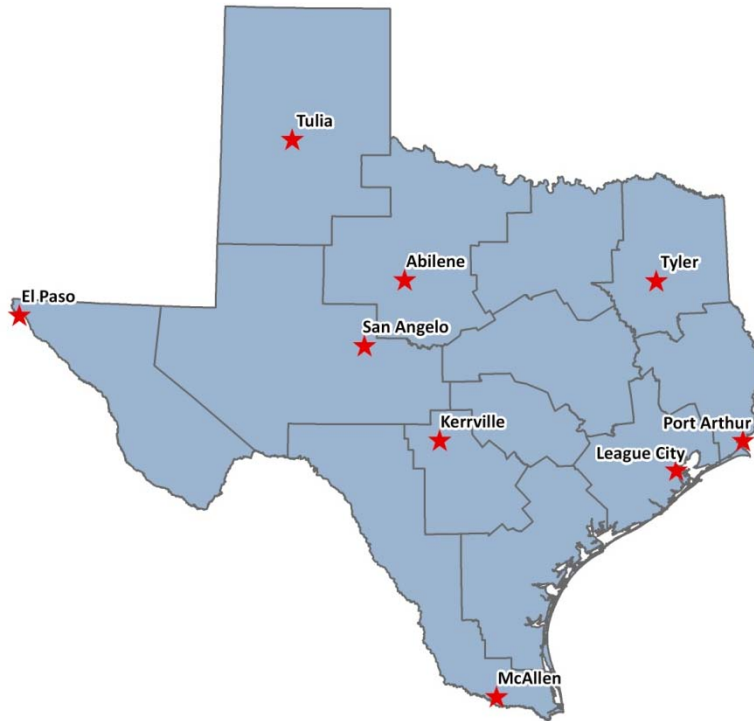
Source: BBC Research & Consulting

Public Process and Resident Telephone Survey
- Accessibility — documents, materials, meeting locations, reasonable accommodations.
- Limited English Proficiency (LEP) — Spanish for all; other languages upon request.
- In-person focus groups (10).
- Online bulletin board focus groups with stakeholders (10).
- Online stakeholder survey.
- Statistically valid, representative telephone survey of Texas residents, including oversamples of minorities, persons with disabilities and low income households.

Resident Telephone Survey Sampling and Methodology. The survey data collection was conducted by Customer Research International (CRI), an Austin-based certified Historically Underutilized Business (HUB).
- CRI's survey call center features 100 Computer Assisted Telephone Interviewing (CATI) stations and is located in San Marcos, home of Texas State University. The survey was fielded in both English and Spanish.
- The survey sample source for the statewide telephone survey is a random digit dial combination of Texas landline and cell phone numbers. The sampling is designed to be representative of the State of Texas population overall. In addition, sub-samples were drawn of target populations for the study: minorities, lower income residents and persons with disabilities.

- The survey randomly sampled residents via both landline and cell phone. In addition to the representative statewide survey, three oversamples of special populations — non-White residents, low income households and persons with disabilities — were conducted.

Figure 2 below demonstrates the source of respondents for each of the special population sub-samples. As shown, respondents for each sub-sample are drawn from the statewide sample, the low income oversampling, the disability oversampling and the non-White oversampling. A total of 586 unique individuals responded to the survey.

Figure 2. Sources of Respondents for Special Population Sub-Samples

Special Population Sub-Samples Completed Survey Sources					
Special Population	Statewide Sample	Low Income Oversampling	Disability Oversampling	Non-White Oversampling	Total
Non-White Respondents	169	55	11	48	**283**
Disability Respondents	67	34	33	13	**147**
Low Income Respondents	96	105	13	29	**243**

Source: BBC Research & Consulting

Resident Survey Topics. The resident survey was designed to address the following topics:
- Current housing choices — like best/least about current housing, desire to move and potential barriers to relocation.
- Neighborhood factors — like best/least about current neighborhood, equity of treatment of residents, neighborhood and community preferences, including NIMBYism indicators and potential environmental justice issues.
- Fair housing — degree of seriousness of potential barriers to fair housing choice in the community, personal experience with housing discrimination.
- Transportation — Access to personal vehicle and public transit, impact of transportation opportunities on housing choice.
- Demographics — Familial status, disability status, income, race/ethnicity.

Phase 2 AI Report

The Phase 2 AI will be drafted through a clear, transparent, and open process. Stakeholders were involved early in the process to ensure that a broad, representative sample of Texans has the opportunity to participate. The timeline anticipates the draft Phase 2 AI to be released in October 2012, with submission of a final report to HUD in December 2012.

TDHCA is committed to ensuring that the process for updating the AI will be inclusive and comprehensive, and that the resulting AI will include realistic recommendations to address fair housing barriers in Texas. Throughout the development of the AI, TDHCA will post updates on the progress through several different venues including TDHCA's fair housing webpage (http://www.tdhca.state.tx.us/program-services/fair-housing/index.htm), an on-line forum to capture comments statewide on a real time basis, and on-site focus group meetings.