

# State of Texas Comprehensive Analysis of Service-Enriched Housing Finance Practices Final Report

June 2013

Completed by:  
The Technical Assistance Collaborative

Prepared for:  
The Housing and Health Services  
Coordination Council



## Table of Contents

I. Executive Summary.....	1
Service-Enriched Housing Policy Discussion .....	1
Housing and Supportive Services Resource Assessment .....	2
Strategic Policy Recommendations .....	2
II. Introduction .....	5
III. Service-Enriched Housing Policy Discussion .....	6
IV. Housing Resource Assessment.....	8
Key Findings from Best Practices Report.....	8
Local, State and Federal Funding Resources .....	10
Identification of Key Regulatory, Administrative and Financial Barriers.....	12
How Key Policies and Procedures Could Work in Texas and Why? .....	13
V. Supportive Services Resource Assessment.....	14
Availability of Services to Align with Housing .....	14
Availability of Resources to Meet Demand .....	14
Matching Services to Service Need .....	16
Workforce and Training Challenges.....	17
Framework to Align Housing and Support Services .....	18
How Key Service-Related Policies Could Work in Texas and Why? .....	19
VI. Strategic Policy Recommendations .....	20
Overarching Recommendations.....	21
Service-Enriched Housing Recommendations .....	22
Supportive Service Recommendations.....	33
State Service-Enriched Housing Capacity and Infrastructure .....	37
Partnership Opportunities to Leverage Other Resources .....	38
A Five Year Service-Enriched Housing Production Pipeline .....	40

## Appendices:

- A. Assumptions to Project Service-Enriched Housing Goal Over 5 Years
- B. Comprehensive Analysis of Service-Enriched Housing Finance Practices: State Best Practices Report

## I. Executive Summary

In 2012, in furtherance of its statutory charge, the Texas Housing and Health Services Coordination Council (HHSCC/Council)<sup>1</sup> initiated a process to procure and engage in a comprehensive study of nationwide best practices in service-enriched housing financing and development, propose recommended actions for successfully increasing service-enriched housing in Texas, and develop and present training materials to assist potential providers of service enriched housing in understanding and developing effective financing, operating structures and approaches to serve extremely low-income persons of all ages with disabilities. The selected provider was the Technical Assistance Collaborative, Inc. (TAC).

This report, ***Comprehensive Analysis of Service-Enriched Housing Finance Practices: Final Report***, synthesizes the findings from TAC's evaluation of service-enriched housing financing and development practices in Texas and six other states – Pennsylvania, North Carolina, Louisiana, Illinois, Georgia, and New Mexico, and presents a series of recommendations for Texas to consider. The recommendations present high level policy and financing considerations for policy makers and state administrators, and practical recommendations that can be implemented in the short and long term. The findings from the multi-state analysis were summarized in TAC's earlier report, ***Comprehensive Analysis of Service-Enriched Housing Finance Practices: State Best Practices in Service-Enriched Housing***.

Many of the recommendations can be implemented within existing resources, but additional resources will be needed if Texas is to commit to a sustainable pipeline of integrated, affordable housing and services for individuals with disabilities. Based on the analysis and recommendations in the report, TAC believes that Texas can achieve a pipeline of 2,395 to 3,355 new units of service-enriched housing over the next 5 years for individuals with disabilities and older adults.

A brief summary of the report's highlights, as well as TAC's recommendations to the State of Texas to consider are presented below and address the two core components of service-enriched housing: 1) integrated, affordable housing; and 2) the availability of services for tenants.

### Service-Enriched Housing Policy Discussion

---

Many people with significant and complex disabilities can live successfully in integrated, community settings as long as their housing is affordable and appropriate to their needs and they have access to necessary services and supports. While Texas has made significant strides in this area, significant challenges still exist in meeting the service-enriched housing needs of people with disabilities and older adults. The report reviews identified needs among these targeted groups, and considers the policy context for service-enriched housing and the current environment in Texas, particularly as states such as Texas are confronted with the integration mandate in *Olmstead* as they plan and implement strategies to meet service-enriched housing needs. The report notes that putting policy into action requires states to proactively: a) budget for

---

<sup>1</sup> The Housing and Health Services Coordination Council (HHSCC/Council) was created by Senate Bill 1878 during the 81st Texas Legislative Session. The purpose of this Council, as written in the statute, is to increase state efforts to offer service-enriched housing.

service-enriched housing, usually through new and/or re-purposed funds; and b) consider statutory, regulatory and administrative changes to accelerate the creation of new service-enriched housing opportunities to begin to address unmet need. Concurrently, states must consider the appropriate balance of housing options for individuals with disabilities in order to provide meaningful choice.

### **Housing and Supportive Services Resource Assessment**

---

The report presents an assessment of housing resources that highlights: key funding resources for housing capital and rental assistance available to the State of Texas; key regulatory, administrative and financial barriers that are currently limiting Texas' ability to create and support a pipeline of service-enriched housing; best practice strategies that could work for Texas to develop and make service-enriched housing affordable to consumers; regulatory and compliance monitoring infrastructure for a service enriched-housing targeting initiative; and coordinated housing referral, waiting list, and supportive service availability for newly created service-enriched housing opportunities.

Challenges to making needed services available for individuals with disabilities and older adults that are aligned with integrated, service-enriched housing are also noted, including resource limitations at the state and local level that restrict eligibility for services and their availability and workforce availability and competency. Strategies that can be built upon to improve access to services, match services to need, and strengthen workforce capacity are included.

### **Strategic Policy Recommendations**

---

TAC considered its findings and analysis from multiple state reviews conducted in the first phase of this project and the current housing and services environment in Texas in order to develop recommendations in six key areas. The accompanying recommendations are summarized as follows:

#### **1. Overarching Recommendations**

These include those that are relevant to housing and services and critical to making a significant effort toward meeting the integrated, affordable housing and service needs of individuals with disabilities and older adults, and include:

- a) The development of all service-enriched housing should be consistent with the integration mandate within the Americans with Disabilities Act (ADA) and *Olmstead*.
- b) Leadership must demonstrate strong commitment to ensure that the development of service-enriched housing is a priority to address unnecessary institutionalization and homelessness.
- c) Texas should strive to identify, coordinate, and prioritize resources to support the financing of integrated, affordable housing and services to meet the needs of persons with disabilities and older adults.

## 2. Service-Enriched Housing Recommendations

These are designed to address the steps that TDHCA and the Council can take to increase the supply of affordable housing dedicated to extremely low-income individuals with disabilities and older adults, and include:

- a) Adopt, within the bounds of statutory requirements, a series of incentives within TDHCA's LIHTC Program to encourage the development of a pipeline of integrated, affordable service-enriched housing opportunities.
- b) Adopt similar scoring incentives discussed above within the Texas multi-family bond programs to encourage the development of integrated service-enriched housing.
- c) Develop the necessary policies, procedures and regulatory infrastructure informed by best practices to ensure the effective targeting of service-enriched housing opportunities within TDHCA's LIHTC/ Multi-Family Bond Program portfolio.
- d) Utilize the TDHCA-managed waiting list structure envisioned within TDHCA's HUD Section 811 Project Rental Assistance Demonstration (PRA Demo) Program application to coordinate the timely provision of referrals to owners with all service-enriched housing opportunities.
- e) Texas should pursue/coordinate efforts to maximize federal housing resources to support service-enriched housing in the future.
- f) Sustain TDHCA's current LIHTC incentives to create a complementary pipeline of supportive housing projects. Continue to monitor the number of LIHTC-financed supportive housing projects receiving funding in each LIHTC round and modify LIHTC incentives within the QAP<sup>2</sup> accordingly to support this pipeline.
- g) Consider development of financing and capacity building strategies to encourage the development of service-enriched or supportive housing opportunities in mid-sized cities and rural areas of the state.
- h) Proactively engage local public housing authorities (PHAs) throughout Texas to help them identify ways to use their local housing resources (i.e. Section 8 Housing Choice Vouchers, Public Housing) to support the creation of service-enriched housing opportunities.
- i) Serve as a resource to the Texas Legislature during the next two Biennial Legislative Sessions to identify potential ways to develop a state funded rental assistance program in order to further expand the service-enriched housing pipeline.

---

<sup>2</sup> Modifications to the QAP will be made subject to existing statutory constraints.

### 3. Supportive Service Recommendations

These address important considerations to ensure that services are available and appropriate to the needs of individuals who may gain access to housing, and include:

- a) Utilize the infrastructure and processes being established as part of the HUD Section 811 PRA Demonstration program as a foundation for other service-enriched housing. In addition, Texas should consider streamlining the referral process at the local level by designating ADRCs as Local Lead Agencies designed to perform a clearinghouse function for service-enriched housing.
- b) Establish a Housing Coordinator function within the Department of State Health Services, Mental Health and Substance Abuse (MHSA) Division.
- c) Encourage the expansion of service-enriched housing supports through 1115 Waiver Delivery System Incentive Reform Payment (DSRIP) incentive payment pool managed by the Health and Human Services Commission.
- d) Expand resources to provide services to those who secure integrated, affordable housing. As part of this process, Texas should review and modify Medicaid State Plan and Waiver Services to support individuals who may need service-enriched housing.
- e) Continue to provide training and information on service-enriched housing. In addition, TAC recommends the development of a module on service-enriched housing required for direct service providers to be eligible to bill Medicaid for services delivered in service-enriched housing.

### 4. State Service-Enriched Housing Capacity and Infrastructure

Texas has the building blocks and the platform to provide responsive waiting list, referral and service coordination through the structures being developed for the recently awarded HUD Section 811 Project Rental Assistance demonstration program. As part of this report, TAC is recommending the development of a pipeline of additional service-enriched housing opportunities. This section contains recommendations for TDHCA and its partner agencies to consider so that the necessary capacity and infrastructure to support this pipeline of housing on a broader scale is sufficient and sustainable.

### 5. Partnership Opportunities to Leverage Other Resources

The report concludes by identifying important state service enriched-housing capacity and infrastructure issues and recommendations to develop and sustain this infrastructure, as well as partnership opportunities for Texas to develop in order to leverage and maximize other funding resources and opportunities.

## 6. A Five Year Service Enriched Housing Production Pipeline

The Five Year Service-Enriched Housing Production Pipeline identifies a potential pipeline of 2,395 to 3,355 new units of affordable service-enriched housing that Texas should strive for over the next five years and the associated funding mechanisms to accomplish this.

## II. Introduction

In 2012, in furtherance of its statutory charge, the Texas Housing and Health Services Coordination Council (HHSCC/Council)<sup>3</sup> initiated a process to procure and engage in a comprehensive study of nationwide best practices in service-enriched housing financing and development, propose recommended actions for successfully increasing service-enriched housing in Texas, and develop and present training materials to assist in financing and developing service-enriched housing for extremely low-income persons of all ages with disabilities. Service-enriched housing is defined in Texas Administrative Code 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.”

In the first phase of this project, the Technical Assistance Collaborative (TAC) conducted an evaluation of service-enriched housing financing and development practices in six states, plus Texas. Of the six states, three – Pennsylvania, North Carolina, and Louisiana – were identified by the HHSCC in its procurement, and the other three – Illinois, Georgia, and New Mexico – were recommended by TAC and approved by the HHSCC for inclusion in the report. A summary of findings and preliminary analysis of service-enriched housing in those states and Texas were included in an initial report for the Council, ***Comprehensive Analysis of Service-Enriched Housing Finance Practices: State Best Practices in Service-Enriched Housing (Best Practices Report)***.

This report, ***Comprehensive Analysis of Service-Enriched Housing Finance Practices: Final Report***, synthesizes the findings from the *Best Practices Report* into a series of recommendations for Texas to consider. The contents of this report provide high level policy and financing considerations for policy makers and state administrators, and practical recommendations that can be implemented in the short and long term. Many of the recommendations can be implemented within existing resources, but additional resources will be needed to address the shortage of integrated, affordable housing and services for individuals with disabilities. Based on the analysis and the recommendations in the report, TAC believes that Texas can achieve a pipeline of 2,395 to 3,355 new units of service-enriched housing over the next five years for individuals with disabilities and older adults.

As discussed in the *Best Practices Report*, information used to conduct the analysis and make recommendations was based upon multiple state document reviews, key informant interviews,

---

<sup>3</sup> The Housing and Health Services Coordination Council (HHSCC/Council) was created by Senate Bill 1878 during the 81<sup>st</sup> Texas Legislative Session. The purpose of this Council, as written in the statute, is to increase state efforts to offer service-enriched housing.

and other literature on the development of service-enriched housing. The analysis and recommendations in this report address the two core components of service-enriched housing: 1) integrated, affordable housing; and 2) the availability of services for tenants.

### III. Service-Enriched Housing Policy Discussion

It is now well understood that many people with the most severe and complex disabilities can live successfully in integrated, community settings as long as their housing is affordable and appropriate to their needs and they have access to the right services and supports. Texas has made significant strides in this area through its Promoting Independence Plan, Money Follows the Person (MFP) Program, and other initiatives. However, significant challenges still exist in meeting the service-enriched housing needs in Texas for people with disabilities and older adults.

As reflected in the Housing and Health Services Coordination Council's *2012-2013 Biennial Plan*, a substantial number of Texans with disabilities and older adults are in poverty and struggle to access services and affordable housing. Among numerous data in the *Biennial Plan*, it stated that a Texan with a disability living on Supplemental Security Income (SSI), who is on Medicaid, would need to spend an average of 90% of his/her income on housing, leaving only 10% to cover other basic needs. TDHCA's application last fall to the HUD Section 811 Project Rental Assistance (PRA) Demonstration program revealed additional data that emphasize the need for bold steps toward meeting the service-enriched housing needs of Texans. The application estimated that there are 228,100 persons with disabilities in the State of Texas between the ages of 18 and 64 receiving SSI payments (below 30% percent of Area Median Income, or AMI). Over three thousand DSHS adult consumers with severe mental illness who are at imminent risk of homelessness or are literally homeless and a significant number of youth with disabilities aging out of foster care were also identified in the 811 application. According to 2010 Administration on Aging data, Texas ranks in the top ten highest poverty rates in the United States for persons who are elderly.<sup>4</sup>

Compounding the identified needs, states such as Texas are confronted with *Olmstead* as they plan and implement strategies to meet the service-enriched housing needs of individuals with disabilities who are in or at risk of institutionalization. The 1999 U.S. Supreme Court decision in *Olmstead v. L.C.* held that people with disabilities have the right to live in the least restrictive, most integrated settings, and created a mandate for states to develop comprehensive plans to end unnecessary institutionalization of people with disabilities.<sup>5</sup> In a recent decision on April 2, 2013, U.S. Court of Appeals for the Fourth Circuit upheld a North Carolina decision extending *Olmstead* to people who are at-risk of institutionalization.<sup>6</sup> The Court held that reducing funding for personal care services would place individuals at risk of institutionalization, and that the state's budgetary constraints argument was not a sufficient "fundamental alterations" defense.

<sup>4</sup> U.S. Department of Health and Human Services, Administration on Aging, (2011). *A Profile of Older Americans: 2011*. Retrieved from: [http://www.aoa.gov/aoaroot/aging\\_statistics/Profile/2011/docs/2011profile.pdf](http://www.aoa.gov/aoaroot/aging_statistics/Profile/2011/docs/2011profile.pdf)

<sup>5</sup> *Olmstead v. L.C.* 527 U.S. 581 (1999).

<sup>6</sup> *Pashby v. Delia* (U.S. District Court for the Eastern District of NC Case # 11-cv-0273-BO; U.S. Court of Appeals for the Fourth Circuit Case # 11-2363). Information found on Disability Rights North Carolina website: <http://disabilityrightsnc.org/cases-we-are-working>



Texas's Promoting Independence Plan has served as an important guide in ensuring that people with disabilities have the opportunity to live in the most integrated settings, and is updated regularly to reflect progress and additional recommendations. Despite this, Texas has identified a significant number of individuals who may be better served in less restrictive, more integrated settings. Texas' HUD 811 application identified approximately 4,491 nursing facility residents with disabilities and 1,273 residents of Intermediate Care Facilities for Persons with Intellectual or Developmental Disabilities (ICF-IDs) as eligible for affordable, lease-based service-enriched housing under the 811 PRA program. An undetermined number of people are also living in board and care facilities that are in poor condition, rent burdensome, and segregated. Many of the residents living in these facilities, if given the option, would choose more independent, integrated and affordable living arrangements.

However, putting policy into action requires states to proactively: a) budget for service-enriched housing, usually through new and/or re-purposed funds; and b) consider statutory, regulatory and administrative changes to accelerate the creation of new service-enriched housing opportunities in order to begin to address unmet need. Accordingly, states' approaches to improve their service-enriched housing often include a broad range of possible legislative, regulatory, and budgetary measures that are applied depending on state priorities and identified needs. Legislatively driven examples in states have included establishing service-enriched housing advisory committees and interagency councils on homelessness. Budgetary measures have included the establishment of state-funded rental assistance/bridge subsidy programs, capital funding, and service package development through Medicaid plans and waivers. Regulatory examples include changes to Qualified Allocation Plans (QAPs), target populations and eligibility criteria, and housing models that will be supported.

Concurrently, states must consider the appropriate balance of housing options for individuals with disabilities in order to provide meaningful choice and be considered integrated. This involves consideration of concentration level, or density, of people with disabilities living in a single site, and to what extent the development of single site or congregate residences is appropriate given the current balance of housing options within the available portfolio of housing. In order to inform the discussion, the U.S. Department of Housing and Urban Development (HUD) issued its own statement on the role of housing in accomplishing the goals of *Olmstead* on June 4, 2013.<sup>7</sup> The statement contained guidance for public housing authorities, housing providers, and other recipients of federal financial assistance from HUD on supporting individuals in integrated settings. This is particularly important in states currently at risk of *Olmstead* lawsuits alleging that individuals with disabilities are in segregated living arrangements such as state hospitals, nursing homes, or other congregate settings such as boarding homes or adult care homes. Accordingly, states proactively planning for *Olmstead* or facing litigation are assessing current housing options and planning for new affordable housing for people with disabilities in the context of *Olmstead*. This also involves assessing and planning state approaches in the context of the U.S. Department of Justice's (DOJ) enforcement actions and associated Settlement Agreements in states.<sup>8</sup>

---

<sup>7</sup> HUD Statement of the Department of Housing and Urban Development on the Role of Housing in Accomplishing the Goals of *Olmstead*. <http://portal.hud.gov/hudportal/documents/huddoc?id=OlmsteadGuidnc060413.pdf>

<sup>8</sup> North Carolina, Illinois, and Georgia are states that were evaluated for this report and have *Olmstead* Settlement Agreements.

DOJ defines integrated housing as:

“Integrated settings are located in mainstream society; offer access to community activities and opportunities at times, frequencies and with persons of an individual’s choosing; afford individuals choice in their daily life activities; and, provide individuals with disabilities the opportunity to interact with non-disabled persons to the fullest extent possible. Evidence-based practices that provide scattered-site housing with supportive services are examples of integrated settings. By contrast, segregated settings often have qualities of an institutional nature. Segregated settings include, but are not limited to: (1) congregate settings populated exclusively or primarily with individuals with disabilities; (2) congregate settings characterized by regimentation in daily activities, lack of privacy or autonomy, policies limiting visitors, or limits on individuals’ ability to engage freely in community activities and to manage their own activities of daily living; or (3) settings that provide for daytime activities primarily with other individuals with disabilities.”<sup>9</sup>

This report considers this policy context for service-enriched housing and the current environment in Texas, and provides short and longer term recommendations for the State of Texas to consider.

## IV. Housing Resource Assessment

### Key Findings from Best Practices Report

---

The *Best Practices Report* provided case studies in service-enriched housing financing and development based upon an evaluation of six states in addition to Texas. The six best practice states were Pennsylvania, North Carolina, and Louisiana, Illinois, Georgia, and New Mexico. Three of the states studied – North Carolina, Georgia and Illinois - have entered into Settlement Agreements to address *Olmstead* litigation that are driving service-enriched housing development efforts and long-term care policy reforms in those states. Below is a brief discussion outlining the best practices and key findings that emerged from the *Best Practices Report*.

### Development Strategies to Create Integrated Service-Enriched Housing

- Several states provide a range of incentives within their Low Income Tax Credit (LIHTC) Program’s Qualified Allocation Plan (QAP) to create a component of service -enriched housing typically between 5% and 20% of total units in a project.<sup>10</sup>
- One state (PA) offers a threshold requirement through the QAP for all projects to dedicate a percentage of units for extremely low-income households, linked with an incentive for developers to partner with the service providers through a referral agreement.

---

<sup>9</sup> U.S. Department of Justice. Statement of the Department of Justice on Enforcement of the Integration Mandate of Title II of the Americans with Disabilities Act and *Olmstead v. L.C.* [http://www.ada.gov/olmstead/q&a\\_olmstead.pdf](http://www.ada.gov/olmstead/q&a_olmstead.pdf)

<sup>10</sup> In accordance with their state’s legal requirement and state housing policy priorities.

- One state (NC) offers a threshold requirement through the QAP for all projects to dedicate 10% of units for service-enriched housing.

### Affordability of the Integrated Service-Enriched Housing

- Several states required the LIHTC project to set the rents at either 20% or 30% AMI level (depending on the state) typically for a long-term commitment over the 30 year extended use agreement.
- Several states offered incentives within the QAP for a developer to gain a commitment of Section 8 project-based vouchers or other rental assistance to support the service-enriched units allowing them to provide income-based rent affordability.
- Two states offered project-based rental assistance for the service-enriched units from either a federal (LA) or state (NC) source.

### LIHTC Regulatory and Compliance Monitoring Infrastructure

- All states have incorporated (with varying degrees of success) the service-enriched housing targeting requirement within the Land Use Regulatory Agreement.
- All states have developed partnership agreements executed at the project level between the owner/property manager, service provider, and HFA/state agency regarding roles and responsibilities. Although there are some differences between state models, a best practice partnership agreement and other program-related tools have emerged.
- All states have incorporated the service-enriched targeting requirements into the compliance monitoring activities of the state's Housing Finance Agency (HFA). States with more developed targeting programs that have been in operation for several years tend to have a more mature compliance monitoring program with systematic links to responsive technical assistance within the HFA to resolve issues at the property level.

### Service Enriched Housing Referral, Waiting List, and Service Coordination System

- All best practice states made provisions for a housing coordinator role to accomplish such tasks as coordinating lease-up, executing partnership agreements, responding to owner/property manager concerns, and offering ongoing technical assistance. Each state organized the housing coordinator function differently. Some states positioned these coordinators at the state level, either at the HFA or a state service agency. Other states have developed a regional network of housing coordinators. One state (PA) had housing coordinator functions at both the county and state agency level.
- All states managed a systematic waiting list structure and common procedures. There were differences in where the waiting list was managed, either at the local/county level, on a regional basis, or statewide. Some states elected a housing agency to manage the waiting list, while other states elected a state service agency or local supportive service provider to manage the waiting list. One state (LA) named the managed care company to manage different components of the program including the waiting list.
- Some states (LA, NC, and NM, among others) chose a broad cross-disability target population, making outreach and referral mechanisms particularly important. Other

states, often with *Olmstead*-related settlements, maintained a more focused target population.

- Several states developed a service coordination entity often referred to as a Local Lead Agency (LLA). Although the duties of the LLA varied, activities typically included: coordination of referral to the waiting list, provision of tenant liaison services to link the household to appropriate services, waiting list management, and coordination of supportive services with a local service provider. Some states were able to provide some level of compensation to an agency for carrying out these LLA duties (which typically grew over time as the number of units in a community grew). Other states have recruited agencies to be LLAs with the incentive of having access to these housing opportunities with no available compensation.

## Local, State and Federal Funding Resources

---

Below is a brief discussion of the key housing resources available to Texas to develop service-enriched housing. TDHCA and the state service agencies will need to develop local partnerships in order to maximize capital and rental assistance funds to produce a pipeline of service-enriched housing throughout Texas.

### Capital Funding Resources

**Federal Low Income Housing Tax Credits (LIHTC):** The Texas Department of Housing and Community Affairs (TDHCA) administers the second largest Low Income Housing Tax Credit (LIHTC) Program allocation in the nation. The LIHTC Program funds approximately 5,000 units of affordable multi-family rental housing throughout Texas annually. In 2012, TDHCA awarded 45 affordable multi-family housing projects through the LIHTC program.

**HUD HOME Investment Partnerships Program (HOME):** The HOME program must be used to create affordable housing opportunities including homeownership and rental housing. TDHCA, by law, manages the State's HOME Program, offering 95% of funds to communities, typically rural, that do not receive HOME funds directly from HUD. Additionally, 5% of HOME funds must serve persons with disabilities and is available statewide. In addition to the state HOME Program, there are over 170 cities and towns in Texas that receive local HOME allocations directly from HUD. In 2012, Texas directly received approximately \$67 million in HOME funding from HUD, of which \$43 million was awarded to these 170 cities and town.<sup>11</sup>

**Community Development Block Grant Funds (CDBG):** The CDBG program can be used for either affordable housing or other community development activity. In 2012, the Texas Department of Agriculture (TDA) received \$59 million in CDBG funding and an additional \$155 million was provided directly to local community development departments. These funds are frequently used for infrastructure improvements (sidewalks, street lighting, other public improvements), as well as housing. As a policy, the TDA has chosen to utilize its CDBG resources for community development.

---

<sup>11</sup> See link for information on the State of Texas HOME Program allocation:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/about/budget/budget12](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/about/budget/budget12)

**Texas Housing Trust Fund (HTF):** Managed by TDHCA, the Texas Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate, and develop decent and safe affordable housing.<sup>12</sup> During the 82<sup>nd</sup> Session, the Texas Legislature funded the HTF at \$11.7 million of which \$1.17 million was transferred to the Texas Veterans Commission. The current HTF funding level is significantly lower than the previous appropriation level of \$21.9 million.

### Rental Assistance Funding Resources

**HUD Section 8 Housing Choice Vouchers (HCV):** There are over 400 Public Housing Authorities (PHAs) located throughout the State of Texas, and most manage a Section 8 Housing Choice Voucher (HCV) Program locally. In addition, TDHCA manages a statewide Section 8 HCV Program, administering approximately 1,000 Section 8 vouchers annually in rural parts of the state. HUD rules facilitate the use of vouchers for project-based and tenant-based approaches to permanent supportive housing and for selection preferences that can avoid long waiting lists. Under HUD fair housing regulations, PHAs are also required to "affirmatively further fair housing opportunities"<sup>13</sup> for people who are least likely to participate in the voucher program, including vulnerable people with serious and long-term disabilities.

**Housing Choice Vouchers Dedicated to Non-Elderly People with Disabilities (NED Vouchers):** From 1997 to present, 17 Texas PHAs were awarded 1,564 vouchers that are set-aside by Congress solely for households with disabilities who qualify for one bedroom housing units (i.e., single people, two person adult households, etc.).<sup>14</sup> Section 2(a)(4)(C) of the *Frank Melville Supportive Housing Investment Act of 2010*, states that upon turnover, all HCVs for NED families received pursuant to appropriation Acts for fiscal years 1997 through 2002, or any other subsequent appropriations, remain with NED families to the maximum extent possible. In 2011, HUD issued a notice to PHAs (Notice PIH 2011-32<sup>15</sup>) providing guidance that all vouchers awarded since 1997 for non-elderly disabled families, including all award types listed in the notice, must be reestablished and maintained as NED vouchers.

**HOME Tenant-Based Rental Assistance:** The HOME statute permits the use of these funds to create two-year renewable tenant-based rental assistance programs, which could be targeted for permanent supportive housing. Local community development officials have traditionally been reluctant to use HOME funds for this purpose, preferring to invest them in one-time expenditures for affordable rental housing development and homeownership opportunities. Since 2000, TDHCA has also offered a HOME Tenant-Based Rental Assistance (TBRA) Program targeting people with disabilities that provides time-limited rental assistance.

**Project Access:** Since 2002, TDHCA, in collaboration with the Texas Department of Aging and Disability Services (DADS), has administered the Project Access Program partnering with the

<sup>12</sup> See link for information on the Texas <http://www.tdhca.state.tx.us/htf/>

<sup>13</sup> See link for information on HUD's Section 504 Regulations:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/disabilities/sect504](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/disabilities/sect504)

<sup>14</sup> See TAC's Database of Vouchers for People with Disabilities: <http://www.tacinc.org/knowledge-resources/vouchers-database/>

<sup>15</sup> See link for HUD PIH Notice - <http://portal.hud.gov/hudportal/documents/huddoc?id=PIH2011-32.PDF>

State's MFP Program. The target population is people with disabilities relocating from institutions to community-based housing. Initially, Project Access offered 35 HUD-funded non-elderly disabled vouchers. In 2012, TDHCA expanded this specialized effort to 120 vouchers.

**HUD's Continuum of Care (CoC) Program (previously the McKinney-Vento Homeless Programs):** Through the CoC Program, HUD offers assistance to local CoCs to provide housing and services to homeless individuals and families. Due to funding limitations, the FY 2012 CoC Program competition posed significant challenges to local CoCs in terms of funding all of their existing programming. HUD did provide CoCs the option to apply for a new permanent supportive housing project, but it remains to be seen what amount of new permanent supportive housing will be generated by local communities. HUD has notified CoCs that the CoC Program will receive a 5% reduction in overall funding due to sequestration and it will impact the program through the FY 2013 funding competition to be held later this year.

**HUD-Veterans Affairs Supportive Housing (VASH):** The HUD-VASH program combines Section 8 Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the U.S. Department of Veterans Affairs (VA). Over the past five years, HUD and VA have awarded over 48,000 VASH vouchers to local public housing authorities as part of its national goals to end homelessness among veterans by 2015. During this time, Texas has been awarded 3,445 VASH vouchers managed by 22 public housing authorities through the FY 2012 awards. The 2013 sequestration will not impact VASH. TAC expects the appropriation and award of new VASH vouchers each year for the next two years.

### **Identification of Key Regulatory, Administrative and Financial Barriers/Constraints**

---

In its environmental scan and stakeholder interviews, TAC has identified a number of regulatory, administrative, and financial barriers and constraints that are limiting Texas' ability to support and facilitate a pipeline of integrated, service-enriched housing opportunities for persons with disabilities and elder Texans. Most of these issues have been touched on throughout this report. While there are many constraints beyond the control of TDHCA, several are Texas-based policy decisions that TAC suggests specific strategies to overcome these barriers in the Housing Recommendations section. Below is a brief discussion of key barriers and constraints.

#### **Key Regulatory Barriers**

- Within its FY 2013 Qualified Allocation Plan (QAP) that sets policy for the Low Income Housing Tax Credit (LIHTC) Program or the current scoring criteria for its multi-family bond program, TDHCA, in TAC's view, does not have the range of incentives needed to encourage the development of integrated service-enriched housing.
- Although pockets of innovation exist throughout Texas, many public housing authorities (PHAs), including the TDHCA Section 8 Housing Choice Voucher Program, have not implemented an 'optional' Project-Based Voucher Program which has the ability to provide deep rental subsidies in conjunction with service-enriched housing projects.
- The Texas Department of Agriculture (TDA) does not direct the use of CDBG resources supporting the development of service-enriched housing or affordable housing in the

rural areas of the state which the program serves. Many local communities have also historically utilized their CDBG funding on infrastructure development, choosing not to invest in affordable housing.

### Key Administrative Barriers

- TDHCA, in conjunction with its state service agency partners, has not developed the administrative policies and procedures and regulatory infrastructure to systematically manage marketing, referrals, waiting list management, and service coordination for service-enriched housing. Texas' successful HUD Section 811 PRA Demonstration Program application contains a finalized/executed Interagency Partnership Agreement that provides the policy platform to develop these effective administrative policies and procedures. TAC details specific recommendations to address these barriers within housing recommendation #3 later in the report.

### Key Financial Barriers/Constraints

- Within the last legislative session, the Texas Housing Trust Fund (HTF) received a significant reduction in overall funding. In the short-term, unless the environment changes, this limits TDHCA's ability to utilize funding from HTF as a catalyst to create additional service-enriched housing opportunities.
- Over the past several years, the federal HOME Program, and to a lesser degree the CDBG Program, has received lower funding levels nationally. These lower funding levels have been passed down to both state and local community development departments. With the challenge of sequestration, it is possible that communities will receive additional reductions in HOME and CDBG funding levels in the future.
- In the FY 2013 federal budget, the challenge of sequestration will likely result in reduced funding levels for the federally-funded CoC Program and the Section 8 Housing Choice Voucher Program.

### How Key Policies and Procedures Could Work in Texas and Why?

---

Based on findings contained in the *Best Practices Report*, several states have successfully implemented and currently manage service-enriched housing set-asides or targeting efforts that use point incentives within their LIHTC programs. These integrated, service-enriched housing production strategies have been successful in several states where the majority of the LIHTC developers are private, for-profit entities – specifically North Carolina, New Mexico, and Louisiana. The LIHTC development environments have significant similarities with Texas and share some of the same LIHTC developers. With its previous housing efforts on behalf of people with disabilities as well as the work recently completed at the state policy level (i.e., the Section 811 PRA Demo Application), Texas has many tools in place to help it implement/manage an initiative to systematically develop a pipeline of integrated, service-enriched housing. It should be recognized that this effort would require Texas to move forward with important policy changes in the QAP to create the necessary incentives to create integrated, service-enriched housing.

In the states assessed for the *Best Practices Report*, these production strategies have been successful because they focus on the ‘strengths’ of each entity (i.e. the affordable housing developer/owner, the Housing Finance Agency (HFA), the state service agency partners, and the local supportive service providers). For the LIHTC developer, this means requiring them to make a LIHTC-financed unit available at a rent that is deeply affordable for a reasonable marketing period. For HFAs, it often has meant the provision of administrative and regulatory mechanisms for the program, management of rental assistance, provision of compliance monitoring, and coordination between the various entities at the property level. For state service agencies and their network of community-based service providers, it means requiring them to develop a system to make timely referrals and coordinate the provision of supportive services.

TAC’s Housing Recommendations #1-4 comprise the essential elements to adopt these key system-wide policies and procedures needed to implement an integrated, service-enriched housing pipeline in Texas.

## V. Supportive Services Resource Assessment

### Availability of Services to Align with Housing

---

As referenced in the Council’s *Biennial Plan* and other documents, there is a significant need for services aligned with integrated, affordable housing for individuals with disabilities and older adults. Texas, like other states, faces various challenges when it comes to providing these services. Among the reasons for this include insufficient resources to meet demand, the type of services that are available, and workforce challenges.

#### 1. Availability of Resources to Meet Demand

Because of funding and Medicaid eligibility limitations, many individuals with disabilities or older adults who have access to affordable housing receive no or insufficient services to meet their needs. For many Texans, resource limitations at the state and local level restrict eligibility for services and their availability. While additional waiver slots have also been provided for individuals, the availability of funding for services does not meet demand. As a result, many low income individuals with disabilities are on ‘interest’ lists for Medicaid waiver slots or services. Generally, the poorest and most disabled are considered ‘priority populations’ and have access to an enhanced range of state funded and Medicaid waiver and state plan services. Some individuals do not meet priority population status, but are eligible for basic Medicaid state plan or waiver services. While important, these services may be insufficient to support individuals in their housing setting, which, in turn, results in additional burdens on other parts of the system.

While the Texas legislature is likely to provide additional resources for mental health services over the next two years, Texas historically ranks last in the nation in per capita spending on mental health.<sup>16</sup> This results in many individuals with mental illnesses having insufficient access to the level of services necessary to support housing tenure. While various state plan and waiver

---

<sup>16</sup> Kaiser Family Foundation. Per capita mental health expenditures. <http://kff.org/other/state-indicator/smha-expenditures-per-capita/>



services provide a range of services for those individuals with the highest needs who gain access to housing opportunities created through TDHCA or other resources, there are still many Texans who could benefit from services to help support them in their living situation.

The *2012 Revised Texas Promoting Independence Plan* identifies key recommendations for the HHSC and Texas legislature to consider that would improve access to services.<sup>17</sup> All of these require legislative direction and/or appropriations and include:

- Increasing Medicaid 1915(c) waiver slots;
- Increasing the number of ‘at-risk’ slots for individuals at imminent risk for placement in a nursing facility (NF) or state supported living center;
- Including community integrated employment assistance and supported employment services in all Medicaid 1915(c) waivers that do not currently include these activities in their waiver service arrays;
- Expanding the Money Follows the Person program to allow adults with Intellectual and Developmental Disabilities access to Home and Community-based services (HCBS);
- Making Nursing Facility (NF) diversion slots available to individuals on the Star+PLUS interest list who are at the medical assistance only level of income; and
- Developing a Medicaid 1915 (i) state plan amendment to support individuals with serious mental illness.

Despite the funding limitations discussed above, several funding opportunities exist for Texas to provide service-enriched housing to individuals with disabilities and older adults. Among these include the recent HUD Section 811 PRA Demonstration award, the Balancing Incentives Program (BIP), the State’s new Medicaid 1115 Waiver, and continuation of the Money Follows the Person (MFP) program. In addition, consideration by the legislature to add resources to the mental health system provides a glimmer of hope to improve the quality and access to mental health services.

Local resources also exist to some extent. As part of the Medicaid 1115 Waiver, the Delivery System Incentive Reform Payment (DSRIP) incentive payment pool enables local funds to serve as match to draw down additional federal Medicaid funds to provide innovative services in service-enriched housing. Other local funding initiatives may fill gaps where state or Medicaid funds do not cover. Local Mental Health Authorities (LMHAs) and Local Authorities (LAs) will combine, or “braid” funding sources to meet the needs of service-recipients. To the extent possible, state and local planning efforts should be aligned and reinforce service-enriched housing opportunities.

While this report focuses on recommendations to increase the availability of service-enriched housing Texas should consider an examination of boarding homes in the state, including the statute<sup>18</sup> and regulations regarding the oversight and monitoring of boarding homes. In

---

<sup>17</sup> Texas Promoting Independence Plan found on the Texas Department of Aging and Disability Services website: [http://www.dads.state.tx.us/providers/pi/independence\\_plan.html](http://www.dads.state.tx.us/providers/pi/independence_plan.html)

<sup>18</sup> DADS oversees Boarding Homes. The Texas statute and standards can be found at: <http://www.dads.state.tx.us/boardinghomes/index.html>

recognition of quality concerns for a significant number of individuals with disabilities living in boarding homes, the legislature granted the authority to regulate the boarding home industry in 2009. The current statute gives permission for local entities to monitor boarding homes, but does not require it. It is unclear regarding the number of individuals with disabilities and elderly who may be living in boarding homes, if they actually had a choice in this setting, and if it is the most integrated setting for them. Accordingly, the number of individuals in need of service-enriched housing may be underestimated. While the Health and Human Services Commission is the likely umbrella organization to undertake this review, the legislature will need to be involved if any statutory changes are recommended or if additional funding is needed.

## 2. Matching Services to Service Need

Providing programs and services to individuals in integrated settings can be challenging. While integrated settings are often perceived in the context of the actual location and structure of a building, the manner in which services are organized and delivered is also an aspect of what defines an integrated setting. Historically, individuals moved from institutional settings into community-residential programs that were still highly restrictive or did not match the person's needs.

As discussed in the *Best Practices Report*, states are increasingly emphasizing models where housing is not contingent on the receipt of services or other restrictive requirements. The Texas Promoting Independence Plan provides strong themes in this area, but the state could more clearly articulate its principles and policy approach regarding the distinction between housing and services. States have developed general principles of permanent supportive housing (PSH), or service-enriched housing, across state agencies to ensure some level of consistency and that their service-enriched housing model is consistent with this approach. These principles have been incorporated into statutes and regulations.

While Texas has shown a preference for a range of service-enriched housing settings<sup>19</sup>, it has also been clear that service-enriched housing should be consistent with Olmstead and the ADA.<sup>20</sup> The Substance Abuse and Mental Health Services Administration (SAMHSA) offers a PSH Toolkit that provides a definition of PSH, a fidelity checklist and other important information that can aid Texas in refinement of its model.<sup>21</sup> As referenced in Section II: Service-enriched Housing Policy Discussion, DOJ considers segregated settings as those "...characterized by regimentation in daily activities, lack of privacy or autonomy, policies limiting visitors, or limits on individuals' ability to engage freely in community activities and to manage their own activities of daily living...."

The Texas HHSC and its state agencies offer a range of rehabilitative and habilitative support services through various general revenue and Medicaid state plan and waiver funds to Texans with disabilities most in need. The range of services generally available to priority populations is designed to support people in home and community based settings. Among these include

---

<sup>19</sup> HHSCC 2012-12013 Biennial Plan, page 8. <http://www.tdca.state.tx.us/hhsc/docs/12-13-BiennialPlan.pdf>

<sup>20</sup> Promoting Independence Plan: <http://www.dads.state.tx.us/providers/pi/piplan/2012revised/2012revisedpiplan.pdf>

<sup>21</sup> SAMHSA PSH Toolkit: <http://store.samhsa.gov/product/Permanent-Supportive-Housing-Evidence-Based-Practices-EBP-KIT/SMA10-4510>

Assertive Community Treatment (ACT) and psychiatric rehabilitation services for persons with mental health needs, and various in-home supports through Medicaid waivers for those with intellectual/developmental or physical disabilities. Individuals who are not determined to meet priority population criteria may also receive state-funded services or basic Medicaid services. However, the type of and amount of services may be insufficient to meet an individual's community-based needs.

In addition, it is important that individuals living in service-enriched housing receive the right type of services at the right time. During key informant interviews, TAC heard that service recipients struggle to receive in-home, community-based services and those services may not be flexible or intensive enough to support people in their homes. In some instances, service-recipients access facility-based services that they must go to when instead they need in-home supports that come to them. In addition, concerns were expressed that the availability of services on weeknights or weekends – times when services are often needed most – was too limited and not flexible enough. Recommendations made in the Promoting Independence Plan referenced above to increase funding also suggest that the addition or modification of Medicaid state plan or waiver services must also improve the types of and flexibility of services to meet individual needs.

In a state like Texas, geography also impacts the availability and type of services delivered. The size and geography of Texas pose significant challenges, particularly in rural areas. For service-recipients, limited access to transportation in urban and rural areas hinders individuals' ability to travel to mental health services. In rural areas, providers are challenged with having to travel to see service-recipients across large geographic areas, and must factor this into their program design.

### 3. Workforce and Training Challenges

Texas is experiencing a workforce crisis. There is a shortage of professional and paraprofessional direct care workers to meet the needs of those currently eligible for services in Texas, let alone those who need services but cannot access them. In 2011, the Hogg Foundation for Mental Health released a report on the workforce shortage in Texas detailing the extent of the problem.<sup>22</sup>

The report highlighted several glaring statistics. Less than 33% of the state's 48,700 practicing doctors accept Medicaid patients.<sup>23</sup> As of March 2009, 173 out of 254 Texas counties (68%) and two partial counties were designated as Health Profession Shortage Areas (HPSAs) for mental health.<sup>24</sup> In 2009, 102 Texas counties did not have a psychologist, 48 counties did not have a licensed professional counselor, and 40 counties did not have a social worker. Even more striking is the fact that 171 counties did not have a single psychiatrist.<sup>25</sup> The current workforce was also

---

<sup>22</sup> Hogg Foundation for Mental Health. (2011). *Crisis Point: Mental Health Workforce Shortages in Texas*. [http://www.hogg.utexas.edu/uploads/documents/Mental\\_Health\\_Crisis\\_final\\_032111.pdf](http://www.hogg.utexas.edu/uploads/documents/Mental_Health_Crisis_final_032111.pdf)

<sup>23</sup> NBC-DFW (July 12, 2010). Doctors threaten to pull out of Texas Medicaid. Retrieved Nov. 28, 2010 at [www.nbcdfw.com/news/health/Doctors-Threaten-to-Pull-Out-of-Texas-Medicaid-98202569.html](http://www.nbcdfw.com/news/health/Doctors-Threaten-to-Pull-Out-of-Texas-Medicaid-98202569.html)

<sup>24</sup> Statewide Health Coordinating Council (January 2011).

<sup>25</sup> Raimer, B. (2010). Texas challenges: Building our health workforce for 2014 and beyond [PowerPoint slides], Center for Public Policy Priorities Hobby Conference, September 2010. Retrieved Nov. 28, 2010 from the Center for Public Policy Priorities at [www.cppp.org/events/files/3%20CPPP%2020100922%20RAIMER.pptx](http://www.cppp.org/events/files/3%20CPPP%2020100922%20RAIMER.pptx)

not reflective of the cultural and linguistic needs of service recipients. The report cited recruitment and retention challenges and a lack of training opportunities as major factors.

In addition, the provision of service-enriched housing requires competency in best practices delivered in home and community based settings, as well as in aspects related to housing, such as housing programs and guidelines, leasing and tenancy issues, and landlord relations. As service-enriched housing is expanded through the new HUD Section 811 PRA Demonstration program, tax credit projects and other housing resources, service providers will need to improve their competency in this area.

The Council's 2012-2013 *Biennial Plan* also identifies various informational and training approaches that could strengthen the workforce's capability.<sup>26</sup> The HHSCC's *State Agency Reference Guide & Training Manual* produced in April 2011 and information through 2-1-1 Texas, HHSC's information and referral network, are good training and informational resources for services and housing staff. Other recommendations in the plan that are in various stages of development or are not feasible due to resource limitations include training modules for state agencies, service providers and property managers, and creating a Service-enriched Housing Specialist training and certification program.

The *2012 Revised Texas Promoting Independence Plan* also identifies workforce recommendations important to meeting the integration and service-enriched housing needs of individuals with disabilities. These recommendations also require legislative direction and/or funding and include:

- increasing dedicated funding for community direct services and support staff; and
- identifying, developing and promoting ways to increase the employment of peer specialists for the provision of mental health services in a variety of settings (nursing facilities, mental health, vocational rehabilitation, criminal justice, etc.) This should include identification and removal of barriers to employment of peer specialists, opportunities for reimbursement for services provided by peer specialists, and education and outreach.

### **Framework to Align Housing and Support Services**

---

Despite the availability of services for those accessing integrated, affordable housing, there must be a framework in place to ensure that the relevant components of service-enriched housing are being met. This includes having clearly identified roles and responsibilities and sufficient infrastructure to ensure that vacancies are filled in a timely manner, services and housing support needs of tenants are being met, lease conditions are being satisfied, and potential landlord disputes are being resolved effectively.

As Texas continues to develop its approach for service-enriched housing, new roles and responsibilities will be expanded or developed. As these functions are incorporated into the

---

<sup>26</sup> HHSCC 2012-12013 Biennial Plan. <http://www.tdhca.state.tx.us/hhsc/docs/12-13-BiennialPlan.pdf>

system, each party must understand his/her roles and responsibilities so that individuals do not fall through the cracks. The framework and infrastructure detailed in TDHCA's successful application for HUD Section 811 PRA Demonstration funds builds on similar practices in other states with effective programs and provides a good foundation for ensuring the alignment of housing and services throughout the outreach, referral, transition, and ongoing service coordination process.

As part of the HUD 811 program, HHSC has appointed DADS as the lead agency on Promoting Independence activities and for coordinating the service requirements under the HUD 811 program. TDHCA intends to create a position to manage functions such as tenant certifications and processing rents. Through MFP administrative funds, DADS is also funding another position in TDHCA to serve as the Point of Contact who will centrally administer waitlists for Section 811 PRA units, maintain communication with property managers and referral agents, and provide tenant education.

DADS will have a Point of Contact in the MFP Division who will coordinate the liaisons from each of the HHSC participating agencies. The participating agencies will be in charge of coordinating all necessary monitoring of Referral Agents and Service Coordinators. Referral Agents have been identified by HHSC agencies, and will likely include Local Mental Health Authorities (LMHAs), Local Authorities (LAs), Aging and Disability Resource Centers (ADRCs), and institutional staff.

The Referral Agents will be responsible for outreach and referral of potential tenants to the TDHCA Point of Contact. The TDHCA Point of Contact will be responsible for communicating vacancy information and new units to Referral Agents and Service Coordinators.

Once a referred tenant becomes a Section 811 resident, the Referral Agent is responsible for notifying the TDHCA Point of Contact regarding the Service Coordinator identified for the resident. The Service Coordinators will be responsible for coordinating community-based long-term services and supports for Section 811 tenants after move-in and ensuring these services are continued on an ongoing basis. In many cases, this will be the same contact as the Referral Agent. The Service Coordinators are existing staff from local community-based Medicaid partners, funded by the HHSC umbrella agencies that currently work with the targeted populations.

In addition, the Section 811 PRA Demonstration has a conflict resolution process designed to intervene early if problems arise, be responsive to property managers, and advocate for tenant needs. As detailed within the Inter-Agency Agreement, the DADS single point of contact will be required to contact the appropriate Service Coordinator, typically by the next business day, in order to resolve any issues and to maintain successful tenancy. The Service Coordinator will follow-up with the tenant to address the concerns relayed from the property manager to the DADS single point of contact.

### **How Key Service-Related Policies Could Work in Texas and Why?**

---

The policy direction and themes from various Texas agencies, including TDHCA, the HHSC and its state service agencies are consistent with the ADA, *Olmstead* and best practices identified in

the *Best Practices Report*. In addition, the development of service-enriched housing that is consistent with the ADA and Olmstead is largely supported by stakeholders. The Texas MFP program has served as a model for meeting the service delivery needs of individuals, and building from this platform also enhances the likelihood of success of service-enriched housing models throughout Texas. Several of the recommendations that follow in this report will further support Texas's efforts in this area, many of which can be done within current resource limitations.

A major barrier, however, is the shortage of resources available to meet the state's policy objectives for individuals with disabilities in need of service-enriched housing. If Texas is to ensure that its stated service-related policies translate into action for those in need of comprehensive services aligned with housing, it must add and/or re-allocate funding to support the policy direction. Otherwise, individuals will have limited access to the services necessary to support their community-based tenure. While the Texas MFP program has been an effective driver for serving people in non-institutional settings, significant demand for integrated service-enriched housing still exists. Increasing the availability of services to match additional integrated, affordable housing opportunities is consistent with the ADA and *Olmstead* and considered a best practice intervention in improving individual outcomes and decreasing spending in more costly systems of care (e.g., institutional living, emergency departments, and correctional settings). While it is unlikely that Texas can meet existing demand in the near future, commitment to narrow the gap is an important step.

## VI. Strategic Policy Recommendations

In developing the recommendations that follow, TAC considered its findings and analysis from multiple state reviews conducted in the first phase of this project and the current housing and services environment in Texas. In addition, TAC considered the Council's *2012-2013 Biennial Plan* and the information and recommendations contained in it.

The recommendations that follow are separated into six key areas. When applicable, suggested short and longer term timeframes are incorporated into the recommendations.

1. The ***Overarching Recommendations*** include those that are relevant to housing and services and critical to making a significant effort toward meeting the integrated, affordable housing and service needs of individuals with disabilities and older adults.
2. ***Service-Enriched Housing Recommendations*** are designed to address the steps that TDHCA and the Council can take to increase the supply of affordable housing dedicated to extremely low-income individuals with disabilities and older adults.
3. ***Supportive Service Recommendations*** address important considerations to ensure that services are available and appropriate to the needs of individuals who may gain access to housing.

4. ***State Service-Enriched Housing Capacity and Infrastructure*** identifies important infrastructure issues and recommendations to develop and sustain the infrastructure.
5. ***Partnership Opportunities to Leverage Other Resources*** discusses important partnerships that Texas should develop in order to maximize funding opportunities.
6. ***A Five Year Service-Enriched Housing Production Pipeline*** identifies the possible additional supply of affordable, service-enriched housing that Texas should strive for over the next five years.

## Overarching Recommendations

---

### 1. The development of all service-enriched housing should be consistent with the integration mandate within the ADA and *Olmstead*.

All housing supported through TDHCA or other state agencies should be developed through an ADA and *Olmstead* lens. As discussed in Section III: *Service-enriched Housing Policy Discussion*, individuals with disabilities have the civil right to live in integrated settings of their choice. In order to achieve this objective, TDHCA and other state agencies must continue to work together to align policy and service-enriched housing development and implementation with the law.

This includes ensuring there is a choice of housing options for individuals, housing is not contingent on the receipt of services, and that individuals are not required to follow a linear approach to obtain the most integrated housing options. With proper supports, many individuals can go directly from institutional settings into affordable, integrated housing options without having to 'step-down' from more highly supervised or transitional settings.

TAC also recommends that TDHCA, HHSC and its state service agencies develop a common set of principles for service-enriched housing to ensure model consistency and a level of equitability across disability groups in accessing new housing. This can serve as a driver for the types of housing that are created and the services that individuals receive.

### 2. Leadership must demonstrate strong commitment to ensure that the development of service-enriched housing is a priority to address unnecessary institutionalization and homelessness.

As referenced in the *State Best Practices Report*, states that have demonstrated a track record of producing integrated, affordable service-enriched housing have had strong leadership in the legislature, governor's office, housing finance agency and/or human services agency to ensure that the right policies and funding for services and housing are in place. Rather than view it as a 'boutique' program, various leadership in these states has viewed service-enriched housing as an important intervention in the system necessary to achieve meaningful outcomes at the individual and systems level.

TAC believes that, given the availability of state and federal funding resources and the commitment of the Texas Legislature and state agencies, the recommendations in this report can result in a potential annual pipeline of additional affordable housing units for people with

disabilities and older adults. It is important for leadership at TDCHA, HHSC and its state service agencies to commit to a minimum number of new housing opportunities for this population and focus efforts to achieve this goal.

### **3. Texas should add resources to support the financing of integrated, affordable housing and services to meet the needs of underserved disability groups and older adults.**

Providing a supply of affordable housing and services to meet demand requires sufficient resources. States that have produced bigger numbers of service-enriched housing have either contributed more or re-balanced funds for housing capital and operating funds (i.e. state funded bridge rental subsidies) and for services. Accordingly, Texas should add resources to support the financing of integrated, affordable housing and services to meet the needs of underserved disability groups and older adults. Funding will be discussed in greater detail below.

#### **Service-Enriched Housing Recommendations**

---

Based on the *Best Practices Report* completed during the first phase of this project, and conversations with state housing policy leaders and affordable housing and service-enriched housing stakeholders in Texas, TAC recommends a series of housing recommendations designed to provide Texas with a range of proven strategies to systematically expand deeply affordable service-enriched housing options available for persons with disabilities and elders across the state. The recommendations that follow are intended to create a wide array of service-enriched housing options to meet consumer choice and needs, and range from the production of newly integrated service-enriched housing comprised of up to 18% of the units in a given affordable housing project,<sup>27</sup> to sustaining the current effort to produce single purpose service-enriched housing projects. These recommendations also focus the Council's attention on maximizing access to locally-controlled federal housing resources to complement existing state housing resources for the production of a service-enriched housing pipeline. Finally, these recommendations are designed to complement and support the service policy recommendations discussed in the next section.

#### **1. Adopt a series of incentives within TDHCA's LIHTC Program to encourage the development of a pipeline of integrated, affordable service-enriched housing opportunities.**

TAC recommends that TDHCA adopt and sustain a series of incentives within its Qualified Allocation Plan (QAP) over the next 6 -12 months to create a pipeline of integrated affordable service-enriched housing opportunities. In addition, TAC proposes a policy incentive to encourage more robust local conversations and collaboration between LIHTC developers, local public housing authorities, and local homeless Continua of Care in an effort to create service-enriched housing opportunities. TDHCA could adopt these LIHTC incentives during fiscal year 2014 without requiring additional federal or state capital development resources. The Council and TDHCA should seek and gain the support of the Office of the Governor for the overall service-enriched

---

<sup>27</sup> TDHCA's Integrated Housing Rule limits the number of targeted units to 18% of the total units in the property.



housing initiative. Specifically, TAC recognizes the importance of gaining the support of the Governor for the recommended incentives within the LIHTC Program to create a service-enriched housing pipeline.

TAC recommends establishing an incentive within the 2014 QAP to encourage LIHTC-financed projects to include a service-enriched housing targeting requirement of 5% of the total units in the project. The proposed service-enriched incentive would be overlaid with TDHCA's current extremely low-income income incentive which encourages the development of LIHTC units set at 30% of Area Median Income (AMI) rents. As a practical matter, this strategy would require 50% of these extremely low-income units to be targeted as service-enriched housing. TAC feels this is a reasonable policy enhancement, balancing the need to create integrated service-enriched housing with the needs of other extremely low-income households. As part of the incentive, TAC recommends that the service-enriched targeted units' rents be set at 20% rather than 30% of AMI to make them affordable to households with persons with disabilities who are receiving SSI disability benefits. To manage any impact within the financing structure of individual LIHTC projects, TAC recommends TDHCA adjust income targeting unit mix in the overall project rent structure to shift some 40% or 50% AMI units to 60% AMI units to address any loss of rental income to the project. Given that this incentive is overlaid with TDHCA's current extremely-low income incentive, TAC does not expect the incentive to require additional capital subsidy levels to ensure financial feasibility.

TAC further recommends that TDHCA set the number of points in the 2014 QAP for this incentive at a high enough level to encourage a significant majority of LIHTC proposals to adopt this service-enriched housing targeting option. These targeted units would be made available to households with disabilities at the 20% AMI rent level over a 30 year period. Based on success in other states, a service-enriched set-aside structure that requires the LIHTC owner to exclusively market these service-enriched units for a suggested period of 60 days during initial lease-up, and 30 days at turnover, is recommended. Recommendation #3 below further discusses the necessary administrative policies and procedures that should be adopted in order to coordinate housing referral and supportive services effectively for these targeted units. Based on review of TDHCA's LIHTC production pipeline over the past three years, TAC estimates that this incentive will create approximately 250 service-enriched housing units annually.

TAC also recommends an incentive within the 2014 QAP to encourage LIHTC developers to gain a commitment of project-based rental assistance through either the Section 8 Project-Based Voucher (PBV) Program or other project-based rental assistance programs (i.e., HUD's Continuum of Care (CoC) Homeless Program) to support the creation of integrated service-enriched housing. This incentive would be structured in a manner to encourage a service-enriched housing targeting up to 18% of the total units in a project.<sup>28</sup> A tiered point structure would be effective at encouraging a greater level of targeting up to the 18% level. The incentive's requirement should adequately define the expectation in regard to the term of the rental assistance commitment. Understanding the current fiscal realities of federal rental assistance, the term of the rental assistance commitment should be 15 to 30 years with the standard condition

---

<sup>28</sup> The incentive is capped at 18% of total units in order to remain in compliance with TDHCA's Integrated Housing Rule.

that any commitment is subject to annual federal appropriation. Within its environmental scan of Texas, TAC recognized pockets of innovation within local public housing authorities in their development of service-enriched or supportive housing, specifically in the cities of San Antonio and Houston. With the right mix of incentives, TAC believes that opportunities exist to encourage greater use of local housing resources (i.e., Section 8 PBV and CoC Homeless resources) to support integrated, service-enriched housing.

As a component within this incentive to allow another option for a LIHTC-financed project to offer deeply affordable rents, TAC recommends TDHCA consider developing a Capitalized Rent Subsidy Reserve option structured like the program managed by the Pennsylvania Housing Finance Authority in conjunction with its LIHTC Program which was highlighted in the *Best Practices Report*. Specifically, TDHCA would allow LIHTC projects to request an additional Developer Fee up to 5% the current TDHCA Developer Fee Limit to be exclusively used to establish a Capitalized Rent Subsidy Reserve to underwrite the service-enriched housing units to rents affordable for households at 20% AMI. The capitalized reserve would need to be sized in a manner to support deeply affordable rents at 20% AMI for the initial 15 year tax credit compliance period.<sup>29</sup>

TAC estimates that an incentive to encourage LIHTC developers to access federal rental assistance commitments, or establish a capitalized rent subsidy reserve, would conservatively create 30-50 service-enriched units per year within three to five LIHTC-financed projects pursuing this option. As this incentive institutionally gains acceptance within the LIHTC developer community and relationships are forged between developers and public housing authorities, this incentive has the potential to spur the development of more service-enriched housing.

Based on lessons learned from initial implementation challenges with LIHTC developers in other states – mostly notably North Carolina and Louisiana – TAC recommends TDHCA and its State service agency partners collaboratively engage the LIHTC development community in a series of forums and trainings to educate them on the goals of the program, the regulatory requirements and expectations, and the roles/responsibilities of all parties including TDHCA, the LIHTC owners/property managers, and service providers.<sup>30</sup> In addition, TAC suggests TDHCA engage LIHTC developers that have developed LIHTC projects in states that have active supportive housing/service-enriched housing targeting initiatives to solicit their support and feedback regarding efforts to implement a similar type of effort in Texas. During the development of the *Best Practices Report*, TAC identified several private LIHTC developers that have worked in Texas that have also developed LIHTC-financed projects in New Mexico, Louisiana, and North Carolina.<sup>31</sup> This type of informal outreach to encourage peer-to-peer conversations about different aspects of the service-enriched targeting program early in the implementation process is expected to pay important dividends in terms of overall developer acceptance of the initiative. Over the

---

<sup>29</sup> TAC recognizes that there are different interpretations among State Housing Finance Agency (HFA) regarding the efficacy of this approach. TAC recommends that TDHCA engage the State HFA that have successfully utilized this Capitalized Operating Reserve approach as well as engage the IRS to further explore this option.

<sup>30</sup> TAC expects that these activities can be successfully incorporated into TDHCA's current engagement efforts with LIHTC developers and owners. If TDHCA determines that these activities cannot be incorporated successfully, additional resources may be needed to carry out these engagement and training efforts.

<sup>31</sup> TAC can provide the names and contact information of these LIHTC developers.

long term, TDHCA and its State service partners should remain flexible and responsive to policy concerns raised by LIHTC owners and address these as they arise to the extent possible.

## **2. Adopt similar scoring incentives discussed above within the Texas multi-family bond programs to encourage the development of integrated service-enriched housing.**

In order to expand the range of integrated, service-enriched housing options and add to the projected service-enriched housing pipeline, TAC also recommends that TDHCA and Texas State Affordable Housing Commission (TSAHC) consider strategies to incorporate a 5% extremely-low income, service-enriched housing targeting component within both the multi-family rental projects financed by TDHCA's multi-family housing revenue bond program and TSAHC's private activity bond program. TAC further recommends pursuing this recommendation over the next six to twelve months.

Within the TDHCA housing revenue bond program, there is an option to overlay this incentive with the rent structuring approach to offer 30% AMI rental units. As suggested above, the service-enriched incentive would be structured in a manner to target 50% of these units. Further, TDHCA should consider approaches to allow these service-enriched targeted units to be set at 20% AMI rents affordable to households receiving SSI disability income. Within its private activity bond program, TSAHC should consider modifying/refining its menu of incentives within its Request for Proposals (RFP) to include targeting a percentage (up to 20% of the total units) for service-enriched housing. Developers would also be required to target these service-enriched units for an exclusive marketing period, but would not be responsible for the provision or coordination of supportive services as part of the targeting requirement. For both of these targeting efforts as well as the LIHTC targeting program discussed in Recommendation #1, TAC suggests utilizing the marketing, waiting list/referral, and service coordination infrastructure/ system designed in Texas' HUD Section 811 Project Rental Assistance Demonstration Program application, discussed further in Recommendation #4 below. Ideally, these targeting commitments would be structured as long-term, 30 year commitments. This recommendation is consistent and reinforces the Council's housing Recommendation #9 called for in the *Biennial Plan 2012-13*.

## **3. Develop the necessary policies, procedures and regulatory infrastructure informed by best practices to ensure the effective targeting of service-enriched housing opportunities within TDHCA's LIHTC/Multi-Family Bond Program portfolio.**

TAC recommends that TDHCA and its state service agency partners develop and adopt the necessary regulatory policies and procedures to ensure the effective, timely targeting of integrated, service-enriched housing units created using the strategies recommended above. The recommended timeline for implementation is the next six to twelve months. In addition, TSAHC should adopt similar policies and procedures for service-enriched units created through the private activity bond program. These policies and procedures should be informed and modeled after other successful targeting programs highlighted in the *Best Practices Report*.<sup>32</sup> As discussed previously, a service-enriched targeting structure that requires the multi-family owner to exclusively market these service-enriched units for a marketing period suggested at 60 days

---

<sup>32</sup> Texas can look to North Carolina, Illinois, and New Mexico for good examples of policies and procedure to model.

during initial lease up and 30 days at turnover is recommended. If a service-enriched eligible household is not accepted during the marketing period by the owner after referrals from the TDHCA waiting list structure, then the property owner would be allowed to fill the vacant unit with a household who does not need a service-enriched unit, provided the next available unit of that unit type is offered for a service-enriched eligible household. As noted in the *Best Practice Report*, this marketing approach has been adopted by several state targeting programs and has proven effective as a procedural mechanism to provide timely referrals to owners/property managers.<sup>33</sup> Generally, this type of marketing and referral approach is well received by multi-family owners/managers as well.

Specifically, TAC recommends developing the following policy and regulatory infrastructure for the service-enriched housing targeting program:<sup>34</sup>

- Development of administrative policies and procedures that include duties and responsibilities for each entity involved in the program including: TDHCA's waiting list, owner/property manager, state service agencies, and local service providers;
- Update of the Land Use Agreement (LURA) and other regulatory documents as necessary in order to bind the owner to the targeting requirements for the term of the LURA;
- Development of a Service-Enriched Housing Targeting Memorandum of Understanding (MOU) between the owner/manager, TDHCA, and service provider outlining the marketing, referral, tenant liaison, and service coordination responsibilities at the property level for each party;<sup>35</sup>
- Integration of the targeting requirement within TDHCA's compliance monitoring program to ensure owners/property managers are complying with the targeting requirement;
- Provision of responsive technical assistance to assist in resolving issues identified by compliance monitoring at the property level;
- Adoption of specific targeting policies and procedures that are viewed as responsive to policy concerns raised by LIHTC owners; for example, North Carolina has a policy that allows an owner/property manager to request that a targeted unit be placed in 'dormant status' if no referrals are received by the service provider network;
- Provision of training opportunities and coordination meetings at the property level (post closing/pre-lease up) to provide multi-family owner/property managers with the details of the targeting program to help them develop an understanding of the parties roles/responsibilities; and
- Support for long-term sustainability strategies and provision of on-going trainings targeted for both property management staff and front-line service providers, recognizing the rapid turnover with these types of positions. Specific topics that require ongoing emphasis/attention include: targeting program roles/responsibilities, tenant liaison functions, and reasonable accommodation training. (E.g., Noted in the *Best*

---

<sup>33</sup> Louisiana, North Carolina, and Illinois among other states have adopted such a marketing approach.

<sup>34</sup> TAC acknowledges that TDHCA and its partner agencies may determine that some of these recommendations may require additional resources.

<sup>35</sup> The Serviced-Enriched Housing Targeting MOU should be consistent with the targeting requirements laid out in the LURA and helps to reinforce the targeting requirement and expectations of each party at the property level.

*Practices Report*, North Carolina developed an outstanding Reasonable Accommodation Guide targeting front-line property managers and service providers. TAC recommends TDHCA consider the development of such a training product.)<sup>36</sup>

**4. Utilize the TDHCA-managed waiting list structure envisioned within TDHCA's HUD Section 811 Project Rental Assistance Demonstration (PRA Demo) Program application to coordinate the timely provision of referrals to owners with all service-enriched housing opportunities.**

In order to support timely tenant referrals to multi-family rental housing owners that have incorporated integrated, service-enriched housing targeted units within their projects (created through Recommendations #1 and #2 above), TAC recommends utilizing the TDHCA managed waiting list and referral/service coordination structure envisioned by TDHCA's successful proposal for Section 811 PRA Demonstration funding in 2013. TDHCA and its state service agency partners developed a detailed Interagency Partnership Agreement for this proposal which outlined the process for the selection and marketing of PRA units, wait list procedures, tenant liaison functions, and service coordination responsibilities. TAC recognizes that the structure Texas proposed for waiting list and referral/service coordination was detailed and informed by best practices. TAC believes this strong, systematic structure is a platform to build and expand upon to coordinate the referral/service coordination process for service-enriched housing units that may be created within TDHCA's multi-family development portfolio. The recommended timeline for implementation is over the next six to twelve months.

As this structure is built and implementation occurs, the service-enriched targeting program will add to the number of service-enriched units (approximately 250-300 per year) managed by the TDHCA waiting list. Based on analysis of the LIHTC-financed projects over the past three years (FY10-12), approximately 50% of the these projects were located outside the 7 Metropolitan Service Areas (MSAs) targeted in Texas' Section 811 PRA Demo Program application. Therefore, approximately 40-50% of these set-aside units will likely be located in areas of the state outside of the 7 MSA areas. TAC recommends that TDHCA along with its Health and Human Services Agency partners continue to assess consumer demand for these targeted units and the supportive service capacity in these rural areas. If low demand for these targeted units in a specific project or supportive service capacity in the rural area remains a concern, TDHCA should consider allowing the multi-family owner to request the targeted units be placed in a "dormant" status.<sup>37</sup> The dormant categorization would be able to be lifted by TDHCA/Health and Human Service Agency partners if the demand for the targeted units increased or the supportive service capacity improved.

Over time, TDHCA will also need to monitor staff requirements to manage these additional waiting list functions, as well as provide necessary technical assistance and coordination functions as needed. In order to support these additional staffing requirements as they arise, TDHCA and the

---

<sup>36</sup> TAC encourages TDHCA and its Health and Human Services Agency partners to adapt and modify existing training products and materials (e.g. materials currently being developed to support the implementation of the Section 811 PRA Demonstration Program) in order to minimize the need for additional funds.

<sup>37</sup> Discussed above in Housing Recommendation #3.

Council should explore alternative funding options including the possibility of utilizing a share of the Council funding that has not been spent/budgeted in the past for new housing coordination staffing to support these added requirements. Within the *Best Practices Report*, TAC highlighted how the Louisiana Housing Commission used a housing coordinator position to provide responsive technical assistance and troubleshooting expertise with multi-family property owners to address and resolve issues in a timely manner.

#### 5. Texas should pursue/coordinate efforts to maximize federal housing resources to support service-enriched housing in the future.

As a catalyst to spur additional investment in service-enriched housing development, TAC recommends that the state prepare to take full advantage of federal housing opportunities over the next five years. Four specific opportunities include:

- **Section 811 PRA Demo Program:** TDHCA should pursue additional Section 811 project-based rental assistance resources through future HUD Section 811 PRA Notices of Funding Availability (NOFAs) to build on the success of TDHCA's recent Section 811 PRA Demo award. TAC recommends applying each year HUD releases a Section 811 NOFA.
- **HUD-Veterans Affairs Supportive Housing (HUD-VASH) Program:** The Council should collaborate annually with the Texas Veterans Commission and the local VA Medical Centers to prepare to informally compete for additional VASH vouchers. Suggested coordination efforts include: working with CoCs on veterans specific data to ensure need is properly tracked/reported through HMIS, identifying specific parts of the Texas (including rural areas) that are not served/underserved by VASH; and coordinating effective communication of needs/gaps with local VA staff to VA and HUD national office decision makers. The 2013 VASH appropriations of new vouchers were protected from 2013 sequestration. HUD and VA are working to finalized local VASH awards for the FY 2013 allocation.
- **HUD CoC Program:** The Council and TDHCA should collaborate closely with the Balance of State CoC, and other local CoCs offering incentives and possible local funding in the form of 'matching funds' to create new service-enriched housing opportunities in future CoC Program NOFA competitions. In rural areas of the state, TDHCA may explore offering HOME funding (as needed) as program match in an effort to spur new service-enriched housing development and potentially attract additional CoC Program funding to Texas.
- **National Housing Trust Fund (NHFT):** Finally, the Council should monitor progress that national housing advocates continue to make to identify permanent funding to establish the National Housing Trust Fund.<sup>38</sup> If funding is identified either through FY 2014 appropriations or other mechanisms of housing finance reform, Texas would receive a significant allocation of NHFT resources. One of the core goals of the NHFT is to support the creation of rental housing targeted for extremely low-income households with incomes at or below 30% of the Area Median Income (AMI). If NHFT

---

<sup>38</sup> For more information on the National Housing Trust Fund go to <http://nlihc.org/issues/nhtf>

resources become available, TAC recommends that TDHCA and the Council create service-enriched housing finance models using the infusion of NHTF resources to close the ‘housing affordability gap’ and ensure that consumers pay no more than 30% of their incomes for rent. This could be accomplished by increasing the capital contribution in order to underwrite these units at approximately 20% of AMI, or creating a capitalized operating reserve fund, which the project would draw from over time to fill the gap between the tax credit rent and what the tenant can afford.

**6. Sustain TDHCA’s current LIHTC incentives to create a complementary pipeline of supportive housing projects. Continue to monitor the number of LIHTC-financed supportive housing projects receiving funding in each LIHTC round and modify LIHTC incentives within the QAP accordingly to support this pipeline.**

TAC recommends that TDHCA maintain the current LIHTC incentives to allow supportive housing projects to compete effectively for LIHTC financing on an annual basis. It is expected that TDHCA will pursue this recommendation annually over the next five years. TDHCA and the state service agencies should ensure that these units are consistent with the integration mandate set forth in the ADA and *Olmstead* decision. The Council should establish an informal goal of two to three supportive housing projects receiving LIHTC funding through the annual competition. At the end of each funding round after LIHTC awards are made, TAC recommends that TDHCA monitor the number of supportive housing awards made and assess the reason(s) for a sufficient number of awards being made. If it is determined that the LIHTC-finance environment has changed to make supportive housing projects less competitive, TDHCA should modify the incentives accordingly in order to provide a “level playing field” to compete and support a supportive housing pipeline. In TAC’s interviews with stakeholders, there was a concern that supportive housing proposals would not be competitive within the current LIHTC incentive structure which included the Opportunity Index and Educational Excellence incentives. Of the 2013 LIHTC proposals being submitted to TDHCA for funding, there were three supportive housing projects that, based on the developer’s ‘self-score’, are competitively positioned to potentially receive LIHTC funding. Over the long-run, TDHCA multi-family finance staff should continue to monitor the LIHTC competitive environment and incentive structure to encourage the development of a steady number of high quality LIHTC-financed supportive housing projects annually. If an appropriate incentive structure cannot be maintained to encourage the development of a steady pipeline of supportive housing projects over the long-term, the Council, working in partnership with TDHCA, should consider recommending statutory relief from the Texas Legislature regarding current constraints.

**7. Consider development of financing and capacity building strategies to encourage the development of service-enriched or supportive housing opportunities in mid-sized cities and rural areas of the state.**

In interviews conducted with Texas stakeholders, TAC recognized gaps in development capacity that specializes in the creation of service-enriched or supportive housing within Texas’ mid-sized cities as well as in rural areas. Working through Council members, TAC recommends Texas explore the development of a service-enriched housing development initiative focused on these areas enhancing the work already done by TDHCA through its Rural Housing Expansion

Program. The state's housing agencies, TDHCA and TSAHC, could lead this effort, pooling financing resources from a variety of sources (i.e., HOME, Housing Trust Fund and Texas Foundation). They should also explore engaging the Texas Veterans Commission and the Texas Department of Agriculture (i.e., CDBG) to leverage their resources potentially available for development. TAC recognizes the Department of Agriculture as a policy does not currently offer CDBG resources for affordable housing development in rural areas of the state. As a possible strategy, the Council could engage the Texas Rural Health and Economic Development Advisory Council to explore shared policy priorities in order to make efforts to encourage a modest CDBG investment to develop service-enriched housing in rural areas – perhaps on a pilot, time-limited basis. This recommendation is consistent with the Council's *Biennial Plan 2012-13*, Housing Recommendation #10. Further, the TDHCA-commissioned Rural Housing Study released in 2012 should assist all these targeted efforts going forward.

Utilizing the housing finance and underwriting expertise of TDHCA and TSAHC staff effectively, these state agency partners could potentially pool resources within a joint Request for Proposals to encourage the development of service-enriched housing projects in these underserved areas. There are several states/localities, among them the State of Connecticut, that have successfully utilized this multi-agency collaborative procurement model to encourage the targeted development of service-enriched housing. It should be noted that these mid-sized cities and rural areas will likely experience less benefit from the integrated, service-enriched housing produced by Housing Recommendations #1 and #2. This initiative would be an effective, complementary strategy to introduce some level of service-enriched housing opportunities in these underserved areas.

As part of the financing of service-enriched housing, the long-term commitment of either rent or operating subsidies is critical to both the project's financial feasibility as well as its ability to offer affordable rents to extremely low-income consumers. In order to identify a pool of operating subsidies for this effort, TDHCA could play a leading role by establishing a modest Section 8 Project-Based Voucher (PBV) Program within its Section 8 Housing Choice Voucher Program to support the development of service-enriched housing projects in the rural areas. Recognizing that TDHCA Section 8 Program is fully subscribed, TAC recommends drawing from Section 8 voucher turnover of Section 8 Program. Based on an average turnover rate of between 5-10 percent annually, TDHCA Section 8 Program will turnover approximately 50-100 vouchers annually. Over time, TAC recommends a reasonable portion (e.g., 25-50%) of these turnover Section 8 vouchers be converted to Section 8 Project Based Vouchers year to support the development of service-enriched housing projects in rural areas.

Within the *Best Practices Report* and the discussion of Louisiana's Section 8 PBV Program, TAC acknowledged the powerful impact the Section 8 Program can have by combining a properly structured site-based waiting list with a supportive services preference. The State would be demonstrating tangible commitment to the development of service-enriched housing by providing leadership and resources to this type of effort. In TAC's experience, this state leadership is essential and often leads to additional local interest, engagement, and resources, and can result in public housing authorities becoming constructively engaged.



Building on the specialized technical assistance offered by TDHCA in the rural communities of Willacy, Brazos, and Hale Counties in 2011, TAC also recommends that TDHCA and TSAHC collaborate to provide targeted technical assistance and capacity building support to encourage development in these underserved areas. In interviews with stakeholders, it was often noted that agencies interested in development of service-enriched housing did not possess the experience or skills needed. Focused technical assistance could be provided to work with a local agency to identify a possible partner for a joint-venture arrangement or to link a local agency up with a qualified, experienced development consultant that could add needed capacity. In addition to this capacity building support to form capable development teams, there is also a need for targeted training and technical assistance with these agencies in a variety of specialized topics including: supportive housing development finance; specialized property management; reasonable accommodation policies; and coordination of supportive services. TAC recommends that TDHCA explore the benefits of utilizing an experienced entity to provide this specialized training on an ongoing basis.<sup>39</sup> Given the variety of specific strategies identified with this overall recommendation, TAC estimates that TDHCA and its State partners will be able to pursue these strategies over the next one to two years.

#### **8. Proactively engage local public housing authorities (PHAs) throughout Texas to use their local housing resources (i.e. Section 8 Housing Choice Vouchers, Public Housing) to support the creation of service-enriched housing opportunities.**

In collaboration with its State housing agency partners, TDHCA and TSAHC, and local disability service/advocacy partners, the Council should play a leadership role in systematically engaging local public housing authorities (PHAs) throughout Texas to utilize their housing resources to support the creation of service-enriched housing opportunities. Currently, the federal fiscal environment brought on by sequestration has placed significant fiscal pressures on all local housing authorities. Working with TDHCA, which also operates a Section 8 Housing Choice Voucher Program, the Council should monitor the federal fiscal environment in order to initiate these PHA engagements when the immediate crisis subsides. The Council should also work closely with the State's Money Follows the Person (MFP) Program and local service/disability advocacy partners to collaborate on these engagements.

Under HUD fair housing regulations, PHAs are required to 'affirmatively further fair housing opportunities' for people who are least likely to participate in the voucher program, including vulnerable people with serious and long-term disabilities. This obligation, along with guidance from HUD encouraging PHAs to assist chronically homeless people, state MFP grantees, and to further states' *Olmstead* planning efforts, provides the Council with additional leverage to engage and seek specific commitments of vouchers to expand service-enriched housing. Prior to these engagements, the Council should also highlight and acknowledge pockets of innovation and success with PHAs that are strategically using their resources to develop service-enriched housing. In the *Best Practices Report*, PHA successes in Houston and San Antonio were

---

<sup>39</sup> In several states including Ohio and Illinois, the Corporation for Supportive Housing (CSH) has sponsored organized and offered Supportive Housing Academies to provide targeted training and follow-on technical assistance to agencies to facilitate the development of high quality, financially feasible service-enriched housing projects.

recognized. Given the number of public housing authorities to engage, TAC recommends that the Council develop a detailed engagement plan to reach the public housing authorities and carry out the outreach engagements over a period of two years.

Goals of the Council's PHA engagements should include:

- Implement specialized Section 8 project-based voucher (PBV) initiatives dedicating disability voucher turnover resources to support the sustained creation of service-enriched housing opportunities (highlighting Texas PHAs that have successfully utilized Section 8 PBV);
- Acknowledge that PHAs with Non-Elderly Disability (NED) Vouchers are tracking them properly and have a process in place to fill all NED turnover units with a non-elderly disabled household;<sup>40</sup> and
- Integrate a component of service-enriched housing units within a PHA sponsored multi-family development project which potentially would leverage a variety of resources including Section HCV or public housing operating funds.

#### **9. Serve as a resource to the Texas Legislature during the next two Biennial Legislative Sessions to identify potential ways to develop a state funded rental assistance program in order to further expand the service-enriched housing pipeline.**

TAC recommends that the Council serve as a resource to the Texas Legislature during the next two Biennial Legislative Sessions (FY 2016-17 and FY 2018-19) to establish a state-funded rental assistance program to further encourage the creation of integrated service-enriched housing. Many states have successfully utilized state funding for rental assistance as a catalyst for community-based rebalancing initiatives. This state-funded rental assistance would complement the short-term recommendations and service-enriched housing opportunities created capitalizing on existing resources and programs available to the state. In addition, the state-funded rental assistance would provide for a great deal of flexibility to target specific service-enriched housing needs either by sub-population or underserved areas of the state.

TDHCA and its state agency partners should be able to make the case that a portion of savings achieved in institutional settings can be re-allocated to support a state funded rental assistance program. In order to prepare for the next Legislative session in 2015, TAC recommends that the Council work with its State agency partners to identify and assess housing/services data from both the MFP Program and the Section 811 PRA Demo, focusing on both consumer outcomes and quantifying 'rebalancing' savings to Texas as a direct result of these community-based housing investments. TAC would like to emphasize that this is a longer-term recommendation which allows adequate time for the state's system of marketing, waiting list management, referral/service coordination to mature and establish some level of success on a statewide basis prior to adding the demands of rental assistance implementation in FY 2016-2017.

---

<sup>40</sup> On June 14, 2011, HUD issued **Notice PIH 2011-32** providing guidance to PHAs that all vouchers awarded since 1997 for non-elderly disabled families, including all award types listed on this web page above, must be reestablished and maintained as NED vouchers.

TAC recommends that the proposed rental assistance program contain the following key features:

- Provides for a mix of project-based rental assistance (PBA) and tenant-based rental assistance (TBA) to support both integrated service-enriched housing within multi-family rental properties and tenant-based assistance for use in the private rental market;
- Offers a two-third mix of PBA to overlay with LIHTC/multi-family bond program targeting program up to 10% of units in the multi-family development;
- Offers a one-third mix of TBA to complement existing tenant-based vouchers supported by Project Access and HOME TBRA with suggested targeting to consumers who may have difficulty with tenant screening at LIHTC-financed properties;
- Allows for a steady, phased in implementation period of new PBA and TBA added annually over a 4 year period, with a suggested implementation rate of 125-250 PBA units and 50-100 TBA vouchers annually;
- Develops cost estimates for Texas Legislature consideration basing project-based design/estimates on identified best practices<sup>41</sup> and TDHCA's experience with Project Access;
- Consolidates rental assistance administration with TDHCA to gain some measure of economies of scale/efficiency;
- Utilizes the state's system of marketing, waiting list management, referral and service coordination designed to support the Section 811 PRA Demo;
- Recognizes the importance of demonstrating successful outcomes and significant cost savings to Texas in order to protect long-term financial support from the Texas Legislature;
- Commits to develop the assessment mechanisms to track and report annually on consumer outcomes and specific savings to Texas as a result of these community-based housing investments; and
- Acknowledges that to be successful, this program, with a sustained level funding to support approximately 700-1,400 rental assistance units, is an ongoing commitment by the Texas Legislature.

### **Supportive Service Recommendations**

---

Several of the service-enriched housing recommendations, along with the recently awarded HUD Section 811 PRA Demonstration program, will likely yield more affordable housing opportunities for people with disabilities and older adults with extremely low incomes. As a result of our review of service-enriched housing practices in several states, we have developed several recommendations to improve the ability of Texas to ensure the availability of services for individuals who may gain access to affordable housing through TDHCA or other sources (e.g., HUD Continuum of Care housing, Housing Choice Vouchers, etc.).

---

<sup>41</sup> For program models to consider, TAC would specifically recommend the Council and TDHCA review/adopt North Carolina's Key Program model which boasts an efficient average project-based assistance costs/unit and has been overlaid effectively with the NC Targeting Program.

**1. Utilize the infrastructure and processes being established as part of the HUD Section 811 PRA Demonstration program as a foundation for other service-enriched housing. In addition, Texas should consider streamlining the referral process at the local level by designating ADRCs as Local Lead Agencies designed to perform a clearinghouse function for service-enriched housing.**

For individuals with disabilities or who are older adults, successful tenure in community living often requires the combination of flexible support services and housing-related supports. While the states reviewed for this project had different approaches, each established mechanisms to ensure that the roles and responsibilities for these functions were clearly identified.

Texas's application to the HUD Section 811 PRA Demonstration program clearly identifies these roles, but is limited to housing opportunities that are developed from this source of funding, and only to seven Metropolitan Statistical Areas (MSA's). The HUD 811 application provides a solid foundation to provide the necessary infrastructure and processes needed to ensure the successful outreach, referral, wait list management, lease-up, and ongoing services and housing coordination issues for other service-enriched housing developed through TDHCA. The application and associated Inter-agency Agreement between TDHCA and HHSC agencies establishes clear responsibility and accountability for specific housing and service-related tasks.

In order to ensure consistency beyond the seven MSA's supported through the Section 811 PRA Demonstration, Texas should implement this approach and infrastructure in other areas where service-enriched housing will be developed. This is a longer term recommendation that should be aligned with housing development in other MSA's to ensure there is sufficient volume to support the change. Furthermore, Texas should consider streamlining the process at the local level by building capacity within each of the ADRCs to serve as the Local Lead Agency and serve as a local clearinghouse for housing referrals. Texas's Balancing Incentives Program (BIP) establishes a framework for this to occur.

Texas received a BIP award from the Centers for Medicare and Medicaid Services (CMS) that is designed to increase access to non-institutional long-term services and supports (LTSS). The BIP Program was created by the Affordable Care Act (ACA) of 2010 (Section 10202) and provides new ways to serve more people in home and community-based settings, in keeping with the integration mandate of the ADA, as required by the *Olmstead* decision. As part of the BIP, Texas is working toward four objectives that blend well with aligning services and housing. These include:

- Developing a more robust and 'fully functional' No Wrong Door (NWD)/Single Entry Point (SEP) system;
- Creating and improving electronic information systems to better coordinate functional and financial eligibility activities to support the NWD;
- Ensuring the state's core assessment instruments capture meaningful information; and
- Providing conflict-free case management across the state's LTSS programs.

As part of this process, ADRCs will be expanded and enhanced in order to assume these responsibilities. By designating ADRCs to serve as Local Lead Agencies, TDHCA would have one local point of contact in each of the geographic areas to work with for housing related activity. In addition to its other obligations, ADRCs would have the following responsibilities:

- Receiving and processing applications for housing from LMHAs, LAs and other sources;
- Conducting an initial screening for eligibility for the housing and services;
- Submitting referrals to the TDHCA wait list. Functioning as a main point of contact with TDHCA;
- Receiving vacancy information from the property manager and referring individuals off of the wait list to the unit. Also notifying the service coordinator or case manager of the vacancy and referral.<sup>42</sup>
- Managing communication from the property manager and notifying the service coordinator as necessary.
- Facilitating linkages to support services and other benefits.

Individuals would either be identified through the ADRC process, or referred to the ADRC by the LMHA, LA or other referral sources. Consideration would need to be given to the amount of work each ADRC could assume, especially over time as the affordable housing stock grows. In more urban areas, there would likely be more units and thus more work whereas there would smaller numbers of units, waitlist, and etcetera to manage in rural areas. The addition of Housing Navigators funded through DADS into some ADRCs appears to be a promising practice and could support this approach. 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.

Since implementation of BIP is underway, initial planning discussions should occur over the next one to two years with ADRCs formally assuming this role as housing capacity is developed in specific areas. Texas may consider establishing these processes in regulation to ensure a level of consistency and standardization across the state.

## **2. Establish a Housing Coordinator function within the Department of State Health Services, Mental Health and Substance Abuse (MHSA) Division.**

Most state mental health authorities have a staff function dedicated to service-enriched housing issues. This function is important to the Division because it provides important knowledge about housing issues on a variety of levels internally to mental health staff. As staff within the MHSA Division and HHSC (Medicaid) work to establish policy, program design and funding, a housing coordinator function is important to ensure that decisions align with housing policy and operational issues that consumers and providers deal with in the community. It also provides an opportunity for mental health staff to be a resource for TDHCA and housing staff on important mental health

---

<sup>42</sup> According to the Section 811 Interagency Partnership Agreement, the TDHCA Point of Contact is currently responsible for this activity. However, if over time several housing resources are incorporated into this structure, TDHCA and HHSC should evaluate if this function is more efficiently coordinated at the state or regional level.

issues. The position should not exist in a vacuum, and should be part of the planning, design and implementation process at TDHCA and across HHSC agencies. This position should be developed in fiscal year 2014.

### **3. Encourage the expansion of service-enriched housing supports through 1115 Waiver Delivery System Reform Incentive Payment (DSRIP) incentive payment pool.**

Under the DSRIP, Regional Healthcare Partnerships (RHPs) can propose projects designed to develop and enhance the state's behavioral health infrastructure. Service-enriched housing has been discussed as an intervention that could be used to prevent unnecessary use of certain services such as inpatient hospitals, emergency departments or urgent care settings. This provides an opportunity for local matching funds to leverage Medicaid dollars to provide new services.

The availability of any other local funding sources should be encouraged to align with the development of integrated, affordable housing. Local funds can be an important adjunct to meet the needs of uninsured or pay for services that are not covered by Medicaid.

This is both a short and long term opportunity since the option currently exists.

### **4. Expand resources to provide services to secure integrated, affordable housing. As part of this process, Texas should review and modify Medicaid State Plan and Waiver Services to support individuals who may need service-enriched housing.**

Texas state agencies that oversee services for people with disabilities have committed to making available services for those target populations who will gain access to housing through the Section 811 PRA Demonstration program. However, other individuals with disabilities or older adults may gain access to additional affordable housing if the recommendations above in Section B are implemented. There will be some lead time between when a tax credit project is approved for the state service agencies to plan for services availability in a particular geographic area. These individuals will need the same commitment of services to support their needs as individuals who will be served through the Section 811 PRA Program.

In addition, there may be opportunities to leverage additional federal financial participation through Medicaid by ensuring that services that are potentially Medicaid reimbursable, including housing-related supports, are part of Texas state plan and waiver packages. Waiver slots should be expanded to accommodate individuals who may gain access to service-enriched housing. Additional options exist, such as modifying existing state plan psychiatric rehabilitation services or submitting a 1915(i) state plan amendment that may provide Texas with added flexibility to provide flexible supports to those in service-enriched housing. The Hogg Foundation is looking at a Medicaid crosswalk to inform which service-enriched housing supports in Texas may be covered by Medicaid that aren't currently. Implementing new funding and/or modifications to Medicaid will require legislative action and regulatory changes.

**5. Continue to provide training and information on service-enriched housing. In addition, TAC recommends the development of a module on service-enriched housing required for direct service providers to be eligible to bill Medicaid for services delivered in service-enriched housing.**

Training for potential developers, property managers and service delivery staff on various aspects of service-enriched housing is important to the success of the model. The Council's *Biennial Plan* provided several recommendations in this area that should be continued.

The Council's *Biennial Plan* discussed the need to create a Service-Enriched Housing Specialist training and certification program for local providers. Because the development of such a program could be labor intensive and costly, it may not be a priority. Alternatively, TAC recommends that Texas incorporate a basic training module on service-enriched housing into any certification or training that is required for direct service providers in order to bill for Medicaid state plan and waiver services. The certification should include training on basic principles of service-enriched housing, best practice approaches to service delivery, and an overview of housing issues. This should be a regulatory requirement.

### **State Service-Enriched Housing Capacity and Infrastructure**

---

As noted earlier, Texas has the building blocks and the platform to provide responsive waiting list, referral and service coordination through the structures developed for the successful Section 811 Demo Program. Through the Interagency Partnership Agreement, this platform and the roles and responsibilities for each state agency partner are very detailed and programmatically sound. As noted above, Texas should also consider expanding the role of the ADRCs to streamline and strengthen this infrastructure locally.

Texas is in the beginning stages of the initiative; the staff capacity has not been completely built out and the programmatic infrastructure is not yet in place. Programmatic infrastructure includes: development of policies and procedures; refinement of regulatory structures; development of program tools and products to assist stakeholders; development of training and program manuals; and the refinement of compliance monitoring requirements and processes. As Texas considers implementing this systematic approach to offering integrated, service-enriched housing, particular attention should be given to establishing adequate staffing infrastructure to support the marketing, waiting list management, referral, and service coordination activities, as well as identifying the on-going resources to support such infrastructure. As the number of service-enriched housing opportunities grows over time, state agency partners should regularly monitor staffing levels to ensure the program is able to provide timely referrals and responsive technical assistance to owners/property managers to resolve issues at the property level when they arise.

In recommending an initiative to create a pipeline of integrated service-enriched housing opportunities within affordable multi-family rental projects, Texas will need to tap into the strong development capacity that exists primarily within private affordable housing development firms. Through scoring incentives within the QAP, developers will be encouraged to participate to target deeply affordable units for an exclusive marketing period for households in need of service-enriched housing. In turn, the owner/property manager will expect timely referral, responsive

tenant liaison services, and effective service coordination. In large cities such as Austin, Houston, Dallas, and San Antonio, there are experienced nonprofit developers that have specialized in the development of supportive housing using the LIHTC program. As mentioned, there are gaps in development capacity/experience creating service-enriched housing projects within several mid-sized cities and rural areas. TAC proposes specific strategies to address this recognized gap in an effort to spur development in these areas.

### **Partnership Opportunities to Leverage Other Resources**

---

Informed by its stakeholder interviews and environmental scan of Texas, as well the *Best Practices Report*, TAC recommends that Texas explore the following partnership opportunities in order to enrich and bring added financial and in-kind resources to the service-enriched housing initiative.

In July of 2012, HUD released the CoC Program Interim Rule implementing the HEARTH Act. Within this regulatory guidance, HUD placed clear expectations on local CoCs to conduct more robust strategic planning in order to serve the needs of ‘at risk’ and homeless individuals and families within their communities. Moreover, HUD has called on CoCs to align these planning activities with planning efforts at the state and federal levels. The Council should use this as an opportunity to engage and partner with local Continua of Care throughout Texas on policy initiatives of mutual interest. In particular, CoC program resources controlled by the CoC Board could be leveraged with state resources to spur additional service-enriched housing opportunities for disabled, homeless individuals and families. In addition, the U.S. Department of Veterans Affairs (VA) has established the national goal of ending homeless among veterans by 2015. As noted, the VA has and will continue to invest significant resources in terms of both housing and services to meet this challenge. Over the next two years, the Council and the Texas Veterans Commission have an opportunity to partner with the VA to advocate and make the case for additional VA housing and services resources (i.e., VASH vouchers) throughout Texas. Finally as part of local homeless planning initiatives, several public housing authorities (PHAs) have exhibited leadership and pledged resources for the development of service-enriched housing. As mentioned earlier, TAC has recognized these pockets of innovation and collaboration, as well as the opportunity to grow and develop meaningful partnerships with other PHAs.

The State of Texas has a nationally recognized, outstanding public university system as well as many other private universities and colleges. TAC recommends that the Council and TDHCA explore a partnership opportunity with a local university to collaborate on the assessment and evaluation of the service-enriched housing initiative and specifically the Section 811 PRA Demo and MFP Programs. Such a partnership would allow for the assessment/evaluation to be done by a respected, professional third party who in turn would add strength and power to the outcomes and cost savings estimates. This assessment and the data/outcomes produced could be used with the Council’s engagements to serve as a resource for the Texas Legislature to make the case for a state-funded rental assistance program.



In the *Best Practices Report*, TAC acknowledged as a best practice situations where a state service-enriched housing initiative was able to partner with private philanthropy<sup>43</sup> to find a strategic role to play within the effort. TAC also recognized that there are several philanthropies active in Texas that have an interest in service-enriched housing and homelessness policy issues. As part of establishing a service-enriched housing initiative, the Council should seek a strategic role for private philanthropy to play in the initiative. Possible strategic roles include: enhancement of TDHCA's current program evaluation plan for the Section 811 PRA Demo assessment, and/or assistance in the expansion of the housing referral, waiting list, and service coordination system goals statewide over the short-term.

### **A Five Year Service-Enriched Housing Production Pipeline**

Although the current economic circumstances confronting the federal government and the state continues to be challenging, the Council's work coincides with an alignment of opportunities and added resources from the federal government through the Section 811 PRA Demo program that will favor states prepared to capitalize on them. Through the efforts of the Council over the past two years and the recommendations outlined within the Council's *2012-2013 Biennial Plan*, Texas possesses the vision and opportunity to develop a predictable pipeline of integrated service-enriched housing opportunities for extremely low-income people with disabilities. Accordingly, TAC encourages Texas to organize its efforts around the recommendations in this report to increase the supply of integrated, service-enriched housing. TAC projects that a range of 2,395 – 3,355 units of new service-enriched housing opportunities over the next 5 years can be created based on the housing resource strategies shown below in Table 1. TAC believes as many as 3,895 – 5,355 units could be created if other future federal funding opportunities materialize.<sup>44</sup> By the end of year 5, TAC estimates that approximately 90% of these production targets will be operational and ready for occupancy as service-enriched housing. For the service-enriched units created in Year 5 of the initiative (approximately 330-350 units), these service-enriched will be in some stage of development and will be operation within 12 to 18 months depending on the each multi-family development schedule.

**Table 1: Potential 5 Year Pipeline for Service-Enriched Housing**

<b>Strategy</b>	<b>Potential for New Units</b>	<b>Federal, State, or Local Resource Partners</b>
Targeted Service-Enriched Housing within LIHTC/mortgage bond program properties	1,400-1,500	TDHCA, TSHAC
LIHTC-financed Supportive Housing Projects	250-750	TDHCA, Local Community Development Agencies, Public Housing Authorities

<sup>43</sup> Both Louisiana and Illinois were able to successfully partner with philanthropic organizations within their service-enriched housing initiative.

<sup>44</sup> Please refer to Appendix A for an analysis regarding the assumptions for these production goals.

Small Cities/Rural Service-Enriched Housing Initiative	60-120	TDHCA, TSHAC, TDA, TVC, Public Housing Authorities
Section 811 PRA Demo Program	685-985	TDHCA
Other Future Federal Housing Opportunities	2,185 to 2,985	US Dept. of Veterans Affairs, Continua of Care Boards, Public Housing Authorities

## Appendix A: Assumptions to Project Service-Enriched Housing Goal Over 5 Years

TAC projects that a range of 2,395 – 3,355 units of new service-enriched housing opportunities over the next 5 years can be created based on the housing resource strategies below. TAC believes as many as 3,895 – 5,355 units could be created if other future federal funding opportunities materialize.

TAC does not include within the projection the establishment of the state-funded rental assistance program proposed in TAC's Housing Recommendation #9.

### Targeted Service-Enriched Housing within LIHTC/mortgage bond program properties: 1,400-1,500 Service-Enriched Housing Opportunities

Based on review of TDHCA's LIHTC production pipeline over the past three years, TAC estimates that LIHTC targeting incentive will create approximately 250 service-enriched housing units annually or 1,250 units over 5 years. In addition, TAC estimates that 30-50 service-enriched units per year will be created with the Section 8 PBV/rental assistance incentive. If structured together, TAC estimates that these incentives will create 1,400-1,500 opportunities over 5 years.

### LIHTC-financed Supportive Housing Projects: 250-750 Housing Opportunities

Based on an analysis of the TDHCA's LIHTC-financed portfolio, TAC estimates 1-3 projects funded per year with an average unit project size of 50 units that are deeply affordable.

### Small Cities/Rural Service-Enriched Housing Initiative: 60-120 Service-Enriched Opportunities

TAC conservatively estimates that a modestly resourced, rural housing initiative will be able to encourage the development of 1-2 service-enriched housing projects per year with an average size of 12 units.

### Future Federal Housing Opportunities: 2,185 to 2,985 Serviced-Enriched Opportunities

Through the Section 811 PRA Demo Program, TAC estimates a potential total of approximately 685-985 subsidies over the next five years comprised of 385 subsidies (recently awarded) and 1-2 additional awards in the next 5 years (i.e., 300 subsidies for each award) given the competitive nature of this federal program.

Through the HUD-VA Supportive Housing (VASH), TAC estimates an additional 1,000 VASH subsidies with Texas receiving approximately 500 VASH each year over next two years (FY 2013 VASH allocation was held harmless by sequestration).<sup>45</sup> Due to uncertainty with federal funding prospects, TAC is not projecting additional growth in Years 3-5. Based on current uncertainty with federal funding levels due to sequestration, the level of new production

<sup>45</sup> Texas PHAs have averaged 674 new VASH vouchers on an annual basis over the past five years (FY 2008-12).

awarded through the HUD Continuum of Care/Local Permanent Supportive Housing process is very difficult to predict. However, TAC does expect some new production of permanent supportive housing opportunities through either an award of a priority permanent housing project or reallocation by one of Texas' fifteen (15) Continua of Care communities. TAC estimates 500 to 1,000 units of permanent supportive housing over the next 5 years (not counted in the previous categories) could be created.<sup>46</sup>

---

<sup>46</sup> Based on the characteristics of the supportive housing created by VASH and HUD's Continuum of Care Program, TAC has determined that these permanent supportive housing opportunities are consistent with the definition of service-enriched housing for the purposes of this analysis and pipeline.

# Appendix B: Comprehensive Analysis of Service-Enriched Housing Finance Practices: State Best Practices Report

## Table of Contents

I. Introduction/Background .....	1
II. Methodology of Research .....	2
State of Texas Assessment.....	2
Other State Assessments.....	3
III. State Case Studies .....	4
Texas .....	4
History /Description of Service-Enriched Housing Efforts .....	4
Funding Structures.....	6
Outreach, Waiting List & Referral Strategies.....	9
Community-Based Supportive Services.....	9
Service-Enriched Housing Policy Evaluation.....	11
State Agency Partnership Assessment.....	13
Pennsylvania.....	17
History /Description of Service-Enriched Housing Efforts .....	17
Funding Structures.....	18
Outreach, Waiting List & Referral Strategies.....	21
Community-Based Supportive Services.....	23
Service-Enriched Housing Policy Evaluation.....	25
State Agency Partnership Assessment.....	28
Louisiana.....	32
History /Description of Service-Enriched Housing Efforts .....	32
Funding Structures.....	33
Outreach, Waiting List & Referral Strategies.....	36
Community-Based Supportive Services.....	37
Service-Enriched Housing Policy Evaluation.....	38
State Agency Partnership Assessment.....	41
Developer/Property Manager Analysis .....	41
North Carolina .....	45
History /Description of Service-Enriched Housing Efforts .....	45

---

Funding Structures.....	46
Outreach, Waiting List & Referral Strategies.....	48
Community-Based Supportive Services.....	50
Service-Enriched Housing Policy Evaluation.....	50
State Agency Partnership Assessment.....	53
Developer/Property Manager Analysis .....	54
Georgia.....	57
History /Description of Service-Enriched Housing Efforts .....	57
Funding Structures.....	58
Outreach, Waiting List & Referral Strategies.....	60
Service-Enriched Housing Policy Evaluation.....	62
State Agency Partnership Assessment.....	65
Developer/Property Manager Analysis .....	65
Illinois.....	69
History/Description of Service-Enriched Housing Efforts .....	69
Funding Structures.....	70
Outreach, Waiting List & Referral Strategies.....	73
Community-Based Supportive Services.....	74
Service-Enriched Housing Policy Evaluation.....	75
State Agency Partnership Assessment.....	78
Developer/Property Manager Analysis .....	79
New Mexico.....	82
History /Description of Service-Enriched Housing Efforts .....	82
Funding Structures.....	83
Outreach, Waiting List & Referral Strategies.....	86
Community-Based Supportive Services.....	87
Service-Enriched Housing Policy Evaluation.....	88
State Agency Partnership Assessment.....	92
Developer/Property Manager Analysis .....	92
IV.Conclusion .....	96

---

**Appendices:**

- A. Outreach Plan
  - B. Texas Stakeholder Interviewee List
  - C. Other States' Stakeholder Interviewee Lists
  - D. Frequently Used Acronyms
-

## I. Introduction/Background

In 2012, in furtherance of its statutory charge, the Texas Housing and Health Services Coordination Council (HHSCC/Council)<sup>1</sup> initiated a process to procure and engage in a comprehensive study of nationwide best practices in service-enriched housing financing and development, propose recommended actions for successfully increasing service-enriched housing in Texas, and develop and present training materials to assist in financing and developing service-enriched housing for extremely low-income persons of all ages with disabilities. Service-enriched housing is defined in Texas Administrative Code 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.” The selected provider was the Technical Assistance Collaborative, Inc. (TAC).

This report, ***State Best Practices in Service-Enriched Housing***, contains findings from an evaluation of service-enriched housing financing and development practices in six states, plus Texas. Of the six states, three – Pennsylvania, North Carolina, and Louisiana – were identified by the HHSCC in its procurement, and the other three – Illinois, Georgia, and New Mexico – were recommended by TAC and approved by the HHSCC for inclusion in the report.

As discussed in the Council’s *2012-2013 Biennial Plan*, the availability of integrated, affordable, and accessible housing combined with a continuum of services allows people to live in community-based settings, maintain their independence and age in place.<sup>2</sup> For individuals with disabilities and low incomes, the ability to secure permanent housing and voluntary services is desirable, tends to be more cost effective to government systems than institutional care, and is consistent with the integration mandate within the Americans with Disabilities Act as interpreted by the U.S. Supreme Court’s 1999 *Olmstead* decision.

The states reviewed for this report, including Texas, are in various stages of accomplishing these goals. This report describes these service-enriched housing programs, identifies important features, including challenges and lessons learned in their development and operation, and contains specific examples of how projects are designed.

The findings in this report will be evaluated in the context of service-enriched housing in Texas, and used to formulate strategic recommendations for Texas to consider in a companion report, ***A Comprehensive Analysis of Service-Enriched Housing Financing Practices***, which will be issued in the Spring of 2013, and will contain recommendations for Texas to consider as it strives to increase service-enriched housing.

---

<sup>1</sup> The Housing and Health Services Coordination Council (HHSCC/Council) was created by Senate Bill 1878 during the 81st Texas Legislative Session. The purpose of this Council, as written in the statute, is to increase state efforts to offer service-enriched housing.

<sup>2</sup> Housing and Health Services Coordination Council *2012-2013 Biennial Plan*. August 2012. p. 8.



## II. Methodology of Research

In September 2012, TAC developed an Outreach Plan (See Appendix A) to assist in guiding the efforts and strategy to engage key stakeholders/informants in Texas as well as in the states selected for the best practice study.<sup>3</sup> The Outreach Plan outlines key points of contact in each of the states that TAC reached out to and engaged in order to arrange interviews with key stakeholders/informants. The Outreach Plan also contains an interview guide that outlines initial questions and discussion areas used with the various stakeholder groups.

Because, by definition, service-enriched housing involves housing and services, TAC sought to interview the housing finance agencies and/or health and human services agencies in each state that are responsible for administering government assistance for the development and operation of service-enriched housing for persons of all ages with disabilities, with particular emphasis on serving persons at or below 30% of AMI.

While there are commonalities across states, there are significant differences in how states organize operationally and administer funding across disabilities, especially on the services side. In addition, just because a state has best practices for service-enriched housing for one targeted population does not mean it has similar practices for other populations. As a result, TAC used its limited time in each state to focus its evaluation on those models that are more indicative of best practices and can be useful for the State of Texas.

### State of Texas Assessment

---

TAC worked collaboratively with TDHCA and the Council to identify stakeholders who capture the breadth of informants needed for this assessment and to include proper geographic coverage (state and key local contacts), as well as a mix of policy, practitioner, and advocate/consumer representation.

TAC scheduled and conducted interviews via an on-site visit in late September and through a series of telephone interviews with local stakeholders from different regions of Texas (i.e., Dallas/Fort Worth, Houston, San Antonio) who were unable to travel to Austin for in-person interviews. Stakeholders included state agency staff with expertise in housing and services, developers, and service providers. TAC also reviewed a series of documents relevant to the project. Related to housing, a range of documents were reviewed, including Qualified Allocation Plans, the Council's Biennial Plan, and development pro forma budgets. Regarding services, document reviews included various Medicaid state plan and waiver documents, Money Follows the Person (MFP) operational protocols, and various reports about disability service programs.

---

<sup>3</sup> The Outreach Plan was specific to this phase of the project.

## Other State Assessments

---

TAC contacted and analyzed service-enriched housing programs in six states, including North Carolina, Pennsylvania, Louisiana, Georgia, Illinois and New Mexico.<sup>4</sup> These states were known to TAC as having models that effectively provide permanent, affordable, lease-based housing and services for people with disabilities, and because of some reasonable comparison to Texas in terms of geography (i.e. large) and population composition, densities and dispersion (i.e., urban, suburban, and rural).

From late September to early December, TAC scheduled and conducted 1½ to 2 day on-site visits in each state to conduct key informant interviews with representatives of housing finance agencies and/or health and human services agencies involved in administering service-enriched housing. Follow-up telephone interviews were conducted with key stakeholders. Due to the scope of the project across states and the relatively short period of time on-site in each state to coordinate schedules in multiple locations, it was not possible to interview all potential stakeholders who could inform the discussion. A list of stakeholders interviewed is included in Appendix B.

The interviews covered a broad range of topics, including the genesis of each program and catalytic factors affecting its development and implementation, the number of service-enriched housing units funded, the number currently leased vs. under development, identification of housing and services financing utilized, outreach, referral and the service coordination strategies, target population(s) served, participating state agencies, service-enriched housing partnerships and division of labor amongst state and local participants, barriers/challenges and lessons learned, and the availability of any outcome data. TAC also used its knowledge of the selected states' efforts in developing service-enriched housing and reviewed program documents describing current policies and programs in each state to further inform the study.

In each state that was chosen for analysis, TAC also attempted to interview two to three development owners identified by the state as successful providers of service-enriched housing in order to highlight the opportunities and challenges to developing service-enriched housing within the states from their perspective.

---

<sup>4</sup> North Carolina, Pennsylvania and Louisiana were also identified by TDHCA in the RFP.

### III. State Case Studies

#### Texas

##### History /Description of Service-Enriched Housing Efforts

The U.S. Supreme Court decision in *Olmstead v. L.C.* (1999) affirmed the civil right of individuals with disabilities under the Americans with Disabilities Act (ADA) to live in the least restrictive, most integrated settings possible, and required states to develop effectively working plans to meet this objective. While many states today still do not have *Olmstead* plans, Texas developed its first *Olmstead* plan, *Promoting Independence*, in 2001. Texas has long been a leader in the integration of people with disabilities into community settings, and since the creation of *Promoting Independence*, Texas has transitioned over 30,000 people from institutions into more integrated community settings.<sup>5</sup> Early in its *Olmstead* planning, Texas understood that access to safe affordable housing was integral to its efforts to expand community-living opportunities for people with disabilities. To promote collaboration among health and human services and housing, Governor Rick Perry issued Executive Order RP-13 in 2002, which expanded the membership of the Promoting Independence Advisory Committee (PIAC), to include representatives from the Texas Department of Housing and Community Affairs (TDHCA).

Since that time, collaboration among TDHCA, public housing authorities (PHAs), and health and human services agencies have increased, resulting in greater housing opportunities for people with disabilities. Examples of such collaboration include:

- In 2002, TDHCA created the Project Access program that set aside 35 Housing Choice Vouchers specifically for people leaving institutions; it has since grown to 120 vouchers.<sup>6</sup> Up to ten percent of these vouchers are set-aside for disabled persons exiting state psychiatric facilities.
- The state's Housing Trust Fund, administered by TDHCA and supported with general revenue dollars, established the Amy Young Barrier Removal program which provides up to \$20,000 in one-time grants to help people with disabilities make home accessibility modifications.<sup>7</sup>
- To promote housing development, TDHCA, under its LIHTC Program, evaluates applicants for an increase of up to 30 percent in the eligible cost basis if the development is proposing entirely Supportive Housing and is expected to be debt free or have no foreclosable on non-cash debt.<sup>8</sup> This enhancement will likely benefit future development of supportive housing throughout Texas.
- The Housing and Health Services Coordination Council (HHSCC) was established by Senate Bill 1878 during the 81<sup>st</sup> Texas Legislative Session. The charge of this 16 member council is to increase state efforts to offer service-enriched housing through increased housing and service collaboration.

<sup>5</sup> Stoner, D. & Gold, M. (2012). Money follows the whole person in Texas. *Generations: Journal of the American Society on Aging*. Vol. 36(1): 91-95.

<sup>6</sup> Promoting Independence Advisory Committee Stakeholder Report, 2012.

<sup>7</sup> 2010 Revised Texas Promoting Independence Plan, 2011. Retrieved on December 17, 2012 from:

<http://www.dads.state.tx.us/providers/pi/piplan/2010revised/2010revisedpiplan.pdf>

<sup>8</sup> TDHCA's Qualified Allocation Plan 2013, page 5.

Despite these efforts, the demand for housing for people with disabilities continues to outpace the available supply. The lack of quality, affordable housing has been identified in several recent reports as a critical barrier to helping people with disabilities live successfully in the community.<sup>9,10</sup> Supportive services funding, particularly for people with mental health issues, is also extremely limited, jeopardizing the ability of people with mental illness and other disabilities to access the critical supports needed for long term community integration. According to the National Association of State Mental Health Program Directors' Research Institute, Texas ranked 50<sup>th</sup> in its per capita spending on mental health services.<sup>11</sup>

While a more strategic approach for helping people access service-enriched housing is clearly needed, Texas does have a best practice model for helping people with disabilities live successfully in the community. The Texas Money Follows the Person (MFP) program that began in 2001, predating the national demonstration, has served as a model for how to transition people with disabilities from institutions to home and community-based settings. In fact, Texas' MFP program was awarded the 2006 Council of State Governments' Innovation Award for its success in helping people with significant disabilities move from institutions into the community. Because of its history with supporting people in moving to the community, Texas leads all other states in the number of transitions occurring as part of MFP, accounting for 27% of all MFP transitions nationally in 2011.<sup>12</sup>

The state's 2008 MFP Operational Protocol<sup>13</sup> highlights some of the key features of its MFP program including:

Transition to Life in the Community (TLC) funds: general revenue funds that can be used to pay for household and moving expenses not available under Medicaid;

Transition Assistance Services (TAS): up to \$2,500 to pay for one-time costs such as security deposits or household set-up expenses under the Medicaid 1915(c) nursing facility waiver;

Community Transition Teams: established as part of the state's 2002 Real Choice Systems Change grant, the Teams are charged with reducing individual and systemic barriers to community integration. These Teams include both public and private stakeholders such as state officials, providers, and public housing authorities;

Relocation Contractors: relocation specialists employed by state contractors conduct outreach to eligible individuals and support the individual's transition including assisting with housing navigation and post-transition follow-up and support; and

---

<sup>9</sup> Public Consulting Group (n.d.). State of Texas Health and Human Services Commission, Department of State Health Services: Analysis of the Texas Public Behavioral Health System.

<sup>10</sup> Promoting Independence Advisory Committee Stakeholder Report 2012

<sup>11</sup> NASHMPD Research Institute (2010). State Mental Health Agency Profiles and Revenues Expenditures Study, 2010. Retrieved on December 18, 2012 from: [http://www.nri-inc.org/projects/Profiles/Prior\\_RE.cfm#2010](http://www.nri-inc.org/projects/Profiles/Prior_RE.cfm#2010)

<sup>12</sup> Irvin, C.V., Lipson, C.V., Simon, S., Hodges, M. Bohl, A., et. al. (2012). Money Follows the Person 2011 Annual Evaluation Report; Final Report. Cambridge, MA: Mathematica Policy Research.

<sup>13</sup> Texas Health and Human Services Commission, Money Follows the Person Operational Protocol, 2008.

Housing Vouchers: provides MFP participants access to a limited number of Housing Choice Vouchers (Section 8 Non-Elderly Disabled Vouchers) through TDHCA's Project Access program.

These features of the state's MFP program have served as best practices for other states that are interested in reducing their reliance on institutional care. More recently, the state submitted a request under its MFP Demonstration to leverage administrative dollars to support the hiring of a housing specialist within TDHCA who will focus on identifying and developing housing opportunities for people transitioning out of institutions. In addition, the state has been able to utilize its rebalancing funds under MFP to provide transition assistance for people with mental illness coming from nursing facilities.

## **Funding Structures**

### **Housing Development & Operating Resources**

TDHCA administers the second largest LIHTC Program allocation in the nation. The Housing Tax Credit Program funds approximately 5,000 units of affordable multi-family rental housing throughout Texas annually. As part of the 2013 Qualified Allocation Plan (QAP), TDHCA continues to provide incentives in the form of additional points for applications that propose supportive housing developments. TDHCA has not offered incentives in the past or current QAP to support or encourage the creation of integrated supportive housing or a service-enriched housing component within a larger LIHTC-financed multi-family housing development.

Since 2000, TDHCA has also offered a HOME Tenant-Based Rental Assistance (TBRA) Program targeting people with disabilities. The TBRA Program provides time-limited rental assistance to people with disabilities. Often the assistance acts as a 'bridge' for people with a disability to access a permanent rent assistance voucher or subsidy through the Section 8 Housing Choice Voucher Program or HUD's Continuum of Care Program serving the homeless. TDHCA works through a network of local sub-recipients to provide this specialized rental assistance.

Since 2002, TDHCA, in collaboration with the Texas Department of Aging and Disability Services (DADS), has administered the Project Access Program partnering with the State's MFP Program. The target population is focused on people with disabilities relocating from institutions to community-based housing.

### **Community-Based Services**

#### ***Elderly and People with Intellectual or Developmental Disabilities***

The state Medicaid program, operated under the authority of the Health and Human Services Commission (HHSC) and the Department of Aging and Disability Services (DADS), is the primary sources of funding for home and community-based services for older persons and people with intellectual or developmental disabilities in Texas. DADS is responsible for the oversight of management of several Medicaid state plan services: Primary Home Care, Community Attendant Services, Day Activity and Health Services, and several 1915(c) waivers

(discussed in more detail below): Community Based Alternatives, Star+PLUS, Home and Community Based Services, Community Living Assistance and Support Services, Texas Home Living, Medically Dependent Children, and the Deaf/Blind with Multiple Disabilities waiver. It is important to keep in mind that the Medicaid state plan services are entitlements and therefore the number of people served by these programs cannot be capped or limited as long as the beneficiary maintains Medicaid eligibility and meets established medical necessity criteria for the service. Waiver programs on the other hand, can be limited. As of October 31, 2012, 105,793 people<sup>14</sup> were on the interest list to receive waiver services.<sup>15</sup>

In addition to these Medicaid services, DADS operates (or contracts for) several other services to support people in home and community-based settings using state general revenue, Title XX Block Grant funding, and Older Americans Act (OAA) grant dollars. These services are accessed through a network of county-based local authorities (LAs), that provide services directly or through contracts with local providers or through the state's 28 area agencies on aging.

### *Individuals with Behavioral Health Conditions*

The state Medicaid program, operated under the authority of the Health and Human Services Commission (HHSC) and the Department of State Health Services (DSHS), is the primary source of funding for treatment of mental illness or substance use disorders in Texas. Both Medicaid beneficiaries<sup>16</sup> and those who are determined to be 'medically indigent'<sup>17</sup> can access certain specialty mental health services through a network of 37 county or regionally based Local Mental Health Authorities (LMHAs), or NorthSTAR for those living in Dallas and several surrounding counties.<sup>18</sup> Access to these services is limited to individuals with a diagnosis that qualifies them for inclusion in the 'priority population' group as defined in the Texas Administrative Code.<sup>19</sup> Services only available through the LMHAs or NorthSTAR include: rehabilitation services, Assertive Community Treatment (ACT), supported employment, supported housing, and targeted case management. Other mental health and substance use services may also be provided by the LMHAs/NorthSTAR as well as other providers with contracts with Medicaid, managed care, or DSHS.

The LMHAs responsibilities include requirements to assemble a network of service providers<sup>20</sup> and make recommendations related to the most appropriate and available treatment alternatives for individuals in need of mental health services. NorthSTAR, has similar responsibilities but operates under the authority of a Medicaid 1915(b) waiver; additional funding

---

<sup>14</sup> Unduplicated count.

<sup>15</sup> Interest List Reduction Report Summary FY 2012-2013, retrieved on December 18, 2012 from: <http://www.dads.state.tx.us/services/interestlist/index.html>

<sup>16</sup> This includes Medicaid eligible individuals who are enrolled in the state's two managed care programs, STAR and STAR+PLUS, which operate under the state's Healthcare Transformation and Quality Improvement Program 1115 Demonstration and those in traditional fee-for-service Medicaid.

<sup>17</sup> Texas Administrative Code, Title 25, Part 1, Chapter 412, Subchapter C, Rule 412.106

<sup>18</sup> Counties served by NorthSTAR include: Dallas, Collin, Hunt, Rockwall, Kaufman, Ellis, and Navarro.

<sup>19</sup> Texas Administrative Code, Title 40, Part 1, Chapter 72, Subchapter B, Rule 72.204:

[http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p\\_dir=&p\\_rloc=&p\\_tloc=&p\\_ploc=&pg=1&p\\_tac=&ti=40&pt=1&ch=72&rl=204](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=40&pt=1&ch=72&rl=204)

<sup>20</sup> A LMHA can also serve as a provider of services as a "last resort" as defined in Texas Health and Safety Code, Section 533.035.

from state general revenue, and federal block grants is also available to cover non-Medicaid eligible priority populations and services. Under the NorthSTAR waiver, the state contracts with a managed behavioral healthcare organization, ValueOptions, to perform various functions including network development/management, claims payment, customer relations, and utilization management. ValueOptions is also responsible for maintaining a 'specialty provider network' (SPN) which consists of providers with particular expertise in working with adults and youth with serious mental health issues. This SPN is specifically responsible for delivering certain services such as ACT, psychosocial rehabilitation, targeted case management, supported housing, and supported employment.

To address the specialized community-support and transition needs of individuals with serious behavioral health challenges who wanted to transition from nursing facilities, Texas created a behavioral health pilot within its MFP program. This pilot, which serves individuals living in the seven counties comprising the Bexar Star+PLUS service area and the Travis County Star+PLUS service area, receive transition assistance and integrated acute and long-term care services through the Star+PLUS managed care program which now operates under the authority of Texas' recently approved 1115 Demonstration program.<sup>21</sup> In addition, two MFP Demonstration Services, Cognitive Adaptation Training (CAT) and Adult Substance Abuse Treatment Services, are available to pilot participants through the LMHAs for six months prior to their transition and for up to one year thereafter. CAT is an evidence-based practice that incorporates aspects of motivational interviewing to help individuals with serious mental illness establish daily routines, organize their environment, and function independently. Results of the pilot have been promising, with the majority of pilot participants maintaining their independence in the community, showing significant improvements in their ability to function independently and decreases in Medicaid costs for those discharged from the pilot.<sup>22</sup>

Under the state's Healthcare Transformation and Quality Improvement Section 1115 Demonstration, the opportunity exists for expansion of supportive housing opportunities through projects proposed under the Delivery System Incentive Reform Payment (DSRIP) incentive payment pool. Under the DSRIP, Regional Healthcare Partnerships (RHPs) can propose projects designed to develop and enhance the state's behavioral health infrastructure. Supportive housing was specifically referenced as an intervention that could be used to prevent unnecessary use of certain services such as inpatient hospitals, emergency departments, or urgent care settings.

### **Success in Leveraging Public-Private Resources**

Like other states, Texas has the potential to leverage various public and private resources from non-traditional approaches. Various foundations and philanthropic groups with similar missions and target populations provide funds that are consistent with or can be aligned with service-enriched housing development in Texas.

---

<sup>21</sup> Prior to the approval of the 1115 Star+PLUS operated under a 1915(b)(c) waiver.

<sup>22</sup> Stoner, D. & Gold, M. (2012). Money follows the whole person in Texas. *Generations: Journal of the American Society on Aging*. Vol. 36(1): 91-95.

The Hogg Foundation “advances recovery and wellness in Texas by supporting mental health services, policy analysis, research and public education.”<sup>23</sup> The foundation has historically made awards to best practice services and to inform policy and program direction within Texas, including the importance of permanent supportive housing. In 2012, the foundation awarded the Corporation for Supportive Housing to assess the state’s Medicaid plan and recommend policy changes that would enable Texas to obtain federal funding for supportive housing programs and services for people facing the dual challenge of homelessness and mental illness. In addition, the foundation awarded \$720,950 in 2012 to support the planning and implementation of integrated behavioral and physical health care programs at 10 organizations across Texas.

Other leveraging opportunities exist, such as the Texas Foundations Fund managed by the Texas State Affordable Housing Corporation (TSAHC). The Texas Foundations Fund provides grants to nonprofit organizations and rural governmental entities (or their instrumentalities) for (i) 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 people with disabilities and/or those living in rural Texas and (ii) the provision of additional supportive housing services for very low or extremely low income residents of multifamily rental units.<sup>24</sup> TSAHC accepts property donations from banks and individuals throughout Texas to be used consistent with its mission.

## **Outreach, Waiting List & Referral Strategies**

### **Target Population**

Each of the government departments in Texas has its own populations of focus, with various services geared toward facilitating access to affordable, service-enriched housing. In an effort to align services and processes to access affordable housing, the State’s recent application to HUD for Section 811 Project Rental Assistance Demonstration funding identified three target populations as Medicaid eligible people with disabilities, at least 18 years of age and under the age of 62, who: (1) have disabilities and are exiting nursing facilities and Intermediate Care Facilities for Persons with Intellectual or Developmental Disabilities (ICF-IDs), (2) have serious mental illness, or (3) are youth with disabilities who are exiting foster care.

## **Community-Based Supportive Services**

Individuals moving to the community from a nursing facility, an ICF-ID or a State Supported Living Center for individuals with intellectual disabilities, as part of the MFP program, transition to one of the state’s existing Medicaid 1915(c) waiver programs. These waivers provide access to a range of home and community-based services and are operated by DADS (with the exception of the Star+PLUS waiver). Below are brief descriptions of the services and supports available through each of the waivers:

Medically Dependent Children: Provides respite, adaptive aids, adjunct support, financial management services, minor home modifications, and transition assistance for medically fragile youth up to age 20.

---

<sup>23</sup> The Hogg Foundation: <http://www.hogg.utexas.edu/index.php>

<sup>24</sup> [http://www.tsahc.org/donations/foundations\\_fund.php](http://www.tsahc.org/donations/foundations_fund.php)



Star+PLUS: Provides personal assistance, respite, support consultation, adaptive aids and medical supplies, adult foster care, assisted living, dental, emergency response services, home delivered meals, minor home modifications, nursing, occupational therapy, physical therapy, speech/hearing/language therapy, and transition assistance for aged individuals 65 and older and physically disabled persons between the ages of 21-64. Note: This waiver operates under the state's recently approved 1115 Demonstration using a managed care delivery system.<sup>25</sup>

Community-Based Alternatives: Provides personal assistance, respite, physical therapy, occupational therapy, prescribed drugs, speech/hearing/language therapy, financial management services, support consultation, adaptive aids and medical supplies, adult foster care, assisted living, dental, emergency response system, home delivered meals, minor home modifications, nursing, and transition assistance for aged individuals age 65 and over and disabled individuals between the ages of 21-64.

Home and Community-Based Services: Provides case management, day habilitation, respite, supported employment, prescription medication management, financial management services, support consultation, adaptive aids, dental treatment, minor home modification, residential assistance (foster/companion care, supervised living, residential support), skilled nursing, specialized therapies (speech and language pathology, audiology, occupational therapy), physical therapy, dietary, behavioral supports, social work, and supported home living for individuals with developmental and intellectual disabilities.

Community Living Assistance and Support Services: Provides adult day health, case management, prevocational, residential habilitation, respite, supported employment, adaptive aids/medical supplies, dental, occupational therapy, physical therapy, prescriptions, skilled nursing, speech/hearing/language, financial management services, support consultation, behavioral support, continued family services, minor home modifications, specialized therapies, support family services, and transition assistance for individuals with developmental disabilities.

Deaf/Blind with Multiple Disabilities: Provides case management, day habilitation, residential habilitation, respite, supported employment, prescription medications, FMS, support consultation, adaptive aids, assisted living, behavioral support, chore, dental treatment, employment assistance, intervener, minor home modifications, nursing, orientation and mobility, specialized therapies, and transition assistance for individuals with developmental disabilities.

---

<sup>25</sup> In December 2011, the Texas Health and Human Services Commission (HHSC) received approval of a Medicaid section 1115 Demonstration from the Centers for Medicare and Medicaid Services (CMS). The Demonstration, referred to as the Texas Healthcare Transformation and Quality Improvement Program, expands Texas' two managed care programs: STAR for low-income families and children, and STAR+PLUS which provides managed acute and long-term care services for the elderly, people with disabilities, and the chronically ill.

Home Living: Provides day habilitation, respite, supported employment, prescription medications, financial management services, support consultation, adaptive aids, audiology, behavioral support, community support, dental, dietary, employment assistance, minor home modifications, occupational therapy, physical therapy, skilled nursing, and speech/language therapy for individuals with intellectual or developmental disabilities.

### **Individuals with Mental Health and Substance Use Disorders**

A range of services for Medicaid beneficiaries and people identified as ‘medically indigent’ and who meet criteria for inclusion in the state’s priority population group, are available to help people with mental health issues. HHSC (for the Medicaid population) and DSHS (for the medically indigent) cover targeted case management and a range of rehabilitation services including: acute day programming, medication training and support, crisis intervention, skills training and development, and psychosocial rehabilitation. Psychosocial rehabilitation, which operates as a team-based service, is responsible for the delivery of five core services. These services are: independent living skills training and support; skills training and interventions to assist individuals with gaining access to and coordinating care; employment related support services; medication related support services; and housing related support services.

These services are also delivered through the LMHAs/NorthSTAR or their subcontracted providers. Under Texas’ Resiliency and Disease Management (RDM) model, the mental health services available to an individual are based on the person’s assessed need. The following “service packages” are available:

- Crisis Services;
- Service Package 1: Pharmacological Management, Medication Training and Supports, and Routine Case Management;
- Service Package 2: Pharmacological Management, Medication Training and Supports, Routine Case Management, Rehabilitative Counseling, and Psychotherapy;
- Service Package 3: Pharmacological Management, Medication Training and Supports, Psychosocial Rehabilitation, Supported Employment, and Medical Services; and
- Service Package 4: Assertive Community Treatment (ACT) Urban or Rural.

It is important to keep in mind that available public funding available for mental health services in the state, particularly for individuals without Medicaid, is extremely limited. As mentioned earlier in this report, Texas’ state mental health authority ranked 50<sup>th</sup> in its per capita spending on mental health services.<sup>26</sup>

## **Service-Enriched Housing Policy Evaluation**

---

<sup>26</sup> NASHMPD Research Institute (2010). State Mental Health Agency Profiles and Revenues Expenditures Study, 2010. Retrieved on December 18, 2012 from: [http://www.nri-inc.org/projects/Profiles/Prior\\_RE.cfm#2010](http://www.nri-inc.org/projects/Profiles/Prior_RE.cfm#2010)

### **Strengths**

TDHCA possesses considerable expertise and background to leverage future efforts to encourage service-enriched housing for people with disabilities throughout the State of Texas. In particular, TDHCA possesses specialized experience managing rental assistance including a statewide Section 8 Housing Choice Voucher Program administering approximately 1,000 Section 8 vouchers annually in rural parts of the state. In addition, TDHCA's Housing Resource Center also possesses specialized staff expertise and a demonstrated track record in working with other state service agency partners and the broader disability community.

The Texas MFP program, administered by DADS, is nationally recognized and provides an effective platform for transitioning individuals from institutional settings to community living. Texas pioneered the MFP model which later served as the framework for the MFP program now funded by CMS. As stated earlier, TDHCA and DADS have collaborated since 2002 to administer the Project Access Program, which partners the State's MFP demonstration program with the State's Section 8 Housing Choice Voucher Program. Overall, the Project Access Platform – service funding, coordination and provision through MFP and housing assistance through TDHCA – suggests the potential to build upon these service-enriched housing efforts. Aside from the relationship with TDHCA, the MFP program's framework of outreach and screening, transition services and linkage to long term support services has resulted in tens of thousands of individuals with disabilities moving to community settings from nursing facilities and ICF-IDs over the past decade.

The State's recent Medicaid 1115 waiver provides an opportunity to facilitate additional service-enriched housing, or supportive housing, for people with mental illness and addictions. While there was no significant coverage expansion, the waiver now allows for the opportunity for regionally driven, state matched funding for supportive housing. While it is too early to tell if any regional projects will develop, the attraction of the cost effectiveness of service-enriched housing should encourage service-enriched housing development in regional health partnerships.

### **Challenges/Lessons Learned**

The lack of resources to create and operate service-enriched housing and support the necessary supportive services was a consistent finding in our initial environmental scan. While there are very competent individuals working across the housing and services agencies, there is recognition that there is need for greater, and more flexible, resources to meet the needs for service-enriched housing options targeting people with disabilities. The chief state resource for housing needs is the Housing Trust Fund (HTF), under which general revenue is directed to TDHCA for programming. Although HTF is fairly flexible, its chief programmed use relating to serving person with disabilities has been the Amy Young Barrier Removal Program, which focuses on accessibility modifications. Each of the other states surveyed has some form of state-funded rental assistance and/or operating support to help extremely low income individuals with disabilities secure housing. Though each of those states still struggles to meet demand, the availability of state-resourced housing funds provides some flexibility and

increased access to service-enriched housing models for targeted populations determined at the state level.

In addition to limited housing resources, based on identified activity, there appears to be limited specialized, supportive permanent housing development expertise and capacity in certain parts of Texas outside the major metropolitan areas of Dallas/Fort Worth, San Antonio, Houston, and Austin. Within a future State effort to broaden the supply of service-enriched housing options, there may be a need to target capacity building and technical assistance activities to build more widespread capacity in this specialized area.

Pertaining to services, the fact that Texas is ranked 50<sup>th</sup> in per capita spending for mental health services<sup>27</sup> impedes its ability to promote stability and permanency in housing when people do access them. Texas has a large population of individuals who are not Medicaid eligible but have disabilities and significant needs. With limited state and local funding, it is difficult for many individuals to gain access to services. Ensuring flexible, responsive, on-site services for Medicaid and non-Medicaid eligible individuals will be important to any service-enriched housing development strategy that is pursued. The geographic and economic diversity in the state pose challenges to create service-enriched housing models throughout the state. Outside of more urban areas, few rural housing opportunities exist, especially those with access to services, transportation and other necessary community amenities. Ensuring the availability of in-home, mobile services on a flexible basis is important to housing stability, and is especially challenging in more remote areas.

There are over 400 Public Housing Authorities (PHAs) located throughout the State of Texas.<sup>28</sup> As identified in the initial environmental scan, TAC recognized some examples of PHA-controlled resources effectively leveraged to create service-enriched housing. For example, the Houston Housing Authority recently committed up to 200 Section 8 Project Based Vouchers to support the future development of permanent supportive housing throughout the City of Houston.<sup>29</sup> However, several stakeholders identified a number of barriers in accessing PHA resources to further support efforts to create service-enriched housing. With potential for a renewed State commitment to foster the creation of future service-enriched housing opportunities, there may exist some opportunities to partner with local PHAs in the future.

## State Agency Partnership Assessment

### *Division of Labor: Pros and Cons*

It was recognized that the various State agencies have historically worked in silos, but have improved relations in recent years, including with TDHCA as it relates to its service-enriched housing efforts – specifically the HOME TBRA Program and Project Access. In addition,

---

<sup>27</sup> NASHMPD Research Institute (2010). State Mental Health Agency Profiles and Revenues Expenditures Study, 2010. Retrieved on December 18, 2012 from: [http://www.nri-inc.org/projects/Profiles/Prior\\_RE.cfm#2010](http://www.nri-inc.org/projects/Profiles/Prior_RE.cfm#2010)

<sup>28</sup> Texas Housing Association - <http://www.txtha.com/>

<sup>29</sup> See link to Houston Housing Authority Press Release - <http://housingforhouston.com/media/34180/hha%20commits%20millions%20to%20permanent%20supportive%20housing.pdf>

TDHCA's Housing Resource Center coordinates the Disability Advisory Workgroup (DAW) to act as a regular forum for both Texas disability advocates and Texas state agency service partners to influence and inform TDHCA housing programs and policies. As part of its efforts to develop an application for assistance through the HUD Section 811 Project Rental Assistance (PRA) Demonstration Program, TDHCA convened a Section 811 Team to create a detailed implementation plan with specific roles and responsibilities for TDHCA and its service partners. The State's effective Section 811 PRA application (which also included a detailed Interagency Partnership Agreement) is a good indication of how these state agency efforts have become more aligned and will work together moving forward.

## SERVICE ENRICHED HOUSING PROJECT PROFILE

### PROJECT NAME: NEW HOPE HOUSING AT RITTENHOUSE

<b>Developer:</b>	New Hope Housing, Inc.																	
<b>Location:</b>	Houston, TX																	
<b>Description:</b>	New Hope Housing at Rittenhouse is a new construction, multi-family rental project comprised of a 160-unit supportive housing development designed as single-room occupancy (SRO). It comprises a three-story mid-rise structure surrounding a large courtyard with a fountain. The property's 160 fully-furnished efficiency apartments include private tiled bathrooms and small kitchenettes. The Rittenhouse development also include a communal kitchen, furnished living/TV room, dining area, fully-equipped business center, a library, coin-operated laundry rooms, and verdant outdoor spaces with barbecue grills and picnic tables.																	
<b>Total Development Costs:</b>	\$14,565,506																	
<b>Capital Funding:</b>	<table border="1"> <thead> <tr> <th>SOURCE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Low Income Housing Tax Credit Equity</td> <td>\$9,494,449 (allocation of \$989,104)</td> </tr> <tr> <td>City of Houston - Housing and Homeless Bond Funds</td> <td>\$1,600,000</td> </tr> <tr> <td>Houston Endowment, Inc</td> <td>\$2,172,244</td> </tr> <tr> <td>The Brown Foundation</td> <td>\$250,000</td> </tr> <tr> <td>J.P. Morgan Chase Bank</td> <td>\$24,000</td> </tr> <tr> <td>New Hope Housing, Inc.</td> <td>\$1,024,813</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$14,565,506</b></td> </tr> </tbody> </table>		SOURCE	AMOUNT	Low Income Housing Tax Credit Equity	\$9,494,449 (allocation of \$989,104)	City of Houston - Housing and Homeless Bond Funds	\$1,600,000	Houston Endowment, Inc	\$2,172,244	The Brown Foundation	\$250,000	J.P. Morgan Chase Bank	\$24,000	New Hope Housing, Inc.	\$1,024,813	<b>TOTAL</b>	<b>\$14,565,506</b>
SOURCE	AMOUNT																	
Low Income Housing Tax Credit Equity	\$9,494,449 (allocation of \$989,104)																	
City of Houston - Housing and Homeless Bond Funds	\$1,600,000																	
Houston Endowment, Inc	\$2,172,244																	
The Brown Foundation	\$250,000																	
J.P. Morgan Chase Bank	\$24,000																	
New Hope Housing, Inc.	\$1,024,813																	
<b>TOTAL</b>	<b>\$14,565,506</b>																	
<b>Income Profile:</b>	Units at 30%, 50%, & 60% of Area Median Income (AMI).																	
<b>Financing Strategies:</b>	The financing structure combines equity raised from the Low Income Housing Tax Credits combined with public (City of Houston) and private (Houston Endowment, Brown Foundation and JP Morgan Bank) deferred loans or grants. There is no conventional permanent debt. New Hope Housing will provide an operating subsidy (estimated to begin in year 15) as needed to guarantee feasibility of the project throughout the compliance period. New Hope Housing has demonstrated the capability to support the ongoing operations of its properties through a consistent and successful fund raising strategy with public and private partnerships that include government entities, foundations, corporations, civic organizations and individuals. In addition, the proposed financing structure would not require annual debt services payments on the permanent loan provided by the City of Houston.																	
<b>Integrated Housing Features:</b>	The development serves very low income tenants and provides extensive supportive housing services on-site.																	

First Year Proforma	
Gross Potential Rent	\$854,592
Other Income-Laundry, vending	\$31,200
Operating Subsidy	
Rental Subsidy	\$9,888
<b>Potential Gross Income</b>	<b>\$895,680</b>
Vacancy & Collection Loss-7%	-\$67,176
<b>Effective Gross Income</b>	<b>\$828,504</b>
General & Administrative	\$49,800
Management Fee	\$49,710
Payroll & Payroll Tax	\$267,872
Repairs & Maintenance	\$85,867
Utilities	\$126,116
Taxes & Insurance	\$97,645
Compliance Fees*	\$6,400
Cable TV	\$8,000
Safety-Fire Extinguishers	\$2,500
Security	\$3,000
Replacement Reserve**	\$40,000
<b>Total Expenses</b>	<b>\$736,910</b>
<b>Net Operating Income (NOI)</b>	<b>\$91,594</b>

Unit Mix & Rent Schedule				
Rent Type	Unit Size	Unit Count	Rent Per Unit	Total Rent
30%	SRO	8	\$342	\$2,736
50%	SRO	72	\$445	\$32,040
60%	SRO	56	\$445	\$24,920
60%	SRO	24	\$480	\$11,520
	Unit Total	160	Monthly Total	\$71,216
			Annual Total	\$854,592

Operating Assumptions	
Revenues	2%
Expenses	3%
Reserves	2%
Vacancy	7.5%
Other-Laundry, etc.	2%
Rental Subsidy	3%

Long-Term Operating Pro-Forma								
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20
Gross Potential Rent	\$854,592	\$871,684	\$889,118	\$906,900	\$925,038	\$1,021,317	\$1,127,616	\$1,150,168
Other Income-Laundry, etc.	\$31,200	\$31,824	\$32,460	\$33,110	\$33,772	\$37,287	\$41,168	\$41,991
Operating Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$10,189	\$160,593
Rental Subsidy	\$9,888	\$10,185	\$10,490	\$10,805	\$11,129	\$12,902	\$14,956	\$15,405
<b>Potential Gross Income</b>	<b>\$895,680</b>	<b>\$913,692</b>	<b>\$932,068</b>	<b>\$950,814</b>	<b>\$969,939</b>	<b>\$1,071,506</b>	<b>\$1,193,929</b>	<b>\$1,368,157</b>
Vacancy & Collection Loss-7.5%	-\$67,176	-\$68,527	-\$69,905	-\$71,311	-\$72,745	-\$80,363	-\$88,781	-\$90,567
<b>Effective Gross Income</b>	<b>\$828,504</b>	<b>\$845,166</b>	<b>\$862,163</b>	<b>\$879,503</b>	<b>\$897,193</b>	<b>\$991,143</b>	<b>\$1,105,148</b>	<b>\$1,277,590</b>
Less Total Expenses	\$736,910	\$758,525	\$780,780	\$803,692	\$827,281	\$956,108	\$1,105,148	\$1,277,590
<b>Net Operating Income (NOI)</b>	<b>\$91,594</b>	<b>\$86,641</b>	<b>\$81,383</b>	<b>\$75,811</b>	<b>\$69,912</b>	<b>\$35,035</b>	<b>\$0</b>	<b>\$0</b>
Less Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Cash Flow</b>	<b>\$91,594</b>	<b>\$86,641</b>	<b>\$81,383</b>	<b>\$75,811</b>	<b>\$69,912</b>	<b>\$35,035</b>	<b>\$0</b>	<b>\$0</b>

## Pennsylvania

---

### History /Description of Service-Enriched Housing Efforts

The Pennsylvania Housing Finance Agency (PHFA) and the Pennsylvania Department of Public Welfare (DPW) have a history of collaborating to eliminate barriers and improve housing options for people with disabilities. Recognizing a shortage of accessible and/or deeply affordable rental housing units for people with physical disabilities, PHFA encouraged developers to increase the number of accessible housing units through incentives within the Low Income Housing Tax Credit Program (LIHTC) in 2005. Advocates for people with physical disabilities were very influential in PHFA's decision to adopt this policy priority. During the 2009/10 timeframe, PHFA and DPW, working closely with other State Agency service partners including the Office of Mental Health and Substance Abuse Services (OMHSAS) and the PA Office of Long Term Living, continued their collaboration to design and implement a cross-disability referral and service coordination model (termed Local Lead Agencies) at the County level. During this period, the PHFA also made a significant change in its LIHTC Program creating an extremely low income targeting requirement for each LIHTC-financed multi-family rental housing project. As part of this, PHFA also required a partnership with an entity to accept timely referrals for these units further encouraging the development of the LLA model throughout the Commonwealth.

The DPW/PHFA partnership also included a number of other initiatives designed to meet the service-enriched housing needs of people with disabilities including two HOME-funded Tenant Based Rental Assistance Programs for people with disabilities and a targeted effort focused on disabled individuals transitioning out of nursing homes.

In April 2006, OMHSAS convened a housing workgroup charged with developing policy recommendations focused on the future direction of recovery-oriented housing opportunities for people with serious mental illness in the state. The formation of this workgroup was driven in part by *Olmstead* and the closure of state-operated facilities, and advocacy by county mental health offices, which for several years identified the need for integrated housing opportunities for people with serious mental illness as an urgent need. The workgroup, which included a broad coalition of stakeholders including consumers, family members, advocates, OMHSAS staff, provider agencies, county mental health staff, consultants, members of the Governor's Office of Housing, and staff from the Department of Community and Economic Development, identified permanent supportive housing (PSH) as the preferred model for delivering integrated housing coupled with supportive services for people with serious mental illness in the state. The result of that process was a strategic plan, ***A Plan for Promoting Housing and Recovery-oriented Services***<sup>30</sup> that would guide the State's approach to service-enriched housing over the next several years.

Beginning in late 2006, OMHSAS began working with selected counties<sup>31</sup> to develop housing plans in partnership with local housing organizations and the PHFA. Key to these housing plans

---

<sup>30</sup> OMHSAS: [http://www.parecovery.org/documents/OMHSAS\\_Housing\\_Report\\_Final\\_110706.pdf](http://www.parecovery.org/documents/OMHSAS_Housing_Report_Final_110706.pdf)

<sup>31</sup> Beaver, Berks, Delaware, Lehigh, Montgomery, Northampton, Philadelphia, York/Adams, participated in this early effort along with Allegheny which had an existing housing plan.



was the ability for each county to reinvest savings from its Medicaid behavioral health managed care contracts<sup>32</sup> to develop supportive housing and services for people with serious mental illness. As these early efforts to develop PSH met with success, OMHSAS developed and issued a Housing Policy, which mandated county mental health programs to include a housing plan as part of their required three-year county mental health plans. The goals of the OMHSAS PSH Initiative are to create affordable supportive housing for people with disabilities, specifically OMHSAS/DPW target populations and use resource available to access and leverage mainstream housing resources and create partnerships with state and local housing and community development entities. Since then, OMHSAS Supportive Housing staff expanded this effort state-wide working with other county-based mental health departments to develop and implement housing plans that create permanent supportive housing opportunities for OMHSAS priority consumers.

During the past ten years, the Commonwealth of Pennsylvania's efforts in creating permanent supportive housing for people with disabilities has been marked by steady and strong progress taking full advantage of emerging state and federal funding resources as they present themselves. Key evolutionary changes in the permanent supportive housing effort include the OMHSAS Housing Plan and the State's adoption of the Local Lead Agency (LLA) model.

## **Funding Structures**

### **Housing Development & Operating Resources**

To encourage the development of permanent supportive housing, PHFA, in close collaboration with both DPW and OMHSAS, adopted a range of strategies to encourage the development of single purpose and integrated permanent supportive housing. Within its affordable, multi-family development activities, PHFA has pursued two strategies – a supportive housing set-aside and an extremely low-income requirement available to people with disabilities.

The supportive housing set-aside made a pool of tax credits available for supportive housing from 2008-12. To be eligible for the set-aside, the supportive housing must meet the following qualifications:

- At least 25% of the total units (for developments of 20 or fewer units) must be made available to eligible populations including persons that are homeless; or
- At least 15% and no more than 25% of the total units for developments with more than 20 units must be made available to eligible populations including persons that are homeless; and
- Receive DPW or OMHSAS approval for non-homeless households that require supportive services including those with mental, physical, sensory, or developmental

---

<sup>32</sup> Under Pennsylvania's Health Choices Behavioral Health (HC-BH) carve-out authorized as part of the state's Medicaid 1915(b) managed care waiver, county governments are provided right of first opportunity to enter into a capitated contract with the state to operate the HC-BH program for the county. The county may either directly implement the HC-BH program or subcontract with a private managed behavioral health organization (MBHO) to do so. In those counties that elect not to operate a HC-BH program, OMHSAS directly contracts with a MBHO to operate the HC-BH program for that county. Under its contracts with the counties or with a MBHO, savings generated can be used to develop additional services and supports in accordance with an OMHSAS approved reinvestment plan.

disabilities; persons with substance abuse disorders; persons diagnosed with HIV/AIDS and related diseases, and other special populations on a case-by-case basis;

- Have rent subsidy to ensure rents do not exceed 30% of household income; and
- Have a viable plan for the funding for appropriate supportive services. These supportive housing projects' services were financed with a combination of tax credits equity raised by LIHTC program credits, and gap financing through the PennHomes Program.<sup>33</sup> Operating assistance commonly used in these projects were either Section 8 Project Based Vouchers administered by local Public Housing Authorities or Shelter Plus Care Vouchers administered through the local homeless Continuum of Care.

Beginning with the 2010 Qualified Allocation Plan, PHFA established a pipeline of LIHTC units targeted to extremely low-income households (through a 10% extremely low-income requirement) including people with disabilities. DPW continues to work closely with PHFA on this initiative through the support and implementation of the Local Lead Agency model across the commonwealth. In addition to using the LIHTC to provide affordable housing to people with disabilities, PHFA has also used HOME funding for this purpose. Through a partnership with the Office of Long Term Living's Nursing Home Transition Program, PHFA provides HOME Tenant-based Rental Assistance (TBRA) funds as bridge subsidies to participants until they receive a permanent Housing Choice Voucher from a participating housing authority. This initiative has assisted over 180 disabled households with their successful transition. In addition, PHFA also manages a separate HOME TBRA program in eligible jurisdictions for low-income persons, with disabilities which has provided 150 disabled households TBRA assistance under this effort.

Through the statewide Housing Plan, the OMHSAS provided counties a framework to effectively invest and utilize the 'reinvestment funds' comprised of seven interconnected housing strategies. Four of these strategies specifically focused on the provision of capital or operating/rental assistance to support the creation of permanent supportive housing: (1) Capital or equity investment in development projects, (2) project-based operating assistance (PBOA) in multi-family housing in collaboration with the Pennsylvania Housing Finance Agency (PHFA), (3) short term bridge rental assistance, and (4) master leasing targeting consumers with criminal or poor tenancy histories. These 'reinvestment funds' are managed care savings from county-based HealthChoices Medicaid Plans. Since the implementation of the county-based Housing Plans, county human services agencies have invested over \$86 million to serve an estimated 3,300 OMHSAS priority consumers. Fourteen counties dedicated resources for capital investments totaling over \$33 million to finance permanent supportive housing. These funds are expected to develop 523 supportive housing units with an estimated 23% (118 units) of these units already in place. Counties have invested capital funds in a wide range of permanent supportive housing models including integrated supportive housing with a component of PSH within a larger LIHTC-financed, integrated supportive housing within a public housing redevelopment effort, and small scale, single-purpose supportive housing.

---

<sup>33</sup> The funding for the PennHOMES Program is a combination of resources from the PHFA's unrestricted reserves and federal HOME funds. PHFA's unrestricted reserves are available for developments located within Participating Jurisdictions and the HOME funds are used for developments located within Nonparticipating Jurisdictions.

The Project Based Operating Assistance Program is a state level partnership between OMHSAS, PHFA and the eight counties (budgeting over \$11 million) that have elected to participate. PHFA administers the project-based rental assistance<sup>34</sup> with county reinvestment funds, subsidizing the rents for mental health consumers for a portion of units (typically 10-15% of total units) within a multi-family rental development. In the marketing of the program to private landlords, the PHFA and the County identified and reached out to existing multi-family housing in PHFA's mixed income and LIHTC portfolio as well as the private rental market. The term of the project-based rental assistance agreements were typically for an initial 10 year term. The partnership with PHFA offered introductions to developers/property managers who are often not willing to work with county human service offices or their populations. The City of Philadelphia, in particular, has used the program, entering into PBOA agreements with 26 multi-family properties. In addition to the PBOA Program, OMHSAS has also sponsored a Bridge Subsidy Program which provides short-term rental subsidies to priority consumers until a more permanent source such as Section 8 becomes available. To increase the effectiveness of this approach, OMHSAS plans to conduct outreach to local PHAs to facilitate the consumer application process, advocate for a Section 8 preference or set-aside for bridge-subsidy participants, and to encourage PHAs to apply for new Mainstream Section 8 vouchers. This partnership will not only be beneficial to OMHSAS in moving consumers to permanent housing but PHAs may also benefit from the ability to use vouchers quickly and increase landlord participation.

### **Community-Based Services**

Within the Pennsylvania model, supportive housing had tended to focus more on the mental health population due to the availability of targeted funds from reinvestment funds. Funding for mental health services is primarily through a 1915(b) managed care waiver called "Health Choices," and is overseen by the Department of Public Welfare (DPW), Office of Mental Health and Substance Abuse Services (OMHSAS). Under Health Choices, managed care organizations cover primary care and other medical and rehabilitation services. County-based behavioral health managed care organizations (or the county itself) provide access to a range of mental health and substance abuse services delivered by various providers. OMHSAS has proactively worked with counties to commit Health Choice Reinvestment,<sup>35</sup> Community/ Hospital Projects Program (CHIPPS)<sup>36</sup> and Base (State general revenues) funding to access and leverage mainstream housing resources and create partnerships with state and local housing and community development entities.

As part of the statewide Housing Plan, OMHSAS provided counties an opportunity to invest in seven interconnected housing strategies. As part of these strategy options, there were three strategies related to the provision of community-based services necessary to sustain permanent supportive housing tenancy: (1) housing clearinghouse services to manage outreach and

---

<sup>34</sup> PBOA administrative duties include approving contract rent with landlord, conduct tenant rent calculation, inspecting the units for Housing Quality Standards, and making timely rent payments to landlords.

<sup>35</sup> Under Health Choice Reinvestment, Medicaid savings that are realized within the waiver spending cap are available to be used for various purposes subject to approval.

<sup>36</sup> The CHIPPS is a state initiative, in partnership with local county mental health agencies that enables the discharge of people served in Pennsylvania state hospitals that have extended lengths of stay and/or complex service needs to less restrictive community-based programs and supports. [http://www.parecovery.org/services\\_communities.shtml#chipps](http://www.parecovery.org/services_communities.shtml#chipps)

referral to PSH options, (2) housing support team services and (3) housing contingency funds such as security deposit or payment of back rent. Some other options including the support for the operations of Fairweather Lodges<sup>37</sup> were also added. Counties were limited and encouraged to develop PSH using evidence based supportive housing approaches.

Through the DPW-sponsored LLA effort, individuals with other disabilities who may obtain PSH receive their services through one of several 1915 (c) waivers, including: 1) Attendant Care; 2) Person/Family Directed Support; 3) HCBW for Individuals Aged 60 and Over; 4) COMMCARE; 5) Adult Autism; 6) AIDS; 7) Independence, or 8) the Consolidated Waiver.

### **Success in Leveraging Public-Private Resources**

Using the “reinvestment” capital funds strategically, counties were able to successfully leverage a variety of capital and operating sources including Act 137 county-based housing trust funds, local HOME and CDBG funds, PHFA’s PennHOMES, LIHTC equity, Federal Home Loan Bank of Pittsburgh funds. OMHSAS estimated that the capital investments have leveraged approximately three to four times the amount of the county’s capital investment. For many counties, the capital strategy also involves a long term partnership with an entity that has the capacity to assist the County in analyzing and negotiating real estate transactions. This includes county or city-based Community Development Departments as well as Public Housing Authorities, and in one instance, PHFA. These partnerships allow the county mental health staff to cost effectively leverage housing and real estate finance expertise in analyzing real estate budgets and developing regulatory documents. These partnerships also opened up opportunities for capital investment that may have otherwise not been available.

### **Outreach, Waiting List & Referral Strategies**

#### **Target Population**

Because of the diverse nature of permanent supportive housing activities throughout the state, there are three target population definitions for the PHFA, DPW and OMHSAS efforts.

For permanent supportive housing created through the PHFA’s PSH Set-Aside through the LIHTC Program, the target population is defined as persons who are homeless; or to non-homeless households who require supportive services including those with mental, physical, sensory, or developmental disabilities; persons with substance abuse disorders; persons diagnosed with HIV/AIDs and related diseases, and other special populations approved by the agency on a case-by-case basis.

DPW working with its state agency partners developed a cross disability definition for use by the Local Lead Agencies (LLA). The LLA’s priority population is defined as: (1) people with disabilities (including elders with disabilities) who are at risk of or who are currently living in institutional settings including but not limited to nursing facilities, mental health institutions, personal care home facilities or facilities for people with developmental disabilities; people with disabilities who are homeless or at risk of homelessness; adults with autism who require

---

<sup>37</sup> <http://www.pahousingchoices.org/housing-options/fairweather-lodge/>

ongoing support to live successfully in the community; and youth aging out of the foster care system who require ongoing support services to live successfully in the community. This target population is expected to be used to access the extremely low-income units within LIHTC-financed multi-family developments.

OMHSAS Permanent Supportive Housing Initiative serves people with a serious mental illness who meet the OMHSAS eligibility criteria. For permanent supportive housing supported by HealthChoices Reinvestment funds, the target consumer population must be HealthChoices eligible consumers. However within this eligibility framework, Counties may also elect to further target permanent supportive housing to eligible consumers with a high need for supportive housing. For example, county priority consumer populations include consumers transitioning from a community-based residential program, persons coming from institutions (including youth aging out), homeless persons and consumers with forensic history.

### **Design/Responsibility of Waiting List/Referral Functions**

In order to support referrals for persons with extremely low incomes, DPW is partnering with PHFA on creating a clearinghouse model and designating a Local Lead Agency (LLA) in each of the Commonwealth's 67 counties. LLAs manage applicant referrals, track unit availability, serve as a single point of contact for developers and owners, and assist in problem resolution to sustain tenancies as needed. The LLA model also provides a level of equity for various priority populations to access housing. All households referred by the LLA must be eligible for comprehensive community-based services funded through one of DPW's priority populations programs included but not limited to persons receiving services in Pennsylvania's Health Choices Behavioral Health (HC-BH) carve-out under a 1915(b) waiver, and persons being discharged from long-term living facilities such as nursing homes or developmental centers.

As part of its State Housing Plan and Policy overseeing permanent supportive housing units created by the OMHSAS initiative, OMHSAS required counties participating in this initiative to establish a clearinghouse to coordinate and manage permanent supportive housing opportunities including making referrals to PSH units as they become available (including turnover). The clearinghouse could be managed by the county itself or contracted with another entity such as a provider. While the counties could use reinvestment funds for this purpose, they also used other funding sources and shifted existing staff to this role. Ten counties use reinvestment funds to support their clearinghouse. There are several benefits that counties have realized in establishing a clearinghouse. Referrals have been made in a timely manner ensuring access to units, guarding against units being lost and reducing the needs of funds for vacancy payment set-asides. By maintaining an updated waiting list of consumers seeking housing, the clearinghouse ensured these timely referrals. Second, given the competition for limited housing resources, counties have found it important to establish a process for offering housing opportunities that is perceived as and is actually fair and equitable. Finally, a clearinghouse has allowed counties to prioritize and focus eligibility to targeted consumers from priority populations for PSH units (as discussed above).

As part of the State's Money Follows the Person/Nursing Home Transition effort, DPW and PHFA have partnered to manage the Regional Housing Coordinator Initiative staffing ten housing and services coordinators to assist local nursing home transition teams and community-based service providers in accessing and placing priority consumers in safe, affordable housing linked with appropriate services. It is contemplated that the regional housing coordinators will work closely with the newly established LLA structure at the county level to make appropriate, timely referrals to the LLA's waiting list of disabled people transitioning from nursing homes.

Finally, PHFA has partnered closely with DPW to support the PAHousingSearch.com website providing web-based customized, free housing search services for Commonwealth citizens and service providers. This service allows rental housing searches of available market rate and affordable units by accessibility features, transportation to services, and rent/income levels. PHFA and DPW recently partnered on a special needs pilot effort so that the Regional Housing Coordinator staff and nursing home transition staff could access vacancy information on available units in the community prior to the release of the information publically on the site.

### **Responsibility of Tenant Liaison Functions**

Within the DPW supportive housing initiative and through the design and development of the LLA model, the Local Lead Agency is responsible for the tenant liaison functions. In the newly established LLA Policies and Procedures guide (released in February of 2012), the LLA is responsible to act as the 'single point of contact' for the owner/property manager of the multi-family housing in regards to the support to the tenant residing in the targeted unit. As part of this, the LLA must assist with any tenancy issues that arise and facilitate coordination with the service provider and the owner/property manager. Within these responsibilities, the LLA is responsible for ensuring supportive services are made available to tenants as needed as well as working to re-engage the tenant with services if the supportive services drop off or disengage over time.

As part of the OMHSAS Housing Initiative, the county has determined how to fulfill the role of tenant liaison as the 'single point of contact' with owners/property managers. OMHSAS encouraged counties early on to create a Housing Coordinator position within their local system to lead the development of their housing strategies. In addition, counties have created a housing clearinghouse (as required) to manage the outreach and referral function for the housing program. Practically speaking, both the housing clearinghouse staff and the housing coordinator (in some smaller counties the role is played by the same staff member) fill the role of the tenant liaison as "single point of contact" and troubleshooter with the landlord. Since this role is provided for at the local, county-based level, the OMHSAS initiative has been responsive to owner/property manager requests and issues that arise with sustaining tenancy with priority consumers.

### **Community-Based Supportive Services**

Services for people with disabilities are mostly organized and administered at the county level. Within the OMHSAS PSH Initiative, individuals with mental illness served in PSH receive various services depending on their needs, including case management, ACT, mobile

psychiatric rehabilitation and peer support, and Supported Independent Living. Services are typically authorized by the county managed care organization. In addition, OMHSAS sponsored and oversaw the establishment of Reinvestment-funded Housing Support Team. OMHSAS views the use of Reinvestment funds for housing support services as temporary in nature until permanent funds (such as base dollars, In Plan or supplemental services) can be identified and established. A number of counties have used the opportunity of the Reinvestments funds to assist in the transformation of the supportive services provided to people moving into supportive housing. The most widely utilized new model has been the 'housing support team' which includes peer support and para-professional or professional staff who assists consumers to access and maintain residential stability and effective tenancies. Counties that have established effective housing support teams are working collaboratively with OMHSAS in order to develop a sustainability strategy to support these services over the long term.

Intellectual and developmental disability services are administered through county Mental Health/Mental Retardation (MH/MR) program offices, but financed at the state level. The county MH/MR offices serve as a referral source and most services are delivered by local agencies under contract with the county office. The county MH/MR office determines a person's eligibility for service funding and if found eligible a person will receive a supports coordinator. Funding is primarily through one of several Medicaid waivers, depending on a person's eligibility. Community residential options include group homes, single apartments with a roommate, or a family living setting. People are provided supports in their family home or their own home. Day services, such as supported employment, training and recreation are provided to people who live in residential settings and at home. A wide array of services and supports are also available to families caring for a child or adult sibling with an intellectual disability. Services include case management, mobility training, employment training and opportunities and adult day care.

As mentioned earlier, the DPW released the LLA Policies and Procedures in February 2012. DPW is currently using these policies and procedures in their efforts to recruit and train LLAs at the county level. DPW with the support of PHFA expects to utilize these policies and procedures to access the LIHTC-financed units created by the extremely low-income requirement of PHFA. Modeled after the North Carolina and Louisiana LLA structures, the LLA policies and procedures also include a standard memorandum of understanding (MOU) between the Local Lead Agency and the Owner/Property Manager outlining the roles and responsibilities each entity has in making timely referrals to the development as well as access and linkage to supportive services. Specific topic areas included in the MOU are: owner agreement to set-aside for a marketing period of 30 days,<sup>38</sup> pre-screening and referral expectations of the LAA, timely notification of a unit coming available, responsibilities regarding a reasonable accommodation request, and tenant liaison responsibilities (as discussed above). Typically, individuals will already be engaged by a service provider and referred for housing through the LLA. However, in instances when an individual may be referred to an LLA by a non-service

---

<sup>38</sup> If the unit is not filled with a priority consumer with the 30 day period, the owner may fill the unit with an extremely low-income tenant from their waiting list. However, they will offer the next available unit to the LLA for marketing as it comes available.

provider, the LLA should have existing relationships with service providers and can refer the individual for services.

### **Service-Enriched Housing Policy Evaluation**

#### **Housing Policies Assessment**

As mentioned earlier, PHFA supportive housing policies and support via the LIHTC program have evolved over time since 2005. Currently in the 2013 Qualified Allocation Plan (QAP), PHFA established an extremely-low income affordability requirement that at least 10% of the units in projects in urban areas and 5% of units in projects located in suburban/rural areas are affordable to persons with incomes at or below 20% of area median income. At least half of these units must be accessible. In addition, an agreement must be in place with appropriate referring entities (including those supported through programs of DPW) to assure sufficient referrals for these extremely-low income units and/or accessible units. As part of the application in order to further support the use of DPW's Local Lead Agencies by LIHTC owners/property managers, PHFA made available to developers the current list of LLA by counties as part of the LIHTC competition.<sup>39</sup> This requirement encourages the use of the LLA but also gives the LIHTC developer/owner some flexibility and choice to identify a referral agency at the local level. In addition, the QAP also referred to the potential of the PHFA receiving project-based subsidies from HUD's Section 811 Project-Based Rental Assistance Demonstration Program. In the event PHFA is awarded the Section 811 subsidies, the developer may be required to comply with certain applicable program restrictions.

As a complementary incentive to provide additional internal rent subsidy reserve to further underwrite the extremely-low income units for a person with a disability, PHFA continues to allow a developer the option to request a developer's fee in excess of the allowable amount up to an additional 5%. With these funds, the developer would establish an internal rent subsidy reserve to be utilized during the initial 15 year compliance period in order to maintain rent affordability for persons with incomes at or below 20% of area median income. This incentive has been in place for several years and has enabled developers/owners another mechanism to make rents affordable to extremely-low income persons with disabilities.

In addition, the 2013 QAP included a Supportive Housing Set-Aside reserving tax credits (at a minimum) to finance two developments in each cycle as supportive housing. To qualify, the development must provide supportive housing to target populations including persons who are homeless; non-homeless households that require supportive services including those with mental, physical, sensory or developmental disabilities; persons with substance abuse disorders; persons diagnosed with HIV/AIDS and related diseases; and other special populations approved by PHFA on a case by case basis.

PHFA underwrites multi-family projects that have the extremely-low income unit requirement and have a written memorandum of agreement with the DPW-sponsored Local Lead Agency

---

<sup>39</sup> See following link to PHFA's website with the current list of DPW-sponsored Local Lead Agencies - [http://www.phfa.org/forms/housing\\_services/dpw\\_local\\_lead\\_agencies.pdf](http://www.phfa.org/forms/housing_services/dpw_local_lead_agencies.pdf)



using its standard underwriting policies and procedures. As part of the underwriting and application review, PHFA staff review the memorandum of agreement between the developer and the LLA to verify that it is in compliance with the requirement. For supportive housing projects which are requesting to be considered within the supportive housing set-aside, PHFA conduct its standard underwriting review as well as a review of the project in regards to service population, rent affordability requirements, and linkages/access to appropriate supportive services.

According to the current QAP, the LIHTC restrictive covenant agreement requires the extremely low-income rents are maintained and the corresponding units are marketed to extremely low income households through the compliance agreement of 30 years. Since 2005, PHFA has successfully secured approximately 1,250 units of extremely low income and/or accessible units using these restrictive covenant instruments. In addition, PHFA's Housing Management staff conduct professional, sustained compliance monitoring of these multi-family properties for both the supportive housing projects and the multi-family project with the extremely-low income units. During and after lease-up, PHFA's Housing Management staff monitor income and use restrictions, ensure habitability through periodic inspections,<sup>40</sup> and reviews on annual financial reports. In addition, PHFA's Housing Services Division oversees the supportive housing project's compliance with services commitments and agreements, and overall service delivery at LIHTC-financed projects.

In regards to administration and regulatory barriers of financing supportive housing, there continues to be challenges with some local Public Housing Authorities in structuring Section 8 project based assistance in a manner to be used effectively with supportive housing. HUD provides PHAs with flexibility on how to design and implement a Section 8 PBV program allowing for a number of options in regards to how the waiting list and preferences are structured. There were some situations where a PHA would not agree to structure the project-based assistance in a manner for the service agency to refer the eligible target population to the Section 8 PBV assisted units. The best practice model for the Section 8 PBV is to adopt a site based waiting list in conjunction with a service based preference. From PHFA's perspective, they have been able to refine and structure the supportive housing set-aside (in place since 2008) and the extremely-low income affordability requirement/ accessible unit targeting (in place since 2010) to mitigate and eliminate any administrative/regulatory barriers.

### **Strengths**

PHFA has maintained a strong commitment to the development of supportive housing and increasing the stock of accessible housing within its multi-family portfolio. Over the past several years, PHFA and DPW have partnered on a number of initiatives to reduce barriers for people with disabilities to accessing affordable, service-enriched housing. To further strengthen PHFA's policy commitment to persons with disabilities, there is currently a DPW representative on the PHFA Board of Directors. A highlight of the agency's commitment to service-enriched housing is the framework of the Housing Services Division comprised of 8 staff persons with the responsibility to coordinate, facilitate, and encourage the inclusion of supportive housing within

---

<sup>40</sup> Physical inspections of all buildings and at least 20% of all low income units are performed at least once every three years.

PHFA's multi-family portfolio. From a policy perspective, PHFA's commitment to the extremely low income requirement has the potential to act as a platform to create integrated supportive housing through referral linkages with the LLA structure. From a resource perspective, the OMHSAS and their local county human service departments have effectively utilized HealthChoices Reinvestment funds to leverage Local affordable housing and expertise to create supportive housing for persons with mental illness.

Despite the need to address barriers within the Section 8 project based voucher program, both PHFA and its county partners have developed strong relationships/partnerships with local PHAs in order to leverage both public housing redevelopment opportunities and Section 8 PBV resources to develop supportive housing. An added strength throughout the service-enriched housing efforts in Pennsylvania is the depth within the housing coordinator functions represented at the State (DPW, OMHSAS), regional (Regional Housing Coordinators through MFP) and local level (County Human Services Offices through OMHSAS Housing Initiative). This depth of housing coordinator functions has led to a number of innovative partnerships particularly at the local level which has increased access to affordable housing for persons with disabilities. From a community-based services perspective, Pennsylvania has had a historically strong commitment of State and Medicaid funding for mental health services and the provision of evidence-based community-based services linked to supportive housing.

### **Challenges/Lessons Learned**

Despite its breadth of effort and resources for its supportive housing efforts, there are number of challenges that stakeholders identified. First, although OMHSAS-sponsored HealthChoices Reinvestment funds have played an important catalytic role in initiating county-based supportive housing efforts for persons with mental illness, they are generally considered one-time or temporary sources of funds for supportive housing. In the short-term, counties will continue to have some access to reinvestment funds dependent on savings within their HealthChoices county-based plans. However, there exists the clear challenge to identify alternative resources to sustain the OMHSAS led supportive housing initiative over the long-term. Second, PHFA's efforts to increase the number of deeply affordable accessible units created the challenge to quickly identify eligible households who need these accessibility features. According to PHFA staff, these accessible units are occupied by approximately 70% of households in need of these features. PHFA staff continues to work with the advocates and service providers to improve the referral networks for persons with physical disabilities in need of accessible units. As the LLA infrastructure becomes more robust and trained at the county-level, this increased capacity for timely referrals may help improve the current rate. Finally, the LLA infrastructure and development effort is still in early stages. Based on a review, the LLA's policies and procedures are strong and consistent with best practices models. DPW recruitment continues to rely on an agency at the county level volunteering to become an LLA. In addition, Pennsylvania currently lacks any level of dedicated funding to support the LLA activities/infrastructure. If there is success in accessing Section 811 PRA Demo funding in the future, Pennsylvania's LLA will have an opportunity to evolve and develop further.

## State Agency Partnership Assessment

Within the Pennsylvania collection of efforts, the roles and responsibilities have been established over the past three years between PHFA, DPW and OMHSAS. These roles and responsibilities have been discussed throughout this narrative.

### Division of Labor: Pros and Cons

The current division of labor between the participating state agency partners (PHFA, DPW, OMHSAS) is strong and well developed. The extent of collaboration can be seen through several initiatives to improve access to affordable housing for persons with disabilities. In addition, PHFA's capacity and staff expertise (through the Housing Services Division) in service-enriched housing is a strength within the partnership. However, the existence of a county-driven system for mental health and a state-wide approach for other disabilities (including developmental disabilities) have presented challenges in coordinating both referrals and supportive services through a cross-disabilities approach. The designated LLA will need to manage and navigate both the county-based mental health system and the state-managed service network for the other disability sub-populations. This increases the importance of DPW staff support and oversight to assist the LLAs in coordinating access to services for households placed in the targeted extremely-low income units created through PHFA's multi-family development pipeline. Given there are no long-term funding streams in place to support the role of the DPW Director of Housing or LLA staff they oversee, the continued administration of a complex referral/waiting list system and coordination of tenant services may become unmanageable. Over time, some of these duties may need to be transitioned elsewhere or other resources must be dedicated to increase infrastructure and staff capacity within DPW and each LLA.

As mentioned earlier, the Local Lead Agency system is newly established entity across the Commonwealth and is continuing to develop under the oversight of DPW. Many of the LLAs are newly formed and have been experiencing some growing pains without any dedicated funds to assist in their operations and management. As a result, some owners/property managers have experienced challenges utilizing the LLA for timely referrals particularly at time of initial lease up. As the partnership between the owner and the LLA strengthens over time, the parties have been able to resolve some of the communication and referral challenges and the timeliness of referrals at turnover have improved. Despite these challenges, the owner/property managers have been supportive of the LLA initiative and the concept. To illustrate this support, most owner/property managers have left the unit open past the 30 day referral period exercising some flexibility in taking referrals from the LLA or OMHSAS-sponsored local clearinghouse. It was also noted that multi-family projects with supportive housing units located outside the city core area and the coverage of public transportation have been more difficult to identify appropriate referrals for these units. In response, both OMHSAS and PHFA staff collaborated on the provision of technical assistance to develop strategies to improve referrals and transportation linkages between the project and community supports/services. As mentioned earlier, the LLA's policies and procedures including the MOU between the LLA and the owner/property manager are based on 'best practices'. The system of LLAs at the local level

continues to mature and improve as relationships are built and persons with disabilities are linked to the targeted units.

In accessing public and private resources to develop supportive housing, developers did recognize that reductions in the HOME program at both the local and state levels have placed added pressure to identify the gap financing required. OMHSAS-sponsored capital funds (from Reinvestment savings) have helped fill these gaps. With the development of single purpose supportive housing, developers acknowledged the challenge and need to leverage two to four gap financing sources from both public and private sources to cover development costs. The challenges increase in high costs areas of greater Philadelphia area and Eastern Pennsylvania.

Regarding service provision for the targeted units, the LIHTC-financed properties rely on the LLA within the established relationship to coordinate the provision of services. PHFA, DPW and County staff are available to trouble shoot and resolve issues regarding service provision as they arise. In addition, many LIHTC-financed properties possess a tenant service coordinator on the project's staff to assist in connecting appropriate service linkages for all households which include tenants with disabilities that reside in one of the targeted units. These service coordinators play a critical role of augmenting property management staff to identify times where a tenant may need support to re-connect with supportive services in order to sustain a positive tenancy.

**SERVICE ENRICHED HOUSING PROJECT PROFILE**  
**PROJECT PROFILE: GARFIELD GLEN APARTMENTS**

<b>Developer:</b>	Bloomfield Garfield Corporation and S&A Homes											
<b>Location:</b>	Pittsburgh, PA											
<b>Description:</b>	<p>Garfield Glen Apartments is the new construction of 49 scattered-site townhouse units through the acquisition of previously vacant lots or abandoned homes. The development is part of a larger neighborhood residential and commercial revitalization plan that aims to maintain affordable housing, create homeownership, and build upon existing commercial infrastructure.</p> <p>The unit mix of the development will include two, three, and four bedrooms and be affordable to a mix of households at 20% AMI (6 PSH units), 50% AMI, and 60% AMI. Each unit has a gas heat pump furnace, central A/C, digital accessibility, dishwasher and disposal. All units are available for purchase by the tenant after the end of the compliance period, for a value less than market rate and affordable to the tenant. This development requested tax credits under the Community Impact Set-Aside as well as the Supportive Housing Set-Aside.</p>											
<b>Total Development Costs:</b>	\$11,112,604											
<b>Capital Funding:</b>	<table border="1"> <thead> <tr> <th>SOURCE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Low Income Housing Tax Credit Equity</td> <td>\$9,112,604</td> </tr> <tr> <td>Urban Redevelopment Authority-HOME funds</td> <td>\$1,900,000</td> </tr> <tr> <td>FHLB-AHP Program</td> <td>\$100,000</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$11,112,604</b></td> </tr> </tbody> </table>		SOURCE	AMOUNT	Low Income Housing Tax Credit Equity	\$9,112,604	Urban Redevelopment Authority-HOME funds	\$1,900,000	FHLB-AHP Program	\$100,000	<b>TOTAL</b>	<b>\$11,112,604</b>
SOURCE	AMOUNT											
Low Income Housing Tax Credit Equity	\$9,112,604											
Urban Redevelopment Authority-HOME funds	\$1,900,000											
FHLB-AHP Program	\$100,000											
<b>TOTAL</b>	<b>\$11,112,604</b>											
<b>Income Profile:</b>	Units at 20%, 50% & 60% of Area Median Income (AMI).											
<b>Financing Strategies</b>	<p>The financing structure of this project is typical of an urban development using low-income tax credits and local HOME funds. The developer also was able to access resources from the Affordable Housing Program of the Federal Home Loan Bank. There is no permanent debt service required due to the nature of the soft loan from the HOME program. In addition to the capital funding, the project has an annual operating subsidy through HUD's McKinney-Vento funding which provides the necessary subsidy to offer 20% AMI rents for the six (6) permanent supportive housing units.</p>											
<b>Integrated Housing Features:</b>	<p>Supportive Service programs and activities are within walking distance to all sites and will be provided by BGC and its partners. The PSH targeted population is homeless families who include a person with dual diagnosis of mental health illness and substance use disorder.</p>											

First Year Proforma	
Gross Potential Rent	\$310,056
Other Income	\$18,483
Operating Subsidy	
Rental Subsidy	
<b>Potential Gross Income</b>	\$328,539
Vacancy & Collection Loss-5%	-\$16,427
<b>Effective Gross Income</b>	\$312,112
General & Administrative	\$15,830
Management Fee	\$20,621
Payroll & Payroll Tax	\$54,500
Repairs & Maintenance	\$48,120
Utilities	\$48,240
Taxes & Insurance	\$57,251
Replacement Reserve	\$21,560
Investor Service Fee*	\$3,675
Security	
Supportive Service fee**	\$10,000
<b>Total Expenses</b>	\$279,797
<b>Net Operating Income (NOI)</b>	\$32,315

Unit Mix & Rent Schedule				
Rent Type	Unit Size	Unit Count	Rent Per Unit	Total Rent
20%	2-BR	6	\$144	\$864
50%	2-BR	18	\$522	\$9,396
60%	3-BR	4	\$570	\$2,280
60%	3-BR	3	\$732	\$2,196
60%	3-BR	4	\$595	\$2,380
60%	4-BR	14	\$623	\$8,722
	Unit Total	49	Monthly Total	\$25,838
			Annual Total	\$310,056

Operating Assumptions	
Revenues	2%
Expenses	3%
Reserves	3%
Vacancy	5%

Long-Term Operating Pro-Forma							
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
Gross Potential Rent	\$328,539	\$335,110	\$341,812	\$348,648	\$355,621	\$392,635	\$433,500
Other Income-Laundry, etc.		\$0	\$0	\$0	\$0	\$0	\$0
Operating Subsidy		\$0	\$0	\$0	\$0	\$0	
Rental Subsidy		\$0	\$0	\$0	\$0	\$0	
<b>Potential Gross Income</b>	\$328,539	\$335,110	\$341,812	\$348,648	\$355,621	\$392,635	\$433,500
Vacancy & Collection Loss-5%	-\$16,427	-\$16,755	-\$17,091	-\$17,432	-\$17,781	-\$19,632	-\$21,675
<b>Effective Gross Income</b>	\$312,112	\$318,354	\$324,721	\$331,216	\$337,840	\$373,003	\$411,825
LESS Total Expenses	\$279,797	\$288,191	\$296,132	\$304,298	\$312,694	\$358,459	\$408,936
<b>Net Operating Income (NOI)</b>	\$32,315	\$30,163	\$28,589	\$26,918	\$25,146	\$14,544	\$2,889
Less Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Cash Flow</b>	\$32,315	\$30,163	\$28,589	\$26,918	\$25,146	\$14,544	\$2,889

\*Investor Service Fees generally cover expenses related to monitoring of the LIHTC-financed project for program compliance.

\*\*Supportive Service Fee supports service coordination which includes providing activities that improve the viability of the housing development and improve the quality of life for residents.

## Louisiana

---

### History /Description of Service-Enriched Housing Efforts

Six months after Hurricanes Katrina and Rita devastated the Louisiana Gulf Coast region in 2005, the state created the Louisiana Permanent Supportive Housing (PSH) Program. This initiative was one component of the U.S. Department of Housing and Urban Development (HUD) approved hurricane recovery *Road Home Plan*, which was also approved by the Louisiana State Legislature and signed by the Governor. This initiative has federal funding to create a total of 3,000 scattered-site PSH units across the entire Louisiana Gulf Opportunity (GO) Zone which includes those areas most affected by the 2005 hurricanes.

Louisiana's PSH program was modeled after similar efforts in the State of North Carolina. The program is guided by state-level leadership, policy and partnerships that systematically offer access to a pipeline of integrated affordable housing units to a cross-disability population, and an infrastructure for outreach and service coordination. Both the housing and service components of the initiative are being sustained with mainstream affordable housing and services funding, and changes that have occurred since the program's inception largely center on implementing the state's long-term services sustainability strategy.

State agency partners from the Louisiana Department of Health and Hospitals (DHH), Children and Family Services (DCFS), the Louisiana Office of Community Development (OCD) and the Louisiana Housing Finance Agency (LHFA) were critical to making the cooperative policy decisions that provided the framework for this initiative. Local housing and service partners were responsible for on the ground implementation managed by DHH and OCD. Also critical to the initiative's development and implementation were homeless and disability advocates who came together with state officials to address initial concerns within the development community, and to urge the federal and state government to take the required policy and funding actions necessary for the program's success. The initiative has also had support from federal housing and human service officials, national homeless and disability advocates, and philanthropic organizations with an interest in PSH for vulnerable populations including people with disabilities and people who experience homelessness or are at risk.

The primary resistance from the private development community centered around two main issues. First, there was little to no experience amongst the private developers with permanent supportive housing as a component within a larger multi-family development. Second, there was concern that private financing would be difficult to obtain given the combination of mixed-income and permanent supportive housing requirements. To address these issues, the State Agency partners worked closely with national supportive housing experts to provide technical assistance through an information session with developers. In addition to this, staff from the North Carolina Housing Finance Agency (NCHFA) traveled to Louisiana to discuss their program model and key aspects of its administration with LHFA and OCD staff. Providing both technical assistance and first-hand knowledge from NCHFA helped to alleviate opposition and promote the necessary partnerships for successful program implementation.

Although the initial implementation of the program was overall successful, there have been some key policy changes to the permanent supportive housing initiative since its creation. The first program change occurred in 2008/9 with an effort to expand the program statewide through incentives within the Low-Income Tax Credit Program's (LIHTC) Qualified Allocation Plan (QAP). Prior to this change, efforts had been focused towards those seeking LIHTC within the Go Zone by requiring a PSH set-aside and providing additional capital financing through the Community Development Block Grant Program (CDBG). As part of the shift in focus to expand the program statewide, the State of Louisiana created an incentive based integrated PSH effort for all LIHTC credits.

Another policy change occurred in 2011/12 when State Agency partners worked to successfully transition the Local Lead Agency responsibilities from the DHH District Offices to both Magellan Health Services, the newly identified managed care organization, and Quadel Consulting, the Section 8 PBV subsidy administrator.

## Funding Structures

### Housing Development & Operating Resources

The Louisiana Housing Finance Agency (LHFA) and the LA Office of Community Development (OCD) leveraged GO Zone Low Income Housing Tax Credits (LIHTC) and CDBG disaster relief to effectively develop integrated permanent supportive housing within the affordable, multi-family rental housing development pipeline through the impacted areas. LHFA and OCD combined these development resources aligning their supportive housing policies with a mix of requirements and incentives to spur the development of targeted permanent supportive housing. LHFA and OCD worked collaboratively to coordinate funding rounds creating mutually reinforcing procedures and applications within both the GO Zone Qualified Allocation Plan (QAP) and OCD's CDBG Piggyback Program.

The result of this effort is that nearly 1,200 high quality PSH units were created, using the existing mainstream affordable housing production system and integrated in multi-family rental properties. In addition to the integrated permanent supportive housing created, OCD/LHFA's package of incentives also encouraged the development of three permanent supportive housing projects creating 105 permanent supportive housing units in the New Orleans area. These projects, based on the successful model pioneered by Common Ground in New York City, comprise of 50% permanent supportive housing and 50% affordable workforce housing. One of these permanent supportive housing projects is complete and 100% leased<sup>41</sup> and the other two projects are currently in pre-development stages with construction expected to begin in 2013.

With the transition from GO Zone related development activities, the LHFA continued its permanent supportive housing policy shifting to purely incentives based strategy within the QAP (non – GO Zone) in 2008/9. LHFA's policy shift resulted in an expansion of the integrated permanent supportive housing effort outside the GO Zone to a statewide initiative. Within this

---

<sup>41</sup> The Rosa F. Keller Building was completed in April 2012. Located across the street from a new VA Hospital and University Medical Center, this development offers 60 units of affordable housing for the formerly homeless and low income workers. On-site caseworkers and other support services are provided for its residents. Building amenities include a central, open-air courtyard; a fitness center; a computer center; on-site laundry facilities; 24-hr courtesy service and on-site property management.



incentive based model, the LHFA made a combination of LIHTC, HOME and CDBG development funds to further the development of integrated permanent supportive housing within its affordable multi-family development pipeline.

The LHFA/OCD originally envisioned that the integrated PSH units would be internally subsidized at rents set at 20% of Area Median Income. The State Agency partners together with advocates recognized that this 'rent based' approach was not optimal with the rent payment not being tied directly to a household's income. In order to ensure the affordability of PSH units to extremely low-income households, and to ensure the remainder of the 3,000 units would be secured through scattered-site leasing in the private rental market, Louisiana Senate/ Congressional delegation, LA state officials and PSH advocates from both the homeless and disability communities successfully secured funding from Congress in 2008 for 2,000 Section 8 Project-Based Vouchers (PBVs) and 1,000 Shelter Plus Care (S+C) subsidies specifically for Louisiana's PSH program. These rental subsidies/operating resources are expected to remain over the long-term and to be integrated within the State Section 8 portfolio and the five local homeless Continuum of Care's resource levels within the GO Zone area.

The Louisiana Housing Corporation (LHC) was recently formed merging the LHFA with the housing division of the Office of Community Development (OCD). As part of this reorganization, the LHC was given overall responsibility for PSH program administration and became the Louisiana Public Housing Authority in order to administer the federal housing subsidies tied to the state's PSH program. In order to manage the implementation and management challenges of both the Section 8 Project Based Voucher and Shelter Plus Care Program through the GO Zone area, the LHC contracted with Quadel Consulting to manage the Section 8 Project Based Voucher Program and five locally-based administrators (selected through the local homeless Continuums of Care) to manage the Shelter Plus Care resources. The LHC prioritized the use of the Section 8 PBV subsidies to support the integrated permanent supportive housing units with the LIHTC-financed multi-family projects as well as the units with the private rental market located within the GO Zone. The LHC also worked with the S+C administrators to develop approaches that were responsive to local needs resulting in a mix of tenant and project-based strategies being adopted.

The LHC, working closely with its state agency partners, is working to coordinate and expand operating resources to support permanent supportive housing outside the GO Zone. Successful strategies to date include negotiating with three local Public Housing Authorities to gain 125 Section 8 Housing Choice Voucher set-asides for people with disabilities and the identification of \$1.25 million through the LHC's HOME TBRA Program to be used to provide security and utility deposit assistance to all tenants with disabilities that require the additional assistance in obtaining housing. In addition, building on the established housing and services infrastructure, the State Agency partners collaboratively worked to develop a competitive application through the Section 811 Project Based Assistance Demo Program targeting this new operating assistance to extremely low-income persons with disabilities who are living in institutions, at risk of institutionalization, homeless or at risk of homelessness.

### Community-Based Services

Through a written cooperative agreement with the LHC, the Louisiana Department of Health and Hospitals (DHH) is charged with administering \$72.7 million in federal Community Development Block Grant (CDBG) disaster recovery funds provided by Congress through the *Road Home Plan* to fund PSH supportive services. These time-limited funds have been used to provide voluntary, flexible, supportive services to PSH tenants through a best practice community-based Housing Support Team (HST) model.

DHH designated and contracted with six Local Lead Agencies (LLAs) – primarily quasi-public Human Service Districts authorized by Louisiana statute to facilitate the provision of services and supports to people in the public mental health, substance abuse, and developmental disabilities systems – to coordinate access to CDBG-funded supportive services for PSH tenants. The LLAs in turn have contracted with local service providers to operate nearly 30 Housing Support Teams (HSTs) that provide housing support services and ensure linkages to other community-based services financed by Medicaid and state appropriations.

DHH is currently implementing a support services sustainability strategy that aims to retain the most successful features of the program using Medicaid financing for certain housing support services to replace the federal CDBG funding. The state is also planning to utilize Medicaid managed care arrangements as the management platform for service delivery.

DHH has determined that most tenants in the program meet threshold requirements of one or more of 10 state or federally-funded services programs. These include five Home and Community-Based Medicaid Services (HCBS) Waivers, Ryan White (HIV-AIDs), the state's new Medicaid 1915(i) program and (b) Waiver, Money Follows the Person (MFP), and/or state-funded developmental disabilities and behavioral health programs. State officials have begun adding a core set of common PSH service interventions (to support people with disabilities in getting and keeping housing) into all Medicaid and state program descriptions. For example, DHH added these functions to their Medicaid 1915(i) program service requirements for Assertive Community Treatment (ACT), Crisis Intervention (CI), Psychosocial Rehabilitation (PSR), and Community Psychiatric Support and Treatment (CPST). CMS approved Louisiana's 1915(i) request in 2012. A similar request is being made to modify the five HCBS programs. DHH expects CMS approval across all program categories in 2013. DHH is also exploring an amendment to their Medicaid 1915(i) program or a new 1115 Waiver for service coordination services for people with chronic health conditions who do not meet long-term care program criteria.

The services sustainability plan is being implemented prior to the exhaustion of federal CDBG funds which will allow the state to shift remaining CDBG dollars into a fee-for-service (FFS) arrangement that will fund interventions not coverable by Medicaid and for persons who do not meet Medicaid eligibility but are already in the PSH program. This FFS arrangement will have the same service requirements, certification requirements, provider qualifications, and rates as services that are covered by Medicaid.

## **Success in Leveraging Public-Private Resources**

Louisiana's PSH initiative represents the largest investment of supportive housing ever made by the federal government to a single state or local housing agency. These resources are being deployed through a public-private partnership model, which includes Louisiana State Agencies, the five CoCs in Louisiana's Katrina/Rita Gulf Opportunity Zone, and more than 50 LIHTC developers financed by the Louisiana Housing Corporation.

The initiative also benefited from foundation support from the Melville Charitable Trust for PSH policy and system development, and from the Robert Wood Johnson Foundation for local service system capacity building, technical assistance and training on best practice PSH supportive service delivery, and a formative evaluation of the initiative.

## **Outreach, Waiting List & Referral Strategies**

### **Target Population**

The Louisiana PSH program was designed to serve a cross-disability population that was defined in the *Road Home Plan* and includes people with serious mental illness, substance use disorders, developmental disabilities, physical disabilities, chronic health conditions, and age-related disabilities (i.e., frail elders). State agency staff working with PSH advocates further defined the target population for the program as 'extremely low-income households with disabilities determined by DHH to be *in need of PSH*.'<sup>42</sup> In addition to these threshold criteria, eligible households could receive a program preference for meeting one of the following additional criteria:

- Homeless or chronically homeless as defined by HUD;
- At risk of homelessness as defined by DHH;
- Inappropriately institutionalized as defined by DHH;
- At risk of institutionalization as defined by DHH.

### **Design/Responsibility of Waiting List/Referral Functions**

The cooperative agreement between DHH and the LHC made DHH responsible to establish and implement the above targeting policy, as well as local infrastructure for outreach, eligibility determination, waiting list management, and referral to PSH units. Initially, DHH passed this responsibility on to the Local Lead Agencies (LLAs), which were responsible to locally manage waiting lists and make referrals to housing units as they became available. To date, approximately 2,500 units have been leased through these arrangements.

For the 1,000 Shelter Plus Care subsidies providing permanent rent subsidies to disabled, homeless individuals and families across the GO Zone, the five local S+C Subsidy Administrators are responsible for managing the operations of the waiting list consistent with LHC S+C State Policy and HUD regulations. Of special note, UNITY of Greater New Orleans,

---

<sup>42</sup> The household shall be considered to be in need of permanent supportive housing if a member has a physical, mental, or emotional impairment which is expected to be of long-continued or indefinite duration; substantially impedes their ability to live independently without supports; and is of such nature that such ability could be improved by more suitable housing conditions.

the S+C Subsidy Administrator for the City of New Orleans, early on adopted a Vulnerability Index (VI) assessment tool, a measure used to identify the risk of mortality that includes questions about physical and mental health, history of substance abuse, and economic status. UNITY outreach staff uses this tool to identify persons ‘most in need’ of supportive housing among homeless individuals and family.

As CDBG funds provided to the LLAs to perform these functions are being phased out, DHH and the LHC have begun to implement strategies to sustain these functions. Responsibility for waiting list management has been shifted to the housing subsidy administrators contracted by the LHC. Based on the fact that over 50% of PSH program participants have a behavioral health-related disability, DHH made arrangements to transfer most of the remaining PSH management responsibilities to the new statewide managed care organization for behavioral health, Magellan Health Services, who will assume these functions beginning January 1, 2013.

Magellan will share responsibility with the DHH PSH Program Director and DHH program offices for Aging and Adult Services, Developmental Disabilities, and Behavioral Health for outreach, screening, and eligibility determination, i.e., services program eligibility and ‘in need of PSH’. Magellan will also be responsible to make referrals of eligible households to PSH units in coordination with the housing subsidy administrators, to track and report on outreach and referral activities, and to manage a CDBG-funded housing contingency fund.

### **Responsibility of Tenant Liaison Functions**

Under the CDBG services funding structure, Housing Support Team (HST) providers locally contracted by the LLAs were responsible to assign one Tenant Services Liaison (TSL) per 100 occupied units, either as a stand-alone position or as part of the HST. TSLs were required to have a minimum one monthly contact with each property manager/landlord, and to act as liaison between tenants and their property manager/landlord to resolve housing-related issues and help avoid eviction. Magellan will be assuming responsibility for this TSL function and will hire five Tenant Services Managers in addition to their other PSH care management and referral staff to assure a strong presence with property managers.

### **Community-Based Supportive Services**

Under the CDBG services funding structure, the Local Lead Agencies (LLAs) continue to contract with eight local service providers to operate six to eight person Housing Support Teams (HSTs). HSTs deliver pre-tenancy, move-in, and ongoing housing support and stabilization services to PSH tenant households.

As DHH implements its services sustainability strategy, efforts are being made to ensure current HST providers as well as Assertive Community Treatment (ACT) providers, many of which already serve PSH tenants, meet Medicaid provider requirements so current tenants do not have to adjust to new providers. DHH also plans to grow the base of qualified providers as the program expands statewide and as new housing units become available outside of the GO Zone. DHH is establishing a single certification program for all service providers and

services. New referrals will only be made to 'PSH certified' service providers in the future and each provider must achieve and maintain certification.

Under the new service arrangements, Magellan will be responsible for care management and network management for individuals with primary behavioral health problems. Three other DHH Program Offices will assure services availability and care management for participants who qualify for the other Medicaid, Ryan White, and state funded programs.

### **Service-Enriched Housing Policy Evaluation** ***Development, Underwriting and Monitoring Policies***

A number of collaborative policy decisions were made initially and throughout implementation that were critical to the framework for this initiative and its long-term sustainability. The LHFA and the OCD, in partnership with DHH jumpstarted the initiative by requiring developers/owners to 'set-aside' at least 5% of all units in new rental properties in the GO Zone financed using federal LIHTCs for PSH tenants. In addition, the LHFA incorporated point incentives within the GO Zone QAP to encourage developers to incorporate higher percentages of permanent supportive housing (up to 25%) while ensuring community integration. As a complementary strategy, the GO Zone QAP also included an incentive for permanent supportive housing projects between 25% and 50% targeting for PSH. In conjunction with these efforts, the OCD developed and managed the Community Development Block Grant (CDBG) Piggyback Program utilizing a portion of the CDBG disaster relief funding awarded to the State of Louisiana for capital financing of PSH requiring a 5% PSH set-aside in new rental properties. In an effort to leverage the GO Zone tax credit equity, OCD required LIHTC-financed multi-family rental housing to incorporate a 5% permanent supportive housing with point incentives for additional PSH set-asides in exchange for CDBG-funded development funding.

As part of the post-GO Zone funding resources, the LHC's QAP lifted the PSH requirement, opting for an incentive based structure that provides points in a tiered fashion, to encourage the inclusion of between 10% and 20% PSH set-asides, as well as incentives for Increased Unit Affordability (at 20% rent level) for a percentage of the units. The LHC took care in this policy change allocating a sufficient number of points within the QAP to create adequate incentives for developers to continue to include permanent supportive housing as part of their LIHTC-financed projects. Given the success of the integrated permanent supportive housing model among the development community and property managers along with the QAP incentives, the LHC estimated that 25-35% of LIHTC applications have included a PSH component since 2009. The current QAP also includes a detailed definition of permanent supportive housing, the eligible populations for permanent supportive housing, and supportive services for permanent supportive housing consistent with best practice definitions. The LHC's current application procedures within the QAP requires applicants seeking points for permanent supportive housing to both establish the rent levels at less than or equal 20% AMI levels via a rent subsidy, rental income or grant and include a letter of PSH Support from the State's Permanent Supportive

Housing Executive Council.<sup>43</sup> The purpose of the support letter is to ensure the proposed PSH is generally sited in location in which DHH providers can offer supportive services and the unit sizes proposed are appropriate.

Within the GO Zone-focused permanent supportive housing initiative, the LHC and OCD collaborated closely on the underwriting and subsidy layering review process for all multi-family rental housing with a permanent support housing component to ensure the projects were feasible and an effective use of public resources. The two agencies maintained the same underwriting standards and expectations regardless of level of PSH within the project. OCD's underwriting and financial reviews were supported by an experienced affordable housing consulting firm with deep CDBG and asset management experience. Since 2009, the LHC has conducted the underwriting and subsidy layering review continuing to maintain the same underwriting standards regardless of whether a permanent supportive housing component is included or not. Through a reinforcing regulatory structure, the LHC codified the PSH targeting requirement through the tax credit regulatory agreement. For the CDBG Piggyback Program, OCD codified the PSH targeting requirement (i.e. 5% set-aside) through a loan agreement and mortgage.

In addition, each regulatory agreement requires the Developer/Owner to enter into a PSH Set-Aside Agreement with the Local Lead Agency (LLA) outlining the responsibilities of all parties in regards to outreach, referrals, targeted marketing period of PSH unit, and reasonable accommodation requests. As part of lease-up procedures for the LIHTC-financed developments, approximately 60-90 days prior to construction completion and unit availability, the LHC and DHH staff jointly facilitate a meeting with the Owner/Property Manager and the Local Lead Agency to review the terms of the agreement and build a collaborative relationship in supporting the successful tenancy of a PSH household. In addition, the LHC and OCD's monitoring activities<sup>44</sup> reinforce one another and include a review of the owner's compliance with the PSH set-aside requirement. If staff from either agency identifies issues that require follow-up technical assistance, the LHC's Permanent Supportive Housing staff will engage the interested parties to include the property manager, LLA, and service provider to work through the issues and rectify the problem. Finally, the LHC PSH staff, working in conjunction with Quadel and the S+C Subsidy Administrators, has started to utilize a rent subsidy data management system called YARDI as a tool to track compliance and program performance of the PSH set-aside program reviewing turnover rates, subsidy payments for the PSH units and PSH household recidivism. For those properties financed with CDBG Piggyback funds, OCD does an initial compliance visit during lease up (50% occupancy), then a comprehensive compliance monitoring visit once the property is fully leased and annually thereafter. However, effective January 1<sup>st</sup> 2013, responsibility for compliance of these units will be passed to LHC who will conduct monitoring in conjunction with the monitoring of the LIHTC program.

---

<sup>43</sup> The LA Permanent Supportive Housing Executive Council is comprised of executive management from all the DHH state services partners and the Louisiana Housing Corporation. The Council's purpose is to plan, set policy for, and assure DHH meets obligations pertaining to Permanent Supportive Housing units or subsidies funded and/or managed by the Louisiana Housing Corporation (LHC) either through local, state, or federal agreements.

<sup>44</sup> LHC conducts site visits yearly for projects financed with HOME funds and every 3 years for LIHTC-financed projects. OCD also conducts yearly site visits for projects financed with CDBG Piggyback Program funds.

## **Strengths**

The LA Permanent Supportive Housing Initiative has demonstrated a number of important strengths in the implementation of a large scale, cross-disability, integrated PSH effort comprised of 3,000 units throughout the GO Zone. First, the LA State Agency leadership made a sustained policy commitment to incorporate the development of integrated permanent supportive housing within the Post-Katrina housing redevelopment efforts. In carrying out this policy priority, LA State Agency partners including LHFA, OCD and DHH, worked to effectively utilize and leverage the federal resources provided to develop these integrated PSH units and developed a coordinated system of policies and procedures to effectively provide outreach, referral, and access to supportive services for PSH households. Building on the cross-disability service coordination and delivery model pioneered in North Carolina, the LA Permanent Supportive Housing Initiative implemented and successfully sustained the Local Lead Agency model in six service delivery regions. Further, the LLA model carried out and operationalized the cross-disability PSH priority population ensuring access from a broad range of eligible disabled and homeless consumers. Previously based at OCD and now at the LHC, the Permanent Supportive Housing staff has played a critical role in coordinating both the housing and supportive service elements of the program. To illustrate the importance of the staff and their position within LHC, the LHC has effectively linked permanent supportive housing staff with compliance monitoring efforts to offer follow-up technical assistance and problem solving when issues/problems are identified by either LHC or OCD staff. This leadership, expertise and ability to bring the various ‘players’ to the table to problem solve and fix issues has been essential to the overall success of the initiative. Dedicated PSH staff involvement located in the proper agency with the proper leadership is essential for a PSH program to be seen as responsive to both the needs of the owner and the PSH households.

## **Challenges/Lessons Learned**

As part of the TAC interviews in Louisiana, key LA stakeholders recognized ‘lessons learned’ looking back on the PSH implementation efforts. One unforeseen issue has been the significant development of two and three bedroom units of PSH which are inappropriately sized for the needs of the PSH targeted population (needing mostly 1 bedroom units). Both the LIHTC QAP and the Piggyback Program Guidelines failed to incorporate incentives to applicants to integrate 1 BR units within their proposals. Another challenge observed has been in the implementation of an additional preference in 2010 to the PSH Target Population Definition to provide an institutional preference<sup>45</sup> (IP) for disabled households inappropriately institutionalized. Since then, DHH and its service partners have experienced challenges with slow pace of move-ins among IP referrals as well as communication challenges with DHH agency staff working with the consumers on these transitions. Overall, the LA PSH Initiative has experienced significant administrative and organizational barriers with some Public Housing Authorities in linking disabled or homeless households identified as PSH eligible with units supported by Section 8 Project Based Vouchers. This mainly is due to the optional approaches in which a PHA may

---

<sup>45</sup> Through examination of early PSH program data, DHH and the LLAs identified that one of the state’s priority populations – persons inappropriately institutionalized – were underrepresented in the applicant pool. Early identification of this issue allowed DHH and its partners to establish a higher institutional preference in compliance with HUD regulations for applicants in this category until a fair share of units for this population could be filled.

structure its waiting list and preferences for its Section 8 PBV program. The LHC's PSH staff also identified future challenges to offering sustained education and training opportunities to educate both owners and service provider staff on the practical application of reasonable accommodation in order to further improve access to the integrated PSH units. In addition, the PSH staff and the LHC's LIHTC Monitoring staff identified a desire to focus more attention on the how well the LIHTC owner/property manager is providing timely notification to the LLA and also how timely is the PSH household referral in return.

### **State Agency Partnership Assessment**

The roles and responsibilities of key partners within the Louisiana Permanent Supportive Housing Initiative have changed over the course of the program as described earlier in this Case Study. The LA State Agency Partnership and Structure has most recently evolved with the service sustainability efforts to transition from the CDBG funded supportive service structure to a Medicaid financed, managed-care supportive service structure. A review of Louisiana's past and current State Agency Partnership model shows both benefits and risks from incorporating this model.

A key strategy to the successful implementation of this initiative was the use of Local Lead Agencies (LLAs) to carry out DHH's responsibility to oversee the outreach, waitlist and referral function. This structure allows for referrals to be managed on the local level from service providers within one of the six LLA regions. In addition to this, the use of HSTs to act as tenant liaisons with the property manager/landlords ensured housing-related issues were addressed early-on. However, although this can be an effective strategy for service provision, there were some capacity issues identified amongst the various LLAs with waitlist management and other administrative requirements. With the phasing out of CDBG funding, these functions will now be the responsibility of the housing subsidy administrators and Magellan Health Services who may be better suited for these roles.

Although the use of third-parties to administer certain functions of the state agency can be effective, it does heighten the need for continual monitoring to ensure compliance. The dedicated LHC PSH staff is an integral component to the oversight of these functions. As discussed earlier, effective leadership and coordination within each of the State agencies has been a necessary part of the implementation and long-term sustainability of the Louisiana PSH program.

### **Developer/Property Manager Analysis**

Within its stakeholder interviews with owner/property managers, there was overall strong support for the initiative in terms of responsiveness and filling a significant need throughout the GO Zone post Katrina. For example, a major private owner/property manager active through the State of Louisiana and an early critic of the program and the supportive housing requirement was very complimentary of the program and the responsiveness from the LLA as well as the supportive services provided by the housing support teams. In fact, this developer/property manager had become so dedicated to the importance and effectiveness of the supportive housing model that he has agreed to partner with a UNITY to provide property management services at the Rosa F. Keller Building, a specialized supportive service project in New Orleans



(highlighted earlier in the case study). Another developer highlighted the important role that LHC supportive housing staff in bringing parties together in a positive, pro-active manner in order to address and solve problem at specific properties.

Both owner/managers did point out some challenges including a varying degree of competency with each LLA. Developer/owners who worked in multiple regions within the GO Zone recognized that some LLAs were more effective and responsive in regards to referral and tenant liaison services than others. In addition, a developer/owner that utilized Section 8 Project Based Vouchers through the Housing Authority of New Orleans experienced challenges with synchronizing referrals through the LLA with the PHA's centralized Section 8 waiting list. Because of internal challenges within the agency, the housing authority was unable to transition to a site based waiting list for several years and experienced difficulty identifying disabled households from the centralized waiting list to the owner as well.

Within the GO Zone area, both single purpose and integrated supportive housing took advantage of housing support teams services financed through the CDBG disaster relief funding. DHH maintained CDBG service contracts with these service providers of housing support teams. DHH also sponsored ongoing training and capacity building for both the LLAs and these teams. Throughout the term of these service contracts, DHH staff also conduct formalized monitoring of both the LLAs and the housing support team to ensure compliance of these formalized commitments. In addition, DHH collaborated closely with LHC supportive housing staff, who actively monitors the Section 8 and S+C subsidies administrators, in order to identify contract compliance issues as well as technical assistance needs. With the shift to a Medicaid managed care system to provide the community-based services in conjunction with supportive housing, DHH recently negotiated a detailed manage care contract with Magellan which included detailed specifications on the roles and responsibility the organization will assume in coordinating the community-based supportive services (discussed in more detail above).

**SERVICE ENRICHED HOUSING PROJECT PROFILES**  
**PROJECT PROFILE: PALMETTO GREENS**

<b>Developer:</b>	Provident Realty Advisors												
<b>Location:</b>	Covington, LA												
<b>Description:</b>	Palmetto Greens is a new construction 144 unit project serving individuals and families in one, two, and three bedroom units. It consists of eight residential buildings in a combination of two and three stories, plus a community clubhouse containing the leasing offices, community room, fitness facility, business center, and swimming pool. It is a mixed income project serving 40% market rate and 60% affordable housing including 15% PSH (22 units).												
<b>Total Development Costs:</b>	\$29,203,390												
<b>Capital Funding:</b>	<table border="1"> <thead> <tr> <th>SOURCE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Low Income Housing Tax Credit Equity</td> <td>\$12,476,379</td> </tr> <tr> <td>1<sup>st</sup> Mortgage</td> <td>\$5,057,000</td> </tr> <tr> <td>CDBG</td> <td>11,650,000</td> </tr> <tr> <td>Deferred Developer's Fee</td> <td>\$ 20,011</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$29,203,390</b></td> </tr> </tbody> </table>	SOURCE	AMOUNT	Low Income Housing Tax Credit Equity	\$12,476,379	1 <sup>st</sup> Mortgage	\$5,057,000	CDBG	11,650,000	Deferred Developer's Fee	\$ 20,011	<b>TOTAL</b>	<b>\$29,203,390</b>
SOURCE	AMOUNT												
Low Income Housing Tax Credit Equity	\$12,476,379												
1 <sup>st</sup> Mortgage	\$5,057,000												
CDBG	11,650,000												
Deferred Developer's Fee	\$ 20,011												
<b>TOTAL</b>	<b>\$29,203,390</b>												
<b>Income Profile:</b>	Units at 20%, 30%, 50% & 60% of Area Median Income (AMI) and market rate.												
<b>Financing Strategies:</b>	The project was financed through equity from the GO Zone Low Income Housing tax Credits (\$12.47 million) as well as a deferred loan from the CDBG Piggyback Program of \$11.65 million. Given the market rate component comprising 40% of the overall project, the development did carry a permanent mortgage of \$5.05 million.												
<b>Rental Assistance:</b>	The 22 targeted units have Section 8 Project-Based Rental Assistance through the Permanent Supportive Housing program.												
<b>Integrated Housing Features:</b>	Community-based services are linked to tenants residing in the PSH units. The PSH units are also linked with housing support team services to help ensure long-term stabilization. The services include assistance for those with serious mental illness or a substance abuse problem or for those who are elderly or disabled.												

First Year Proforma	
Gross Potential Rent	\$1,282,152
Other Income-Laundry, vending, etc.	\$40,679
Operating Subsidy	
Rental Subsidy	
Potential Gross Income	\$1,322,831
Vacancy & Collection Loss-7%	-\$89,751
Effective Gross Income	\$1,233,080
General & Administrative	\$112,660
Management Fee	\$61,512
Repairs & Maintenance	\$123,499
Utilities	\$76,500
Taxes & Insurance	\$230,400
Compliance Fees	
Security	
Supportive Service fees	
Total Expenses	\$604,571
Replacement Reserve	\$43,200
Net Operating Income (NOI)	\$585,309

Unit Mix & Rent Schedule				
Rent Type	Unit Size	Unit Count	Rent Per Unit	Total Rent
20%	1-BR	22	\$110	\$2,420
30%	2-BR	8	\$280	\$2,240
60%	1-BR	4	\$559	\$2,236
60%	2-BR	28	\$684	\$19,152
60%	3-BR	24	\$799	\$19,176
Market	1-BR	6	\$800	\$4,800
Market	2-BR	28	\$1,000	\$28,000
Market	3-BR	24	1200	\$28,800
	Unit Total	144	Monthly Total	\$106,824
			Annual Total	\$1,282,152

Operating Assumptions	
Revenues	2%
Expenses	3%
Reserves	2.5%
Vacancy	7%
Other-Laundry, etc.	2%

Long-Term Operating Pro-Forma								
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20
Gross Potential Rent	\$1,282,152	\$1,307,795	\$1,333,951	\$1,360,630	\$1,387,843	\$1,532,290	\$1,691,772	\$1,867,853
Other Income-Laundry, etc.	\$40,679	\$41,899	\$43,156	\$44,451	\$45,785	\$53,076	\$61,530	\$71,330
Operating Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rental Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Potential Gross Income	\$1,322,831	\$1,349,694	\$1,377,107	\$1,405,081	\$1,433,627	\$1,585,366	\$1,753,302	\$1,939,183
Vacancy & Collection Loss-7%	-\$89,751	-\$91,546	-\$93,377	-\$95,244	-\$97,149	-\$107,260	-\$118,424	-\$130,750
Effective Gross Income	\$1,233,080	\$1,258,149	\$1,283,731	\$1,309,837	\$1,336,478	\$1,478,106	\$1,634,878	\$1,808,433
Less Total Expenses	-\$604,571	-\$622,708	-\$641,389	-\$660,631	-\$680,450	-\$788,828	-\$914,468	-\$1,060,119
Less Replacement Reserve	-\$43,200	-\$44,280	-\$45,387	-\$46,522	-\$47,685	-\$53,951	-\$61,040	-\$69,062
Net Operating Income (NOI)	\$585,309	\$591,161	\$596,954	\$602,684	\$608,343	\$635,327	\$659,370	\$679,252
Less Debt Service	-\$421,032	-\$421,032	-\$421,032	-\$421,032	-\$421,032	-\$421,032	-\$421,032	-\$421,032
Net Cash Flow	\$164,277	\$170,129	\$175,922	\$181,652	\$187,311	\$214,295	\$238,338	\$258,220
Debt Service Coverage	1.39	1.40	1.42	1.43	1.44	1.51	1.57	1.61

## North Carolina

---

### History /Description of Service-Enriched Housing Efforts

Since 2002, the North Carolina Housing Finance Agency (NCHFA) and the State's Department of Health and Human Services (DHHS) have partnered to create quality, affordable apartments for persons with disabilities linked with community-based services through the State's Targeting Program. The US Department of Housing and Urban Development's (HUD) Section 811 Project-Rental Assistance Demonstration Program called for by the Frank Melville Supportive Housing Investment Act of 2010 was modeled in part on this state-sponsored supportive housing program and specifically the project-based rental assistance component of the effort. In addition, the North Carolina Targeting Program was recognized with two national awards from the National Council of State Housing Agencies and the National Alliance for the Mentally Ill. Approximately 2,700 units – including accessible units – have been created and made available across the state to the DHHS target population which includes extremely low-income households with disabilities including frail elders and persons who have been homeless.

NCHFA and DHHS developed a close working relationship in the design and implementation of the state's Supportive Housing Targeting Plan. This important, collaborative relationship continues to this day. DHHS Leadership played an important catalytic role in the State's adoption of the Targeting Program within the State broader Housing Policy. In addition, DHHS Leadership was critical in developing strong support for the new program with the North Carolina General Assembly which was critical in authorizing state revenue to support the long-term sustainability of the effort. NCHFA staff also played an essential role in developing a program design that focused each of the partner's strengths, with developer/owners making available or targeting affordable housing for people with disabilities and the human services system (i.e. DHHS and its human services provider partners) with identifying the people and offering them the appropriate services to be successful in community-based housing. In addition, NCHFA was able to implement the program with the affordable housing development community in a manner combining education and responsive technical assistance which gained broad support over time.

Over the last ten years, NCHFA and DHHS led the Targeting Program through several important program changes and refinements intended to strengthen the sustainability of the supportive housing program throughout the state. Most importantly in 2007, the State developed the Key Program which offered project-based operating assistance to support the LIHTC-financed targeted units insuring the financial sustainability of the program and making the targeted units affordable to extremely low-income people with disabilities. Second, DHHS in collaboration with NCHFA made a critical program design refinement assigning the responsibility of waiting list management from the local lead agency entities to the regionally based DHHS housing specialists. Finally, DHHS undertook an agency reorganization as part of broader State Agency Re-Organization Plan in 2011. The DHHS reorganization moved the DHHS supportive housing program staff which supports the Targeting Program from the DHHS Secretary's office to the Division of Aging and Adult Services.

In 2012, DHHS entered into an *Olmstead* Settlement Agreement with DOJ to move a substantial number of individuals out of institutional settings – Adult Care Homes – and into integrated community settings. The settlement has served as an added catalyst to expand PSH in the State and to build off of the successful efforts of the Targeting Program. DHHS is working with the local mental health system structure to implement a supportive housing initiative to identify and transition people with disabilities from restrictive institutional settings to community-based supportive housing options.

## Funding Structures

### Housing Development & Operating Resources

In 2002 and 2003, substantial bonus points were made available through the North Carolina Housing Finance Agency (NCHFA) Qualified Allocation Plan (QAP), which required that all affordable housing developers receiving federal LIHTCs target 10% percent of the units in their LIHTC-financed developments to DHHS target populations for permanent supportive housing (PSH). In 2004 and 2005, the NCHFA made the 10% set aside of units within a LIHTC-financed developments for extremely low-income persons with disabilities (including homeless persons with disabilities) a threshold requirement within the Qualified Allocation. The Targeting Program threshold requirement continues to be a NCHFA LIHTC Program threshold requirement through the 2013 QAP.

As part of the Targeting Program, developers were required to partner with a Local Lead Agency (LLA) to develop and submit a Targeting Plan (this became a post-award requirement in 2005). The Targeting Plan must outline how the development will work with the LLA and other local human services agencies to make the units available to the target population. DHHS staff worked to bring together local partners collaborating to implement Targeting Plans for each development.

Initially, developers had to outline mechanisms to ensure the affordability of units for the targeted population, including persons with incomes as low as Supplemental Security Income (SSI), in their Targeting Plans. Mechanisms for achieving affordability varied, but many developments counted on Section 8 project-based rental assistance from the local housing authority for the entire project, or for a percentage of the units. Due to administrative challenges with developer's accessing Section 8 project-based rental assistance, many developments that received bonus points in 2002 or 2003 were not able to carry out the affordability strategy identified in their plan. In 2004, NCHFA removed making the targeted units affordable to persons with incomes as low as SSI as a requirement.

In 2007, with the support of the North Carolina General Assembly and in response to making the targeted units affordable to extremely low-income persons, NCHFA and DHHS created a state-appropriated operating assistance program called the Key Program to provide project-based rental assistance to ensure the affordability of the Targeted Units. The Key Program provides operating subsidy to developers funding the difference between the tenant share of the rent (i.e. 30% of a tenant's gross income) and the payment standard (either 50 or 60% AMI rent level). According to NCHFA, the average Key Program subsidy amount is \$220 per month.

Qualified recipients are adults with long-term disabilities who receive income based on their disability (SSI, SSDI, etc), and whose total household income does not exceed 30% of the area median income who are residing in a Targeting Program unit. Eligibility for Key Program assistance included a formal letter that certified an applicant as qualified for a Targeted Unit (i.e., has a long-term disability) and the Key Program (i.e., receiving income on the basis of their disability that does not exceed 30% of the area median income), as well as the applicant's status with the local Section 8 program to facilitate the transition to a permanent source of rental assistance if the opportunity arises.

In order to make the Targeting Program as responsive as possible to developer/owner's needs, NCHFA in close coordination with DHHS instituted a number of program features including: making the Key Program voluntary for developer/owners; allowing the developer/owner the authority to select the specific Local Lead Agency with which to partner; and allowing a developer/owner the ability to request that a Targeting Unit be categorized 'dormant'<sup>46</sup> if no referrals are received for that particular unit over a period of time. NCHFA and DHHS have also designed the Key Program to be responsive to both owner/managers and service provider needs allowing for flexibility of the BR type and the household income with approval by DHHS staff.

NCHFA also oversees the long-standing Supportive Housing Development Program which assists non-profits and local governments in developing emergency shelter, transitional housing and permanent supportive housing for individuals or families who are homeless and/or disabled. Through the provision of development assistance in the form of long-term, interest free loans, the Supportive Housing Development Program primarily supports the development of small scale, single-purpose supportive housing. The Supportive Housing Program must be able to include or make available appropriate supportive services to residents. NCHFA primarily funds this program through the North Carolina Housing Trust Fund funded through the North Carolina General Assembly. NCHFA staff provides intensive pre-development technical assistance as well as on-going compliance monitoring to ensure long-term success of these permanent supportive housing projects.

Under the *Olmstead* settlement, the North Carolina General Assembly has appropriated resources to the DHHS budget to expand supportive services to meet the needs of settlement class individuals residing in a community-based setting. DHHS will also provide state appropriated funding to establish a Tenant-Based Rental Assistance (TBRA) to provide individuals the opportunity to secure affordable housing. As a result, settlement class individuals may have the opportunity to benefit from these housing tenant-based housing resources/opportunities or supportive housing made available through the Targeting Program. Similar to other State's supportive housing plan developed to meet the supportive housing benchmarks/requirements laid out in the *Olmstead* settlement, North Carolina State Agency

---

<sup>46</sup> DHHS approves the request of categorizing a unit as dormant. If a unit is named dormant, the owner/property manager is relieved of its responsibility of giving notice to the LLA/DHHS of the unit coming available. If the local need for the dormant unit changes, DHHS may activate the unit and re-initiate the requirements under the Targeting Program. The dormant designation is typically made in LIHTC-financed properties located in rural area where the need for the supportive housing may be less or there are specific barriers (i.e. transportation) for a person with disabilities wanting to reside in the specific housing development.

partners have primarily focused on tenant-based supportive housing strategies in an effort to meet the aggressive timelines and benchmarks.

### **Community-Based Services**

Individuals served by the Targeting Program or as a result of the Settlement Agreement have access to various community based services funded through various Medicaid state plan and waivers and State general funds, including in-home, community support services, Assertive Community Treatment, and peer support. North Carolina is currently exploring potential Medicaid state plan or waiver modifications in order to leverage as much funding for services delivered in PSH as possible. North Carolina is in a transition period whereby Local Management Entities (LMEs) have been consolidated and will perform management of services to individuals with mental illness, intellectual and developmental disabilities, and substance use disorders through a 1915 (b)/(c) Medicaid Waiver. The MH/DD/SA services for Medicaid recipients and the uninsured in North Carolina will be managed by 11 Local Management Entities (LMEs) that will function as Managed Care Organizations. According to DHHS, approximately 70% of referrals to a Targeting Program unit are from a LME or one of its service partners.

### **Success in Leveraging Public-Private Resources**

In 2004, DHHS was successful in leveraging a Real Choice Systems Change Grant from the US Department of Health and Human Services to create DHHS regionally-based supportive housing specialists to support the implementation of the Targeting Program and the building the capacity of the Local Lead Agencies (LLA). North Carolina strategically employed these federal resources to create a DHHS-based supportive housing coordination and technical assistance capacity which was responsive to the needs of both developer/owners and the LLA. DHHS in coordination with NCHFA was able to successfully transition the long-term financial support of these regionally-based housing specialists from these federal grant funds to a sustainable state-funded appropriation.

In addition, NCHFA's Supportive Housing Development Program has been very successful in leveraging private philanthropy resources from a variety of foundations active in North Carolina. According to NCHFA staff, non-profits developers have successfully leveraged private philanthropic funds from a variety of groups including the Bank of America Charitable Foundation, Wells Fargo Regional Foundation, and the Kate B. Reynolds Charitable Trust.

## **Outreach, Waiting List & Referral Strategies**

### **Target Population**

The Targeting Program, as part of the LIHTC program, creates a set aside of units for persons with disabilities or homeless populations. The DHHS target population includes extremely low-income households with disabilities including frail elders and persons who have been homeless. Specific to the *Olmstead* settlement, people with mental illness living in Adult Care Homes are a target population.

### **Design/Responsibility of Waiting List/Referral Functions**

DHHS created a network of Local Lead Agencies (LLAs) by designating an existing nonprofit agency (generally the Local Management Entity (LME) for DHHS's mental health, substance abuse, and developmental disability system) in each region of the state to provide outreach, referral and unit tracking capacity and infrastructure. Targeting Plans demonstrate a meaningful partnership between each development and the LLA. A required element of the Targeting Plan is the Referral, Screening and Communication Plan. In part, this describes how the LLA will work with community service providers in making referrals. Designated LLAs must make Targeted Units available to qualified applicants and assist property management and participating referral agencies to meet Targeted Unit tenants' needs regardless of disability type.

As the Targeting Program has evolved so has the role of the LLAs. Initially, they were responsible to manage the Targeted Unit referral process. LLAs accepted and prescreened referrals for Targeted Unit eligibility, established and maintained waitlists for Targeted Units, and assisted property management in filling units with individuals from those waitlists.

In the fall of 2007, DHHS convened a statewide meeting of LLAs. During the meeting, LLAs expressed concern over the growing demands of managing the referral process for a rapidly expanding program. After the statewide meeting, NCHFA and DHHS determined that a new referral management process would be needed for long-term program sustainability. DHHS, through its regionally-based supportive housing specialists, has since taken responsibility for managing the referral process for developments with Targeted Units and LLAs have shifted their attention to helping ensure successful tenancy for Targeted Unit residents.

### **Responsibility of Tenant Liaison Functions**

The LLA serves as a 'single point of contact' to connect the supportive services system to the owners of PSH units. The LLA, on behalf of the state, has a formal relationship with all owners of Targeted Units through a Memorandum of Understanding (MOU) for each property. In the MOU between the LLA and the owner/property manager, the Local Lead Agency agrees to act as liaison between property management and Targeted Unit tenants' referral agencies to address issues with tenancy should they arise and facilitate communication with property management, referral agencies and DHHS by designating, and maintaining in the event of staff turnover, named individuals as the primary contact and as the back-up contact on matters related to Targeted Units.

To support property owners, LLA, and supportive service providers with a better understanding of reasonable accommodation in the implementation of the Targeting Program, NCHFA and DHHS in close collaboration with both the Apartment Association of North Carolina and the North Carolina Fair Housing Center, developed the *Fair Housing for Tenants with Disabilities: Understanding Reasonable Accommodation and Reasonable Modifications Handbook*.<sup>47</sup> DHHS and NCHFA use this specialized handbook together with re-occurring training and technical

---

<sup>47</sup> The NCHFA Reasonable Accommodation Handbook is available at <http://www.nchfa.com/forms/Forms/ReasonableAccommodation.pdf>



assistance provided by the DHHS regionally-based housing specialists to maintain a level of understanding about the principles of fair housing at the property manager and service provider levels.

### **Community-Based Supportive Services**

As mentioned earlier, the MH/DD/SA services for Medicaid recipients and the uninsured in North Carolina will be managed by 11 LME-MCOs that will function as Managed Care Organizations. While the DHHS designated LME-MCO/LLAs provide services to one or more disability subpopulations, the LLA also agrees to act as a provider, and/or coordinator, and/or referral agent to ensure that all people referred to Targeted Units are linked to community-based services and supports to sustain their tenancy. The MOU between LLAs and property owners/managers makes the LLAs responsible to facilitate access to an array of supportive services for Targeted Unit tenants offered by participating human services agencies. These services are available to tenants on an as-needed basis, and receipt of these or any other services is not a condition of tenancy.

### **Service-Enriched Housing Policy Evaluation**

As mentioned earlier, NCHFA continues to require all LIHTC-financed projects through the 2013 Qualified Allocation Plan (QAP) to target 10% of the total units to persons with disabilities or homeless populations. A LIHTC developer is not required to provide onsite supportive services or service coordinator as part of the targeting commitment. During the LIHTC application process, NCHFA conducts a standard underwriting threshold analysis per the QAP of all LIHTC applications which all include Targeted Supportive Housing units. In addition, NCHFA conducts a standard financial feasibility assessment of all applications to identify project that may have “difficulty being completed or operated for the compliance period.”<sup>48</sup>

Developer/owner must demonstrate a partnership with a LLA and submit a Targeting Plan for review and approval by DHHS post-application. The QAP outlines the specific requirements of the Targeting Plan. Key requirements include: participation in supportive services will not be a condition of tenancy; agreement that for a period of 90 days after initial certificate of occupancy the required number of units will be held vacant for referral by DHHS; agreement that for a period of 30 days upon a target unit being made available that the unit will be held vacant for referral by DHHS;<sup>49</sup> and a commitment from the LLA to provide, coordinate, and/or act as the referral agent to assure that supportive services will be available to the targeted tenants. NCHFA continue to make available the Key Program, providing project-based operating subsidy to make the targeted units affordable to extremely low-income people with disabilities. DHHS regionally-based supportive housing staff is available to work closely with owners and the LLA on developing and finalizing the Targeting Plan. The owner must agree to complete the requirements of the Targeting Plan no later than four months prior to the project’s placed in service date.

---

<sup>48</sup> NCHFA QAP 2013

<sup>49</sup> If the Targeted unit is not filled and the owner filled the unit with a non-eligible tenant, then the owner is responsible to make available for referral by DHHS the next available unit of that BR type.

NCHA also requires LIHTC-financed property owners to record a 30 year Land Use Restrictive Covenant stating that the owner will comply with all requirements under the Code, QAP, other relevant statutes, and regulations and all representations made in the approved application. In regards to its LIHTC-financed properties, NCHFA compliance staff conducts compliance monitoring in accordance with agency policies.<sup>50</sup> In TAC's stakeholder interview, NCHFA compliance staff focused monitoring attention on participant files, the lease agreement, reasonable accommodation requests and preserving the 30 and 90 day marketing window for the targeted units. If issues regarding the Targeting Program are identified during a compliance review or site visit, NCHFA staff will refer the issue/problem to the DHHS housing specialist for technical assistance and troubleshooting. If technical assistance is not successful, NCHFA staff reserve the right to 'flag' a project and deem it out of compliance in regards to the Targeting Program requirement. NCHFA staff also offer a "courtesy visit" during the initial lease up period with owner/manager to review all form and compliance expectations including the Targeting Program requirements. Also within the ongoing administration of the Key Program, NCHFA staff is able to continually monitor Targeting Unit compliance and work with DHHS housing staff to address resolve matters as they arise. As an example of this close inter-agency collaboration, NCHFA and DHHS staff meet monthly to review the Key Program operations. It was also suggested that the scope of these monthly meeting increase from focusing primarily on key program operations to track on a more deliberate basis timely notification of unit availability by the owner/manager and trends regarding turnover/recidivism.

The most significant administrative barrier identified in North Carolina was the ongoing challenge of utilizing the Section 8 Project Based Voucher Program in conjunction with supportive housing. In fact, HUD's Office of the Inspector General released an audit report in the 2004/5 timeframe regarding the Section 8 Housing Choice Voucher Program in North Carolina. As a result of the report's findings, as well as local public housing authorities' reluctance to exercise their option to administer a Section 8 Project-Based Voucher Program, NCHFA and DHHS pursued state appropriated funds (which resulted in the Key Program) in order to address the need for operating subsidy funds to support the Targeting Program. Given this history of the Section 8 Project Based Voucher Program in North Carolina, there have been very few successful examples of this valuable Section 8 operating subsidy utilized in support of the Targeting Program and supportive housing.

### **Strengths**

The long-standing, successful partnership between NCHFA and DHHS has developed a sustained production pipeline of integrated supportive housing for people with disabilities for over ten years. The success of Targeting Program over this period has resulted in a very experienced staff in the operations and management of integrated supportive housing at both NCHFA and DHHS. Over this 10 year period, the NCHFA and DHH collaborative have developed and refined a national best practice model of policies and procedures at all levels of operation (state agency partnership level, LIHTC project-level, individual Targeting Unit referral level) to structure the management of the Targeting Program. The Targeting Program also

---

<sup>50</sup> NCHFA's Compliance Monitoring highlights - <http://www.nchfa.com/rental/Mprogcompliance.aspx>

benefits from the state funding through DHHS to fund both the regionally-based housing specialists and the Key Program's operating assistance. The DHHS regionally based housing specialists who are dedicated to ensuring the Targeting Program remains responsive to both developer/owners and people with disabilities residing in the units. Throughout the evolution and maturation of the model, the LME-MCO/LLA structure has demonstrated the potential to ensure integrated service delivery and recognizes the importance of housing and housing permanence. As mentioned earlier, NCHFA and DHHS carefully designed the Targeting Program model in a manner that focuses on the "strengths" of each party – the developer/owner focuses on provision of affordable housing and LLA/service provider focuses on provision of supportive services to assist with preserving a long-term successful tenancy. The North Carolina state partnership also made efforts to continually be responsive to the needs of both the owner and tenant in structuring the program demonstrating a great deal of flexibility with the development of "dormant" units classification and the administration of the Key Program (i.e. number of units in response to a reasonable accommodation). To a large extent, the main strength of North Carolina model lies in its simplicity.

In addition, the *Olmstead* settlement provides an opportunity and catalyst for services and housing agencies to further improve collaboration, and also resulted in an important infusion of new resources. The North Carolina General Assembly appropriated additional state funding for housing (establishing a tenant-based rental assistance program) and supportive services for settlement class individuals moving from institutional settings. The willingness to explore modifications to the Medicaid state plan and waiver services to cover related, eligible supportive housing services is a potential benefit.

### Challenges/Lessons Learned

With the success, evolution and growth of the Targeting Program, the North Carolina state partnership continues to identify and respond to a variety of challenges in managing a significant portfolio of integrated supportive housing throughout North Carolina. Below is a brief discussion of the key challenges facing North Carolina. As supportive housing units are added to the Targeting Program on an ongoing basis, the DHHS regionally-based supportive housing specialist's<sup>51</sup> workload burden has increased. DHHS continues to monitor the need to increase the current housing specialist staff to meet future unit demands and to ensure the long-term responsiveness of the Targeting Program. In its stakeholder interviews, the Local Management Entities (LMEs) were identified as playing a critical role as the Local Lead Agency in a number of communities. However, it was also identified that the competency and effectiveness of LMEs does vary by entity. In support of the Targeting Program, supportive services are not a requirement of housing (based upon the program model and best practices) and therefore there is often a challenge for tenants to continue their engagement with services over the long-term.

Despite efforts to provide training and technical assistance, some property managers at LIHTC-financed properties are not as versed in reasonable accommodation as regional managers and may screen-out tenants without consideration of reasonable accommodation (many in targeted

---

<sup>51</sup> Currently, the DHHS staff is currently comprised of four staff – with one supervisor and 3 regional housing specialists.

population will have bad credit/eviction histories, criminal background etc.). These last two ongoing challenges point to the importance to sustain ongoing training and technical assistance for the front line staff at both the property management firms and supportive services providers to improve understanding and expertise. In the future, both NCHFA and DHHS expressed interest in using the next generation supportive housing database and tracking system (currently in development by DHHS) to better track compliance and system effectiveness (i.e. timely notification, referrals, recidivism or turnover rates by property) from both an owner/property management perspective and LLA perspective.

As mentioned earlier, the recent DHHS agency re-organization moved the DHHS supportive housing initiative and staff from the DHHS Secretary's Office to the Division of Aging and Adult Services. This organizational move of supportive housing staff poses a potential unintended consequence of diminishing the importance of supportive housing from a state housing and services policy perspective and an important clinical and fiscal intervention. In addition, the move to a division may create challenges for supportive housing staff in coordinating a cross-disability supportive housing effort, as well as in working cross-departmentally with NCHFA (e.g. communication and paperwork approvals and exchange may become more difficult).

Within the context of developing a statewide plan to meet the supportive housing benchmarks specified in the *Olmstead* Settlement Agreement, the North Carolina state partnership continues to make efforts to better align housing and services for people with disabilities in institutional settings and people who are in homeless settings. However, as North Carolina continues to refine its managed care landscape for behavioral health services, the role of Managed Care in financing supportive services in conjunction with supportive housing is still to be determined. Further, whereas new funding has been allocated to support the Settlement Agreement, supportive services providers continue to be faced with service funding reductions that could compromise the underlying service delivery infrastructure.

### **State Agency Partnership Assessment**

Within North Carolina's Targeting Program, the roles and responsibilities have been established over the past ten years. These role and responsibilities have been discussed throughout this case study. In addition, the North Carolina state agency partners continue to discuss and refine their roles in the implementation of their supportive housing plan developed to meet the supportive housing benchmarks called for in the *Olmstead* Settlement Agreement.

### **Division of Labor: Pros and Cons**

The current Targeting Program design dedicates regional DHHS staff to manage the waiting list and referrals. This level of dedicated housing staff at DHHS must be considered the most important strength of the North Carolina model. Dedicated DHHS housing staff is also critical in the training and provision of technical assistance to all key elements of the Targeting Program model including owners/property managers, LLA, and human service agencies. Proper staffing levels remain critical to maintaining the DHHS housing staff as the primary strength of the model. In regards to challenges within the model, the LMEs and its service provider network provide approximately 70% of the referral to the Targeting Program. The LLAs have not been

able to make the necessary connections with other disability stakeholders to improve referral linkages, making it a stronger cross-disability supportive housing initiative. In addition, the LLA model has experienced challenges with managing the readiness of some eligible disability groups to make the successful, timely transition to a unit within the Targeting Program. Specifically, referrals from the Money Follows the Person Program take a significant amount of time and are a challenge to coordinate with the availability of a unit from the Targeting Program.

### **Developer/Property Manager Analysis**

Within its stakeholder interviews with owner/property managers, the North Carolina Targeting model was generally viewed as being an overall success filling an important need within the community. Specifically, the owner/property managers pointed out some of the Targeting Program's flexible features such as the "dormant categorization", the flexibility and simplicity of the Key Program (in direct contrast to the complexity and administrative burden of the Section 8 PBV program); and the simplicity of the targeting requirement – "if the referral is not made, the owner still has the right to fill the unit". Since the program is well established with the development community in North Carolina, it was also recognized that the owner/property managers have significantly improved their capacity and expertise in offering housing to people with disabilities in terms of property management practices (i.e. maintaining confidentiality about a person's disability and proper file management), understanding of reasonable accommodation principles and coordination with LLA and service providers.

In terms of ongoing challenges, owner/managers recognized some time delays in receiving timely referrals from DHH. There was a suggestion that DHHS might be able to conduct some level of pre-screening regarding credit and criminal background to improve the process. Some owner/managers expressed some flexibility in regards to waiting issues related to credit. However, the property managers did recognize that the referrals have generally become more reliable and predictable since DHHS housing specialists assumed the waiting list management responsibility. Despite this challenge, the owner/managers also expressed flexibility in accepting referrals past the 30/90 day referral deadline. In terms of other challenges, owner/managers expressed challenges with supportive service engagements amongst Targeted Program tenants and the responsiveness of the service provider (in some cases) to re-engage the tenant. One property manager questioned which entity (i.e. the LLA or the service provider) to contact in order to re-connect the tenant with services. It was also noted that in LIHTC-financed properties that had a tenant services coordinator (primarily in elder projects) the task of re-connecting a tenant with appropriate supportive services was less of a challenge. Finally, the owner/managers recognized the importance of and need for ongoing training and technical assistance in regards to the operation of the Targeting Program for front-line and supervisory property management staff, due to staff turnover.

**SERVICE ENRICHED HOUSING PROJECT PROFILE**  
**PROJECT NAME: BORDEAUX APARTMENTS**

<b>Developer:</b>	Urquhart Development, LLC										
<b>Location:</b>	Gastonia, NC										
<b>Description:</b>	Bordeaux Apartments is a new construction project comprised of 32 garden style apartments. The complex consists of 5 buildings with four 8 unit residential buildings and one combination office, laundry, community space and maintenance building. There are 24 two bedroom units and 8 three bedroom units.										
<b>Total Development Costs:</b>	\$4,285,788										
<b>Capital Funding:</b>	<table border="1"> <thead> <tr> <th>SOURCE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Low Income Housing Tax Credit Equity</td> <td>\$3,487,435</td> </tr> <tr> <td>State Tax Credit Loan</td> <td>\$475,435</td> </tr> <tr> <td>Deferred Developer's Fee</td> <td>\$322,603</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$4,285,788</b></td> </tr> </tbody> </table>	SOURCE	AMOUNT	Low Income Housing Tax Credit Equity	\$3,487,435	State Tax Credit Loan	\$475,435	Deferred Developer's Fee	\$322,603	<b>TOTAL</b>	<b>\$4,285,788</b>
SOURCE	AMOUNT										
Low Income Housing Tax Credit Equity	\$3,487,435										
State Tax Credit Loan	\$475,435										
Deferred Developer's Fee	\$322,603										
<b>TOTAL</b>	<b>\$4,285,788</b>										
<b>Income Profile:</b>	Units at 30% & 60% of Area Median Income (AMI). PSH Targeted Units affordable for extremely-low income households.										
<b>Financing Strategies:</b>	This project comprises a standard low-income tax credit financing structure. Specifically, the rental project was financed with \$3.48 million of equity through the Low Income Housing Tax Credit Program and a 30 year deferred payment loan of \$475,435 raised through the State's Tax Credit Program. Finally, the developer deferred a portion of the fee totaling \$322,603. The Key Program provides an operating subsidy to make the four targeting program units affordable to extremely low-income disabled households.										
<b>Integrated Housing Features:</b>	Through the Targeting Program, Four units are set-aside for persons with disabilities or homeless populations. An additional four units are accessible units for those with mobility impairments and targeted to populations requiring those features. Mental health and other human services are located in close proximity to the site.										

First Year Proforma	
Gross Potential Rent	\$219,960
Other Income-Laundry/late fees	\$3,000
Operating Subsidy	
Rental Subsidy	
Potential Gross Income	\$222,960
Vacancy & Collection Loss-7%	-\$15,607
Effective Gross Income	\$207,353
General & Administrative	\$38,750
Management Fee	\$20,500
Operating & Maintenance	\$29,250
Utilities	\$6,300
Taxes & Insurance	\$35,850
Compliance Fees	
Security	
Service Supplies	\$150
Total Expenses	\$130,800
Replacement Reserve	\$8,000
Net Operating Income (NOI)	\$68,553

Unit Mix & Rent Schedule					
Rent Type	Unit Size	Unit Count	Rent Per Unit	Key Assistance	Total Rent
Rental Assisted	2-BR	4	\$209*	\$106	\$1,260
30%	2-BR	2	\$315	\$0	\$630
50%	2-BR	18	\$636	\$0	\$11,448
30%	3-BR	2	\$357	\$0	\$714
50%	3-BR	6	\$713	\$0	\$4,278
	Unit Total	32		Monthly Total	\$18,330
				Annual Total	\$219,960

Operating Assumptions	
Revenues	2%
Expenses	3%
Reserves	4%
Vacancy	7%
Other-Laundry, etc.	2%

Long-Term Operating Pro-Forma								
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20
Gross Potential Rent	\$219,960	\$224,359	\$228,846	\$233,423	\$238,092	\$262,873	\$290,233	\$320,440
Other Income-Laundry, etc.	\$3,000	\$3,060	\$3,121	\$3,184	\$3,247	\$3,585	\$3,958	\$4,370
Operating Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rental Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Potential Gross Income	\$222,960	\$227,419	\$231,968	\$236,607	\$241,339	\$266,458	\$294,191	\$324,811
Vacancy & Collection Loss-7%	-\$15,607	-\$15,919	-\$16,238	-\$16,562	-\$16,894	-\$18,652	-\$20,593	-\$22,737
Effective Gross Income	\$207,353	\$211,500	\$215,730	\$220,044	\$224,445	\$247,806	\$273,598	\$302,074
Less Total Expenses	-\$130,800	-\$134,724	-\$138,766	-\$142,929	-\$147,217	-\$170,664	-\$197,847	-\$229,359
Less Replacement Reserve	-\$8,000	-\$8,320	-\$8,653	-\$8,999	-\$9,359	-\$11,386	-\$13,853	-\$16,855
Net Operating Income (NOI)	\$68,553	\$68,456	\$68,311	\$68,117	\$67,870	\$65,755	\$61,897	\$55,860
Less Debt Service	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0	-\$0
Net Cash Flow	\$68,553	\$68,456	\$68,311	\$68,117	\$67,870	\$65,755	\$61,897	\$55,860
Debt Coverage Ratio	-	-	-	-	-	-	-	-

## Georgia

---

### History /Description of Service-Enriched Housing Efforts

The State of Georgia has a long-standing tradition of focusing resources and State housing and services policy efforts on creating a range of supportive housing options including scattered-site, tenant-based and single-purposed supportive housing models for homeless individuals and families as well as people with disabilities. Both the Georgia Department of Community Affairs (DCA) and the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) sponsor an array of capital and operating funding sources, including the LIHTC program, federal rental assistance and capital grants, and state funds to further these supportive housing development efforts. In the past, the State of Georgia has been particularly successful in furthering tenant-based supportive housing strategies through the Shelter Plus Care program and single purpose, site-based supportive housing sponsored through the Permanent Supportive Housing Program.

However, in 2010, the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) entered into a Settlement Agreement with the U.S. Department of Justice (DOJ) to facilitate the community integration of individuals with developmental disabilities and mental illnesses.<sup>52</sup> This *Olmstead* Settlement Agreement triggered intensive services and affordable housing planning among several State agencies to help meet the terms in the agreement. Among the outcomes of the Settlement Agreement included the development of a state funded bridge subsidy program, known as the Georgia Housing Voucher Program, and significant expansion of services for those in the settlement class. Also, the Department of Community Affairs (DCA) developed a strategic supportive housing plan<sup>53</sup> that includes several approaches that will aid DBHDD to meet the terms of the Settlement Agreement. DCA also modified its housing policies prioritizing development resources to focus on the construction of new supportive housing options that limit the number of supportive housing set-asides for people with disabilities to no more than 15% in a single housing project.

Given the demands placed on the state by the *Olmstead* settlement to create a significant number of supportive housing opportunities within a limited amount of time, the state's housing and services policymakers focused resources and policies to encourage the creation of tenant-based supportive housing options as well as the development of integrated supportive housing within LIHTC-financed multi-family projects. The nonprofit development community that sponsored many of the single purpose supportive housing projects expressed concern regarding the State's housing policy changes made over the past year. State policymakers continue to engage these key constituents to collaboratively work with them on finding an effective role for them to play in the state supportive housing production efforts to satisfy the terms of the *Olmstead* Settlement Agreement. As an example of their openness to engage and partner with stakeholders, DCA hosted a roundtable with members of the Georgia Affordable

---

<sup>52</sup> Georgia Settlement Agreement with USDOJ. (2010).

[http://www.justice.gov/crt/about/spl/documents/georgia/US\\_v\\_Georgia\\_ADAsettle\\_10-19-10.pdf](http://www.justice.gov/crt/about/spl/documents/georgia/US_v_Georgia_ADAsettle_10-19-10.pdf)

<sup>53</sup> Improving Housing Options for People with Disabilities Under the State's Settlement Agreement and Money Follows the Person Initiative: [http://www.dca.state.ga.us/housing/specialneeds/programs/downloads/DCA%20Strategic%20Plan/DCA\\_Strategic\\_Plan-Final.pdf](http://www.dca.state.ga.us/housing/specialneeds/programs/downloads/DCA%20Strategic%20Plan/DCA_Strategic_Plan-Final.pdf)



Housing Coalition to clarify the mandates of the Settlement Agreement and to discuss barriers to integrating the target population into mainstream LIHTC housing development.

## Funding Structures

### Housing Development & Operating Resources

DCA has an array of programs including its Permanent Supportive Housing Program, Shelter Plus Care initiatives, and Housing Choice Voucher (HCV) program. According to its strategic plan, DCA has financed the construction of 508 units of supportive housing, provided 1,511 units of Shelter Plus Care assistance, and provided 373 units of tenant and project-based HCV rental assistance targeted to households that include an individual with a disability since 2000. The LIHTC Program has also financed the development of 750 units that are equipped for tenants with mobility impairments, and participating owners have agreed to set aside up to 5% of their units, approximately 500 units, for special needs tenants with a rental assistance voucher.

DCA administers and offers development funding through both the LIHTC Program and the State Tax Credit Program combined with State HOME funding to encourage the development of high quality, multi-family rental projects throughout the State. Within its Qualified Allocation Plan (QAP) since 2011, DCA has also implemented policies within its LIHTC Program designed to create incentives for LIHTC-owners to set-aside units for individuals with a disability linked with long-term rental assistance.

From 2001 to 2012, DCA used both federal HOME and State Housing Trust Fund resources to provide the capital resources necessary to create permanent supportive housing through its Permanent Supportive Housing Program (PSH Program). In 2004, DCA refined its targeted population for the program focusing on assistance solely on individuals who are homeless and have a disability. Since 2004, the PSH Program created 416 supportive housing units in 9 developments targeted to individuals who are homeless and have a disability. In addition to providing development resources, DCA often provides long-term operating assistance in the form of Section 8 Project Based Vouchers for these specialized projects.

In addition, DCA demonstrated innovation being one of the few States to utilize the Neighborhood Stabilization Program for supportive housing development creating 33 specialized units with these funds. DCA staff created strong relationships with the owners and developers of these permanent supportive housing projects. DCA staff often provided intensive technical assistance and support through both the pre-development stage as well as during operations in the role of lender. DCA remains in close contact with all of the projects and provides on-going technical assistance to ensure that the support service components continue to provide the level of supports that are needed to match the needs of the residents and that the physical buildings are maintained to high standards.

In 2012, given the demands placed on the State by the Settlement Agreement, DCA elected to discontinue the PSH Program in order to focus on the creation of integrated supportive housing within LIHTC-financed properties. DCA has agreed to honor the existing PSH Program

commitments within its development pipeline supporting these projects through pre-development and lease-up.

DCA operates a large Section 8 Housing Choice Voucher (HCV) Program targeted to small cities and rural Georgia. DCA currently manages over 16,000 rental assistance vouchers. In 2012, with HUD's approval, DCA has established a preference that will allow eligible Settlement Agreement applicants to move to the top of the wait list. DCA is also working with HUD to gain approval in order to establish a preference for MFP consumers who apply for the Section 8 HCV program. In addition to this, DCA implemented a new HOME Tenant Based Rental Assistance Program (TBRA) targeting disabled consumers from the Money Follows the Person (MFP) Program. DCA is currently implementing the program and has committed \$1,000,000 in resources through its FY 2012 Consolidated Plan. DCA's HOME TBRA program will operate statewide.

Through the Georgia Balance of State Continuum of Care, DCA administers a significant Shelter Plus Care Program managing 61 S+C grants providing over 1,600 units of housing for homeless individuals with disabilities and their families. These programs operate at a 97% efficiency rate, resulting in very little turnover for new clients to enter the program.

The Georgia Department of Behavioral Health and Development Disabilities (DBHDD) created a bridge rental subsidy program, the Georgia Housing Voucher Program (GHVP), to provide tenant-based rental assistance to individuals receiving supportive housing through the Settlement Agreement. The State of Georgia has committed to add state resources during each year of the Settlement Agreement to support approximately 2,000 individuals. Over 600 disabled households have been assisted to date. As part of its work around the *Olmstead* Settlement Agreement, the DBHDD and DCA are working closely to better align the GHVP with the Section 8 HCV program administered by DCA.

### **Community-Based Services**

Community-based services are funded largely through Medicaid and state general funds. As a result of the Settlement Agreement, additional resources were added to support the expansion of services for individuals with serious mental illness and those with developmental disabilities. Funding that was added was, in large measure, to leverage additional Medicaid funding through expanded waiver slots and Medicaid state plan services.

Georgia's Department of Community Health (DCH) recently modified its Community Behavioral Health Rehabilitative Services (CBHRS) state plan to broaden the scope and flexibility of services to meet the diverse needs of its target population, including the addition of Case Management, Community Living Supports, and Employment Rehabilitation.<sup>54</sup> CBHRS already permitted the delivery of services by certified peer support specialists. For those with

---

<sup>54</sup> DCH approved State Plan Amendment. (June 2012).  
[http://dch.georgia.gov/sites/dch.georgia.gov/files/related\\_files/document/GA\\_T-N\\_11-007\\_Community\\_Behavioral\\_Health.pdf](http://dch.georgia.gov/sites/dch.georgia.gov/files/related_files/document/GA_T-N_11-007_Community_Behavioral_Health.pdf)

developmental disabilities, additional slots were added to the New Options (NOW) and Comprehensive (COMP) waivers<sup>55</sup> to serve those who are part of the settlement.

Georgia also has a Money Follows the Person (MFP) program which is funded through CMS. The MFP program and funding are intended to link individuals being discharged from institutional settings to Georgia's waiver programs, which include: the Independent Care Waiver Program (ICWP), the Service Options Using Resources in a Community Environment Program (SOURCE), the Community Care Service Program (CCSP), and the NOW/COMP Waiver Programs.

In July 2012, DCH received a three-year \$57 million Balancing Incentives Program (BIP) grant to increase access to home- and community-based long-term care services and supports (LTSS). Georgia's BIP funds will be used to further expand the use of home- and community-based long-term care services through the following:

- Expand the number of slots in Georgia's five 1915(c) Medicaid Waiver Programs.
- Fund three new community-based services for Medicaid recipients with serious and persistent behavioral health needs. The services have been proposed through State Plan Amendment.
- Adopt Georgia's 12 Aging and Disability Resource Centers as the primary point of entry for home and community services.
- Provide web-based training on community-based long-term care services available to targeted referral sources.
- Create an Integrated Eligibility System to provide a single point of entry for Medicaid members. This system will be used to fulfill the Single Point of Entry/No Wrong Door requirements of the BIP grant.

### **Success in Leveraging Public-Private Resources**

As a result of its strategic planning process, DCA was able to identify ways to re-allocate various forms of rental assistance to people with disabilities as well as *Olmstead* class members. In 2012, DCA was the first state in the country to work with HUD to establish tenant selection preferences for rental assistance for individuals who are part of the *Olmstead* class. This HUD decision has enabled the State of Georgia to better align DCA's Section 8 Housing Choice Vouchers as well as create important engagement opportunities with local Public Housing Authorities on how they can be of assistance in supporting efforts to meet the state's supportive housing production goals within the *Olmstead* settlement.

### **Outreach, Waiting List & Referral Strategies**

#### **Target Population**

The target population in Georgia is primarily identified in the Settlement Agreement as individuals with serious and persistent mental illness and developmental disabilities who are in

---

<sup>55</sup> DCH:

[http://dch.georgia.gov/sites/dch.georgia.gov/files/imported/vgn/images/portal/cit\\_1210/49/43/92560099NOW\\_COMP\\_FY12.pdf](http://dch.georgia.gov/sites/dch.georgia.gov/files/imported/vgn/images/portal/cit_1210/49/43/92560099NOW_COMP_FY12.pdf)

institutional settings or at-risk of institutionalization. Those who are eligible for the MFP program are also a focus for the State. These include adults and children with developmental disabilities leaving Intermediate Care Facilities (ICFs), traumatic brain injuries, physical disabilities and older adults who are leaving nursing facilities. Transition-age youth leaving Psychiatric Residential Treatment Facilities (PRTFs) are also included.

In the 2013 QAP, DCA offered incentive points for multi-family applications that set-aside units for people identified in the Olmstead settlement or disabled people who are participants in the MFP Program. Specifically, the 2013 QAP specified people with severe, chronic developmental disabilities who currently live in institutions or are at risk of institutionalization; people with serious, persistent mental illness who reside in state hospitals, are at serious risk of institutionalization, or are chronically homeless due to their disabilities; and persons qualifying for participation in the Money Follows the Person program.

### **Design/Responsibility of Waiting List/Referral Functions**

DCA is working with DBHDD and Medicaid to create coordinated referral and waiting list processes. While this process does not currently exist, the goal is to: 1) have service providers identify referrals and complete initial screens to ensure eligibility for housing units funded and supported through various funding streams (e.g. LIHTC, HCV, Shelter Plus Care); 2) for DBHDD and DCH MFP staff to certify eligibility and submit completed referral packages to DCA; and 3) to have DCA manage the wait list and refer individuals to units as they become available.

As part of implementing the Settlement Agreement, DBHDD added enhanced responsibilities to its six regional offices in ensuring and coordinating efficient linkages to housing and services, including the hire of Regional Coordinators. Regional Coordinators play a direct role in transitioning people out of state-operated facilities, and assist as needed for others receiving services and housing under the settlement.

DCH is responsible for coordinating MFP and has agreements with DBHDD for people with developmental disabilities and the Division of Aging Services (DAS) for older adults. "Under the agreement with DBHDD, case expeditors and planning list administrators working in ICFs facilitate transitions. Under the agreement with DHS/DAS, options counselors and transition coordinators from the 12 regional Aging and Disability Resource Connections (ADRCs) facilitate transitions."<sup>56</sup>

DCA is in the process of developing a Housing Information Database that will track all affordable housing resources that are available to benefit the homeless and individuals with disabilities, including project-based housing units. The database system will also track Tenant-Based and Sponsor-Based rental assistance made available using State funded HOPWA, HOME, Section 8 HCV, and Shelter Plus Care resources. This system will be web-based and will have links that will direct users to the site from State Service Agencies' web sites. In addition, DCA also sponsored the development and continued support of the GeorgiaHousingSearch.org rental

---

<sup>56</sup> Kaiser Case Study on Georgia MFP. (December 2011). <http://www.kff.org/medicaid/upload/8262.pdf>

housing locator system and other housing sites specifically dedicated for individuals with disabilities seeking affordable housing resources.<sup>57</sup>

### **Responsibility of Tenant Liaison Functions**

Responsibility for tenant liaison functions is handled mostly at the provider level. For the Settlement Agreement, DBHDD Regional Coordinators provide support and intervene when necessary. For MFP, tenant liaison functions may be assigned depending on the individualized, person-centered plan. ADRC staff may play a role as necessary.

### **Community-Based Supportive Services**

Community-based services for those with mental illness, addictions, and developmental disabilities fall within the oversight of DBHDD and DCH, and are coordinated primarily through private, for-profit, non-profit, and quasi-public agencies known as Community Service Boards (CSBs). CSBs are non-profits delegated responsibility for managing a network of services in their geographic areas.

The Settlement Agreement identifies a class of approximately 9,000 individuals with Serious and Persistent Mental Illness (SPMI), and outlines a plan to significantly expand services, including Assertive Community Treatment, Supported Employment, Community Support Team, Intensive Case Management, Case Management, Crisis Stabilization, and Substance Abuse Services. The following core mental health services will also be provided by DBHDD and its network of mental health providers: Homeless Outreach Programs, Psychotherapy, Individual Therapy, Psychosocial Rehabilitation, Partial Hospitalization Program, Family Therapy, In-Home Behavioral Counseling, Respite Services, In-Home Intervention, Medication Monitoring, Self-Help Groups, Day Treatment Programs, Clubhouse, Referral to Primary Health Care, Referral to Vocational Rehabilitation, Young Adult Mental Health Services, Pharmacy Programs, Peer Support Programs, Group Therapy, and Addiction Services.

Those in the MFP target population receive pre-transition, post-transition, and various home and community based services depending on their needs. Pre-transition services may include Peer Community Support, Personal Support Services, Household Furnishing, Household Goods and Supplies, Moving Expenses, Utility Deposits, Security Deposits, Transition Support, Transportation, and Life Skills Coaching. Post-transition and on-going Home and Community-Based Services may include Skilled Out-of-Home Respite, Caregiver Outreach & Education, Community Ombudsman, Equipment and Supplies, Vision & Dental Care, Vehicle Adaptations, Environmental Modification, Home Inspections, and Supported Employment.

### **Service-Enriched Housing Policy Evaluation**

In response to the *Olmstead* Settlement Agreement, DCA began to pursue the development of a pipeline of integrated housing opportunities for individuals with disabilities within LIHTC-financed developments. In the 2011 and 2012 QAP, DCA created an incentive to agree to accept rental assistance from a state, federal or other approved organization to set-aside up to

---

<sup>57</sup> See link to Georgia Housing Search's special needs function <http://www.georgiahousingsearch.org/HowToSpecialNeeds.html>

5% of units in a project to accommodate individuals targeted under the Settlement Agreement. LIHTC Applicants universally elected this incentive. While no applicants in either the 2011 or 2012 round have secured a rental assistance commitment for this purpose at this time, by claiming the points they have agreed to designate up to 5% of the units for this population if rental assistance becomes available in the future.

In the 2013 QAP, DCA modified this incentive for integrated supportive housing offering 3 points for (1) an application that agrees to accept government project-based assistance for up to 15% of the units for the purpose of providing integrated housing opportunities for people with mental illness, as defined in the Settlement Agreement, and to individuals who participate in MFP and (2) additionally, three points to applicants who possess a commitment of HUD Section 8 project-based rental assistance which has elected to offer a preference in their Section 8 HCV Program for persons with specific disabilities identified in the Settlement Agreement. In order to receive the points for the latter incentive, the applicant must provide a commitment of Section 8 PBV assistance by the authorized public housing authority and a copy of the PHA's administrative plan or evidence of HUD review and approval for the proposed preference. DCA also expects the first portion of this incentive to be universally selected by all applicants in this year's LIHTC competition.

For LIHTC, State Tax Credits and HOME funds, DCA implements a competitive, combined application process. Through a team review, DCA evaluates and scores all LIHTC application including those electing to offer integrated supportive housing. Key elements of the application review include: a detailed financial analysis; a site visit to each proposed project and review of site plan, building elevation, and schedule of values; an environmental review; and a project and development team compliance review. For the PSH Program since 2010, DCA implemented a more rigorous, team approach review of permanent supportive housing applications review by both DCA's Supportive Housing staff and DCA's Affordable Housing staff. As part of this review, DCA's Affordable Housing staff conducts a thorough financial underwriting and feasibility analysis to ensure only high quality applications receive DCA's PSH funding.

As stated in the QAP, DCA requires all LIHTC-financed multi-family projects to execute and record the DCA prescribed form of the Land Use Restrictive Covenant (LURC) prior to final allocation. The LURC includes all DCA unit affordability requirements as well as an specific requirements elected in the LIHTC application including the offer of integrated supportive housing over the term of the compliance agreement and, as applicable, the extended use period.

DCA maintains rigorous inspection and monitoring requirements for all developments, whether Tax Credit, HOME, or PSH Program funded. DCA's Compliance staff comprises 11 full time staff members. DCA reviews, on average annually, 300 properties that include 16,000 units. During these compliance reviews, approximately 20% of the tenant files are examined and 20% of the units are inspected along with all common space, grounds and facilities. During the review, a sample of tenant files are examined, including move-outs, evictions, tenant eligibility and selection, household income, household assets, and required third party verifications. All non-compliance is reported promptly to the appropriate federal entity. For LIHTC-financed

properties, the initial inspection of the units will be conducted within two years of the placed in service date and every three years thereafter. To promote strong compliance, DCA has implemented penalties for non-compliant owners of HOME, Tax Credit, and PSH Program properties who have failed to comply with program requirements through the annual QAP.

### Strengths

Over the past several years, the Georgia Department of Community Affairs has maintained a skilled, experience supportive housing staff that offers both specialized development experience as well as experience operating specialized rental assistance programs for homeless individuals/families and disabled people. DCA will rely on the internal agency capacity and the breadth of experience within its staff as it is challenged in the coming years to help meet the aggressive supportive housing benchmarks called out in the *Olmstead* Settlement Agreement. In the future, DCA will be well served to rely on this staff expertise to provide ongoing technical assistance, training and troubleshooting to resolve matters between developer/owners and supportive service providers. In addition, the State of Georgia also possesses the strength of administering a State Public Housing Authority with access to a significant Section 8 Housing Choice Voucher Program.

Though the *Olmstead* Settlement Agreement is a catalyst for change, the Department of Community Affairs' willingness to support the Department of Behavioral Health and Developmental Disabilities to modify policies and programs to meet the needs of settlement class individuals is a positive indication of its commitment to these efforts. Included in this effort was the development of a Steering Committee with executive level participation to improve coordination across State Departments. In addition to the work of the Steering Committee, the State Agency Partners also worked together on an application for Section 811 PRA Demonstration Program. As part of this, an Interagency Partnership Agreement was executed further clarifying the roles and responsibilities of each entity in implementing an integrated supportive housing initiative.

DCA's recent strategic plan has served as a mechanism to maximize operating and capital funding for integrated supportive housing opportunities for people with disabilities. The Settlement Agreement prescribes specific requirements regarding the number of people with mental illness and or developmental disabilities who can live together in state supported housing and services. Additionally, DCA's recent policy to prioritize development resources toward the construction of new supportive housing options that limit occupancy set-asides for people with disabilities to no more than 15% in a LIHTC-financed multi-family project is intended to support disabled people in the most integrated settings. Georgia was also the first state to work with HUD to allow for a preference in the HCV program for *Olmstead* class individuals.

As part of the settlement, development of the Georgia Housing Voucher Program, a state funded rental assistance program, will serve as a bridge to various forms of federal rental assistance administered by DCA. The GHVP will serve approximately 2,000 when fully funded. Additional funding was also added to support the expansion of community-based services, and modifications to the State's Medicaid waivers and state plan services will result in better

leveraging of federal funds and services tailored to support individuals' community support needs.

### **Challenges/Lessons Learned**

Shifting policy to one that places greater focus on more integrated housing models has been a challenge for the State. However, strong leadership and good communication with stakeholders have resulted in progress. As in other states, relationships with Public Housing Authorities can be difficult to foster, but are possible. Streamlining communication amongst state agencies is important when communicating with PHAs. Ensuring the availability of flexible, responsive services is important to gaining the trust and support of PHAs, as well as other developers and property managers.

The development of a state-funded bridge rental subsidy program can be a mechanism to expedite access to housing and meet the needs of individuals who may not qualify for federal rental assistance. However, the development of such a bridge program should mirror federal rental assistance programs to the extent possible in order to ensure that the transition from the bridge program to a federal subsidy is smooth.

### **State Agency Partnership Assessment**

Within Georgia's supportive housing initiatives and efforts, the roles and responsibilities have been established over the past several years and have further evolved and clarified since 2010 between DCA, DBHDD and DCH. These role and responsibilities have been discussed throughout this case study.

### **Division of Labor: Pros and Cons**

Aligning similar goals across Departments can be a challenge due to respective roles, obligations, and other requirements. Obligations under the terms of the DOJ Settlement Agreement place pressure on DBHDD that may conflict with policy and funding requirements at DCA. The development of the GHVP enables DBHDD to flexibly meet its needs early on in the settlement process, and DBHDD has recognized the need to plan for long term housing support through DCA. The DCA Steering Committee is a good forum to ensure that the 'division of labor' maintains focus on both the short and long term housing and support needs.

Georgia's effort in its HUD Section 811 planning process to more clearly identify provider, owner/property manager, DCA, DCH and DBHDD roles will improve accountability and ensure a more efficient outreach and referral process, and will be more responsive to consumer and property manager needs and concerns.

### **Developer/Property Manager Analysis**

The discussion below is influenced by interviews with developer/owners (mostly non-profit, mission driven entities) of supportive housing through the State of Georgia and findings from two DCA-sponsored Focus Groups of the affordable housing development community (both non-profits and more experienced for-profit/non-profit developers) convened on October 27, 2011.



For those in the nonprofit development community that primarily utilized the PSH Program to create single-purpose supportive housing, there were general concerns with DCA's policy direction away from actively encouraging single purpose supportive housing. Many developers had difficulty envisioning other development models although many are involved in scattered site leasing or tenant-based rental assistance (i.e., Shelter Plus Care). Some expressed openness in entering into a joint venture to pursue a LIHTC-financed property with an integrated supportive housing component. From one community, a successful joint venture model between a non-profit developer and the local Community Support Board (mental health provider) was offered.

From the more experienced LIHTC developers, there was recognition that any integrated supportive housing model needs long-term, project based rental assistance to work over the long-term. There were general comments about the need to have detailed discussions with equity investors regarding the financing commitment for both the rental assistance and the services. Both for-profit and non-profit developers with experience working with service providers recognized that there are very good, competent service providers as well as those with capacity issues (i.e., quality varies widely). One developer suggested a model/agreement that holds the units for a specific amount of time but permits release from the requirement if no special needs tenant is available. There were also comments raised concerning DCA's assessment of property management fees and the need to fund these services adequately in order to oversee supportive housing tenants. As a suggestion, the point was raised that other states allow for LIHTC-financed properties to be underwritten with tenant service coordinator services out of project income. DCA should consider allowing such a model to assist with the support of the integrated supportive housing.

The DCA-sponsored integrated housing initiative is in the nascent, development stages. LIHTC-financed properties have not yet identified rental assistance and therefore the set-aside has not been implemented. As mentioned earlier, DCA is working with DBHDD and Medicaid to create coordinated referral and waiting list processes. However, within the development of the State's application for Section 811 PRA Demonstration Program funding this past summer, the State Agency Partners (DCA, DCH, DMHDD) negotiated and executed to an Interagency Partnership Agreement outlining the roles and responsibilities in the implementation of an integrated supportive housing initiative using Section 811 PRA subsidies. This will provide the foundation for the partnership moving forward. As part of further discussions and planning activities, the State Partners will need to develop formalized agreement structures at the LIHTC-financed project level (i.e., Supportive Housing Targeting Agreement), and individual consumer level to guide effective implementation and support compliance and technical assistance activities.

**SERVICE ENRICHED HOUSING PROJECT PROFILE**  
**PROJECT NAME: LONE MOUNTAIN VILLAGE PHASE II**

<b>Developer:</b>	Braden Development LLC										
<b>Location:</b>	Ringgold, GA										
<b>Description:</b>	Lone Mountain Village Phase II is the new construction of a 64 unit complex reserved for elderly aged 55 and older. The site is located in a residential area with amenities and services nearby. On-site amenities include a clubhouse facility, computer resource room, library, and fitness room. The unit mix of the development will include 8 one-bedroom units and 56 two-bedroom units.										
<b>Total Development Costs:</b>	\$8,901,988										
<b>Capital Funding:</b>	<table border="1"> <thead> <tr> <th>SOURCE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Low Income Housing Tax Credit Equity</td> <td>\$7,076,459</td> </tr> <tr> <td>DCA HOME</td> <td>\$1,825,000</td> </tr> <tr> <td>Deferred Developer's Fee</td> <td>\$ 539</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$8,901,998</b></td> </tr> </tbody> </table>	SOURCE	AMOUNT	Low Income Housing Tax Credit Equity	\$7,076,459	DCA HOME	\$1,825,000	Deferred Developer's Fee	\$ 539	<b>TOTAL</b>	<b>\$8,901,998</b>
SOURCE	AMOUNT										
Low Income Housing Tax Credit Equity	\$7,076,459										
DCA HOME	\$1,825,000										
Deferred Developer's Fee	\$ 539										
<b>TOTAL</b>	<b>\$8,901,998</b>										
<b>Income Profile:</b>	Units at 50%, & 60% of Area Median Income (AMI). 5% of the units or four units are set-aside as permanent supportive housing (PSH).										
<b>Financing Strategies:</b>	The equity commitment stipulated that approximately \$5.5 million of the \$7 million in equity would be funded during the construction phase. Once the property is completed and stabilized, the final equity contribution will be provided. At that time, the HOME construction loan (0% interest) will be converted to a permanent Irregular Permanent Stream loan amortized over a 20 year term with a balloon payment due at the end of the term. Debt payments will be limited to 67% of the cash flow, an amount that equates to a Debt Coverage Ratio (DCR) of 1.50. This renders the most efficient payment possible, in conjunction with decreasing the interest rate, to both generate positive cash flow and also amortize the HOME loan. Post closing, it is expected that the developer will be offered some form of rental assistance subsidy (either through the Section 811 PRA, Section 8 Project Based Voucher or State-Funded Rent Subsidy) to make the PSH units affordable to extremely low-income disabled households.										
<b>Integrated Housing Features:</b>	Social services include social and recreational programs planned and overseen by the project manager, and semi-monthly classes conducted on site. The development has set-aside 5% of units for special needs populations including those who are homeless or persons with disabilities.										

First Year Pro-forma	
Gross Potential Rent	\$276,960
Other Income-Laundry, vending, etc.	\$5,539
Operating Subsidy	
Rental Subsidy	
<b>Potential Gross Income</b>	\$282,499
Vacancy & Collection Loss-7%	-\$19,775
<b>Effective Gross Income</b>	\$262,724
General & Administrative	\$6,300
Management Fee	\$26,426
Payroll & Payroll Tax	\$39,886
Repairs & Maintenance	\$30,436
Utilities	\$24,200
Taxes & Insurance	\$59,224
Replacement Reserve	\$16,000
Compliance Fees	
Security	
Other-Legal, Accounting, Advertising	\$8,800
Supportive Service fees	
<b>Total Expenses</b>	\$211,272
<b>Net Operating Income (NOI)</b>	\$51,452

Unit Mix & Rent Schedule				
Rent Type	Unit Size	Unit Count	Rent Per Unit	Total Rent
50%	1-BR	2	\$330	\$660
50%	2-BR	11	\$365	\$4,015
60%	1-BR	6	\$330	\$1,980
60%	2-BR	45	\$365	\$16,425
	Unit Total	64	Monthly Total	\$23,080
			Annual Total	\$276,960

Operating Assumptions	
Revenues	2%
Expenses	3%
Reserves	3%
Vacancy	7%
Other-Laundry, etc.	2%

Long-Term Operating Pro-Forma								
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20
Gross Potential Rent	\$276,960	\$282,499	\$288,149	\$293,912	\$299,790	\$330,993	\$365,443	\$403,478
Other Income-Laundry, etc.	\$5,539	\$5,650	\$5,763	\$5,878	\$5,996	\$6,620	\$7,309	\$8,070
Operating Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rental Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Potential Gross Income</b>	\$282,499	\$288,149	\$293,912	\$299,790	\$305,786	\$337,613	\$372,752	\$411,548
Vacancy & Collection Loss-7%	-\$19,775	-\$20,170	-\$20,574	-\$20,985	-\$21,405	-\$23,633	-\$26,093	-\$28,808
<b>Effective Gross Income</b>	\$262,724	\$267,979	\$273,338	\$278,805	\$284,381	\$313,980	\$346,659	\$382,740
LESS Total Expenses	\$211,272	\$217,610	\$224,138	\$230,863	\$237,788	\$275,662	\$319,568	\$370,466
<b>Net Operating Income (NOI)</b>	\$51,452	\$50,368	\$49,200	\$47,942	\$46,592	\$38,318	\$27,091	\$12,274
Less Debt Service	-\$34,302	-\$33,579	-\$32,800	-\$31,962	-\$31,062	-\$25,545	-\$18,061	-\$8,182
Less Cash Reserve	-\$8,575	-\$8,395	-\$8,200	-\$7,990	-\$7,765	-\$6,386	-\$4,515	-\$2,046
Less Asset Management	-\$2,000	-\$2,060	-\$2,122	-\$2,185	-\$2,251	-\$2,610	-\$3,025	
Less Deferred Developer's Fee	-\$539							
<b>Net Cash Flow</b>	\$6,036	\$6,334	\$6,078	\$5,805	\$5,514	\$3,777	\$1,490	\$2,046
Debt Service Coverage*	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

## Illinois

---

### History/Description of Service-Enriched Housing Efforts

In 2007, the Illinois Housing Development Authority (IHDA) and the Illinois Department of Human Services (DHS) collaborated to establish the LIHTC Targeting Program to integrate supportive housing within IHDA's LIHTC-financed multi-family portfolio. This collaboration between State Agency partners focused on creating supportive housing for individuals and families who are homeless, at risk of homelessness, and/or have disabilities. Through the 2013 LIHTC funding round, IHDA continues to operate and create integrated supportive housing opportunities through the LIHTC Targeting Program.

Through its Department of Mental Health (DMH), Illinois has worked since 2008 to establish and implement a comprehensive supportive housing policy to transition people with mental illness living unnecessarily in restrictive settings (e.g., nursing and mental health facilities) to service-enriched housing in the community. This has in part included creation of a Bridge Subsidy Program modeled after the Section 8 Program. The program links permanent Housing Choice Vouchers provided by local Public Housing Authorities (PHAs) with services funded through Medicaid Rehabilitation Option and State General Revenues for more than 1,000 people with mental illness who are clients of Illinois DMH.

More recently, the state has strengthened its movement towards scattered-site, integrated permanent supportive housing (PSH) as the preferred approach largely as a result of facility closures and three *Olmstead*-related Settlement Agreements being implemented by the State that will provide approximately 11,000 new permanent housing opportunities:

- *Williams v. Quinn* was brought on behalf of approximately 4,500 people with mental illness living in Institutions for Mental Diseases (IMDs).<sup>58</sup> The Settlement Agreement requires that these residents be offered PSH in the community within a five year timeframe.
- *Colbert v. Quinn* involves approximately 20,000 people with mental illness or physical disabilities living in nursing homes in Cook County. The Settlement Agreement requires that class members be offered supportive services and, if needed, PSH in the community, by 2016.
- *Ligas v. Hamos* is a statewide class action Settlement Agreement brought on behalf of 6,000 people with developmental disabilities living, or at-risk of living, in large private state-funded facilities. Class members will be offered housing and community supports in the least restrictive setting appropriate to their needs, including small permanent housing settings.

A Statewide Housing Coordinator position was created in the Illinois Governor's Office to ensure cross-agency strategies to finance, develop, and access community services for new units of service-enriched housing for people with disabilities who are institutionalized or at risk of institutionalization as part of the state's efforts to rebalance long-term care for this population.

---

<sup>58</sup> IMDs are congregate settings having more than 16 beds where more than half of the residents have a mental illness or substance abuse disorder and are receiving treatment services. By statute, these facilities are ineligible for Medicaid reimbursement.

New housing opportunities for those targeted by the Settlement Agreements are being created through the state's already established targeting program financed with federal Low Income Housing Tax Credits from IHDA which is setting aside units developed through this approach to ensure affordability for the state's *Olmstead* and Money Follows Person (MFP) populations, as well as through DMH's Bridge Subsidy program. Illinois' recently submitted Section 811 Project Rental Assistance Demonstration (PRA Demo) application to HUD could bring additional rental assistance resources to the state and enhance its housing referral network, strengthening the ability to link targeting program and other housing resources with community-based services across disability groups.

## **Funding Structures**

### **Housing Development & Operating Resources**

In collaboration with the Illinois Department of Human Services (IDHS), Illinois Housing Development Authority (IHDA) currently offers a variety of housing development resources to create service-enriched housing units in Illinois. These housing development resources include the LIHTC, PSH Development Program, the HOME Program and the Illinois Affordable Housing Trust Fund Program. Developers are able to leverage these housing development resources to create a range of support housing from single-purpose sites to supportive housing integrated within an affordable multi-family development. As a result of state housing policies and housing resources that prioritized the development of supportive housing, the State of Illinois has been very successful in creating a wide range of supportive housing option for people with disabilities.

From 2007-2012, IHDA has offered incentives with the LIHTC Program to encourage the development of both single purpose permanent supportive housing and integrated supportive housing through the LIHTC Targeting Program. With the 2013 Qualified Allocation Plan, IHDA continued to provide tiered incentive to include integrated permanent supportive housing within its LIHTC-finance project through the LIHTC Targeting Program. In the most recent QAP, supportive housing units created through the LIHTC Targeting Program are referred to as 'State Referral Network Units'. However, IHDA made the policy decision not to provide incentives within the 2013 QAP for single purpose supportive housing. To complement the LIHTC Program, IHDA also offers tax credit financing through the Illinois Affordable Housing Tax Credit Program.

IHDA's PSH Development Program is available to nonprofit, for-profit, and joint-venture developers providing development financing the creation of permanent supportive housing. Funded by state general appropriation funds, the PSH Development Fund also seeks to support projects that further the State's goal to re-balance the long-term care of people living in institutions. IHDA also offers development financing of permanent supportive housing through both the federal HOME Program and the Illinois Affordable Housing Trust Fund. The Illinois Affordable Housing Trust Fund is funded through proceeds from the State's real estate transfer fee. IHDA is committed to using a portion of the annual funding of Trust Fund dollars to assist in helping the State meet its long term care reform goals.

Generally, IHDA has recognized that demand for both HOME and Trust Funds far outstrip the resources available. As a result, IHDA encourages developers to seek out other sources of housing development funds include local HOME and CDBG funding, local Continuum of Care funding, Federal Home Loan Bank funding and grants/loans from private philanthropy.

As part of the Illinois General Revenue Capital Budget Bond program, the State has allocated \$130 Million to develop affordable housing for low-income persons and families, with designated targeting for persons with disabilities and at-risk veterans. Build Illinois Bond Funds must be used for the capital costs associated with the housing units. Based on availability, IHDA proposes to use a significant portion of the Build Illinois Bond Funds to meet the State's Long-Term Care rebalancing efforts, including housing developments that meet the obligations under the *Williams* Consent Decree.

IHDA encourages developers to access a long-term operating or rent subsidies to support all supportive housing developed. Developers have been successful in utilizing rental assistance in order to make rents affordable for supportive housing tenants including project-based (Section 8) Rental Assistance through partnerships with local Public Housing Authorities (PHAs); Non-elderly Disabled (NED) Vouchers through their local PHA for MFP populations; HUD Shelter Plus Care for homeless individuals and families; and Supportive Housing Program (SHP) Operating Assistance for homeless individuals and families. LIHTC financed projects with targeted units that do not have rental assistance can also receive state-administered operating subsidies or project-based rental assistance, which may include Rental Housing Support Program, or Division of Mental Health (DMH) Bridge Subsidy Program funds, in order to make rents affordable (i.e. tenants pay no more than 30% of their income for rent/utilities) to the target population. In the future, IHDA hopes to be able to access and offer project-based operating assistance through the Section 811 PRA Demonstration Program.

Currently, there are the two state-financed rental assistance programs: the Long-Term Operating Support (LTOS) Demonstration and DMH PSH Bridge Subsidy Programs. Under the Rental Housing Support Program, IHDA offers LTOS grants to provide long-term operating support (i.e. difference between the contract rent and the tenant's contribution) to owners of developments that provide targeted units set-aside for the extremely low-income households who meet specific eligibility criteria and are referred through a State Referral Network. This year, IHDA was able to gain state legislative modifications to allow LTOS funding to be used in conjunction with the LIHTC Program. As a result, IHDA expects to offer LTOS operating subsidies in conjunction with integrated supportive housing financed by the LIHTC program in the future.

Managed by the Illinois Department of Mental Health, the DMH PSH Bridge Subsidy Program was designed to provide eligible DMH consumers with short-term rental assistance until a permanent rental subsidy such as a Section 8 Housing Choice Voucher can be secured. The program, managed by subsidy administrators (mostly PHAs) contracted by DMH, is designed to mimic the Housing Choice Voucher program to facilitate seamless transitions from bridge to permanent rental assistance allowing the tenant to continue to reside in the unit for as long as

desired. Tenants sign leases and have full tenancy rights, have access to transition funds for start up costs (e.g., rent/utility deposits, household items), and are linked with voluntary treatment and support services through local mental health centers. While these resources may be used in targeted units, they are often also used to obtain scattered site rental units for mental health consumers in the community.

### **Community-Based Services**

While the state is striving to include a cross-disability population in its service-enriched housing efforts, people with mental illness are primarily the focus at this time, in part because two of the recent lawsuits include this population, the state's MFP program has had a strong emphasis on the transition of people with mental illness to the community, and because older adults, persons with developmental disabilities, and people with physical disabilities are not yet fully integrated into the state's PSH system.<sup>59</sup>

Most of the community-based services and supports delivered to support mental health consumers in service-enriched housing are reimbursable by Medicaid under the community support or assertive community treatment (ACT) service definitions or under other Medicaid plan services such as crisis services, medication management or outpatient counseling. The phase in of managed care in Illinois will have a role in what services individuals moving into PSH access.

In addition to the state-financed operating assistance for PSH described in the previous section, DMH and the Bureau of Homeless Services and Supportive Housing within DHS have access to state funds to support costs for related PSH services to consumers for whom Medicaid eligibility has not yet been established or for services not currently reimbursable under Medicaid. Many of the individuals moving from nursing facilities in the *Colbert* settlement are eligible for MFP which helps provide enhanced services during the transition period.

'Transition Coordinator' services are funded depending on the population and source. For individuals coming out of nursing facilities, particularly as part of the *Colbert* settlement, behavioral health transition coordinators have been hired using MFP funds to support transitions. MFP funds have also been used to support 'Transition Engagement Specialists' hired through local ADRCs to jumpstart the screening, referral and transition process. DMH also funds Transition Coordinators, employed by contracted community providers, with state general funds to support *Williams* class individuals. Some of these services are Medicaid reimbursable.

### **Success in Leveraging Public-Private Resources**

Illinois State Agency partners including IHDA and DHS have been able to tap into private philanthropy for strategic planning and support of its permanent supportive housing initiatives. For example, the Chicago Community Trust supported efforts to improve the State's policies

---

<sup>59</sup> The *Ligas v Hamos* Implementation Plan is intended to provide additional services to support individuals in more integrated community settings. Class member are those who are in Intermediate Care Facilities for Persons with Developmental Disabilities or ICFs/DD of nine or more persons or who were at risk of being placed in such facilities.  
<http://www.dhs.state.il.us/page.aspx?item=60264>

and procedures and referral network system for the LIHTC Targeting Program. As a result of this effort, the State was able to re-design and improve its referral systems to improve the efficiency of successful referrals to owners of targeted units. In addition, the Regional Housing Initiative should be highlighted for its innovation to encourage the development of quality, mixed income rental housing including the successful integration of supportive housing within these housing development through northeastern Illinois. The RHI partners include the Metropolitan Planning Council, IHDA and eight public housing authorities. The RHI has been able to successfully pool Section 8 project-based rental assistance subsidies in order to provide incentives to developers to create quality rental housing. RHI partners have been able to award Section 8 subsidies to 18 projects comprised of over 300 units. Many of these projects have included integrated supportive housing.<sup>60</sup>

## **Outreach, Waiting List & Referral Strategies**

### **Target Population**

Through the 2013 QAP, the target population for supportive housing is defined as households headed by person(s) with any type of disability, households that are homeless or at-risk of homelessness, or households that need access to supportive services in order to maintain housing. The IHDA targeting and LTOS programs both require that those meeting the above eligibility criteria be referred by a State Referral Network, further described below.

In order to be eligible for IL DMH PSH resources (i.e. bridge subsidy program), individuals must have a serious mental illness and/or a co-occurring substance use disorder or borderline developmental disability, and be at risk of placement or reside in a nursing facility; be a long-term patient (at least 12 months) in a State Hospital; be considered a youth aging out; be a DMH supported or supervised residential client; or be experiencing homelessness. Eligibility also includes meeting criteria for extremely low-income and being engaged with a DMH-contracted provider (mental health center).

### **Design/Responsibility of Waiting List/Referral Functions**

The state has established a system to communicate and facilitate referrals at initial lease up and as vacancies occur for targeted units. Illinois has established the position of Statewide Housing Coordinator for Long-Term Care Reform within the Governor's Office. As part of its duties, the Statewide Housing Coordinator oversees five Lead Referral Agents (LRAs) who are state employees who are to communicate regularly with a Referral Network comprised of other human services agencies within each region to make referrals of eligible households. After working with the Referral Network to prioritize referrals, the LRA is to refer applicants to available targeted units. If the LRAs are unable to provide adequate referrals to fill the targeted units, developments may offer the units to otherwise income eligible applicants after 90 days from initial occupancy or of notification of unit availability and after 30 days on turnover.<sup>61</sup>

---

<sup>60</sup> More information on the Regional Housing Initiative - <http://www.metroplanning.org/work/project/20>

<sup>61</sup> See link for the IHDA-DHS Referral Packet - <http://sicoen.org/Tax%20Credit%20Program%20-%20Referral%20Packet%20-%20January%202011.pdf>



The State Referral Network is a concept that was created to assist the state in its efforts to transition persons with disabilities from long-term care to community-based housing. If the state is awarded HUD Section 811 funds it hopes to fully implement this concept and expand it to include cross-disability referrals as well as beyond the targeted units (e.g., to include DMH and MFP). MFP has played a critical role in supporting the referral and transition of people with mental illness, mostly coming from nursing facilities, to supportive housing in the community using behavioral health Transition Coordinators hired by local mental health centers. In addition, mental health consumers may be referred by their designated local service providers for DMH rental assistance resources. Some services provided by Transition Coordinators are Medicaid reimbursable. As part of the Money Follows the Person Program (MFP), Transition Engagement Specialists are hired through ADRCs to perform initial engagement and pre-screening to begin to identify individuals who may want to move to independent living.

The Statewide Housing Coordinator is collaborating with Social Serve of Illinois to develop a system to better track targeted units that come available to assist in improving the timeliness of referral. The system will allow for a portal to be created in which the five State Referral Agency Coordinators and the supportive service agency partners can access available targeted units which are available through turnover or initial lease up. This database portal will provide a useful tool for both the LRAs and service providers in matching available targeting units with interested, eligible tenants.

### **Responsibility of Tenant Liaison Functions**

The Lead Referral Agent (LRA) is responsible to act as housing management's main point of contact for tenants in targeted units. Management may contact the LRA if there is a concern or request regarding tenants. LRAs in turn will contact the appropriate service provider to work to re-connect with the tenant. It is then the responsibility of that referral agency to make direct contact with the tenant/household and either provide or refer to other services providers in the community as needed. For DMH-assisted units, all tenants are assigned a care manager who is responsible in part to assist tenants with any problems in their units and in dealing with their landlords. For tenants who are covered under the *Williams* Settlement Agreement, a landlord warm line was established that is operated through an Administrative Services Organization (ASO) contracted by DMH.

### **Community-Based Supportive Services**

For targeting program units, referring agencies are not required to provide services, but services must be available. However, for those individuals with mental illness covered under the *Williams* Settlement Agreement, the referring agency is required to provide services. While services are voluntary for recipients of DMH Bridge Subsidy assistance, tenants are required to commit to at least monthly visits. DMH contracts with nine local community mental health centers to provide housing search assistance, service linkage and ongoing supports including skill building to sustain tenancy. Available services include Medicaid reimbursable services such as ACT, Case Management, Community Support Teams, Psychosocial Rehab, and Intensive Outpatient. Non-Medicaid reimbursable services include supported employment and education, Integrated Dual Disorders Treatment, non-medical transportation, and family support. *Colbert* class

Individuals transitioning into community settings will have access to a similar array of services, depending on their needs, many of which will be enhanced or have an enhanced federal match if also eligible for MFP.

### Service-Enriched Housing Policy Evaluation

IHDA, in close coordination with the DHS, developed a series of incentives within its LIHTC Program to encourage the creation of a steady supply of both single purpose and integrated supportive housing through the LIHTC program since 2007.<sup>62</sup> From 2007-2012, IHDA furthered the development of both supportive housing models through incentives within its annual LIHTC Qualified Allocation Plan (QAP). In the 2013 QAP, IHDA provided the following tiered incentive structure to create “State Referral Network Units” within LIHTC-financed multi-family housing projects: Less than 4.99% of Total Units (must be at least one targeted unit): 1 point; 5%-9.99% of Total Units: 2 points; 10%-14.99% of total units: 4 points; 15%-19.99%: 7 points; and 20% or more: 10 points. The QAP also provides an incentive for applications that have proof of unit based rental assistance evidenced by a contract or commitment offering up to 20 points. In addition, the QAP offers 1 point to applicants (that are not assisted by a rental assistance contract) that will accept future State-administered operating subsidies or project-based assistance should it become available. This last incentive aligns the QAP with the potential of Section 811 PRA resources or state appropriated rental assistance.

As part of applying for the incentive point(s) for creating State Referral Network Units, a developer/owner must submit a completed permanent supportive housing certification with the application. Through this certification, the developer/owner must agree to offer targeted units at 30% of AMI rent levels to eligible households earning at or below 30% of AMI which are referred through the State Referral Network through the compliance period. In addition, the developer/owner agrees that any special arrangements (rent adjustments, unit subsidies, arrangements of transportation services, etc.) outlined in the Supportive Housing Plan, are maintained through the compliance period. Finally, the owner/manager agrees to the following key provisions over the term of the compliance period: notify the Lead Referral Agency on initial lease-up 6 months prior to anticipated occupancy certification or when marketing begins; agree that the targeted units will not be segregated within the property; affirmatively market to all types of disabilities; notify LRA of any denials; for a period of up to 90 days from the date of the first certificate of occupancy prioritize referral from LRA for the targeted unit(s); and upon turnover of a targeted unit notify the LRA and hold open for a period of no less than 30 days to any eligible applicant.<sup>63</sup>

As part of the LIHTC application review, IHDA staff conducts standard financial underwriting of all LIHTC-financed applications that include supportive housing targeted units based on IHDA’s underwriting guidelines specified in both QAP and on IHDA website. As part of the underwriting review, IHDA verifies that required level of targeted units are restricted at 30% AMI rent levels or the application includes a rental assistance contract to support the targeted unit(s). IHDA does not conduct any additional underwriting reviews for projects proposing supportive housing

<sup>62</sup> The IHDA LIHTC Targeting Program has created approximately 550 integrated supportive housing units since 2007. The average annual production of targeted units is approximately 175 supportive housing units per year.

<sup>63</sup> See link to IHDA website for copy of the Supportive Housing Plan - <http://www.ihda.org/developer/forms.htm#LIHTCScoring>

targeted units as part of LIHTC-financed multi-family property. For permanent supportive housing projects (defined as 50% or more supportive housing units), IHDA also conducts an underwriting and financial feasibility review based upon its underwriting standards. IHDA has established some specific provisions for support housing projects that will be reviewed as part of the underwriting. Specific provisions include: a vacancy allowance set at 10% rather than the standard 8% allowance for non-elderly projects; resident services expenses must be funded from a third party income stream rather than project income, and a project, that is assisted by a rental assistance contract, must demonstrate how the project will remain financially feasible throughout the compliance period in the event the contract is not funded or renewed.

IHDA required all LIHTC-financed properties to execute and record an Extended Use Agreement setting forth all income and occupancy restrictions during the compliance period. The Extended Use Agreement also includes all key requirements and provisions for the supportive housing targeted units. All LIHTC-financed projects including those with supportive housing units are subject to ongoing compliance monitoring and reporting requirements subject to IHDA's LIHTC Compliance Reference Guide.<sup>64</sup> IHDA performs on-site physical inspections to monitor for habitability standards of at least 33% of the low-income housing tax credit projects annually. IHDA also conducts physical inspections within one year of new buildings being placed in service. As part of the monitoring reviews, IHDA also confirms rent affordability requirements for the targeted units are being followed. Any issues identified in regards to compliance with the targeted unit requirements are referred internally to IHDA supportive housing staff for follow up technical assistance with the LRA and the owner/property manager. In the stakeholder interviews, IHDA and the Statewide Housing Coordinator recognized the need to improve and further develop the compliance monitoring procedures in regards to the targeted units in order to identify issues earlier and provide responsive technical assistance to address/fix the issue.

The primary administrative/regulatory barrier in financing service-enriched housing is the continuing issues of the coordination and utilization of Section 8 project based rental vouchers (PBV) through the local public housing authority. State partners have experienced some success in structuring local Section 8 PBV programs in a manner that effectively works with the supportive housing targeted units (i.e., site based waiting list and service based preference). The Housing Authority of Cook County is one example of this and has awarded multiple Section 8 PBV contracts in support of LIHTC-financed targeted units. The coordination of project based vouchers with supportive housing is far more challenging with other public housing authorities that have established centralized waiting lists. In addition, the State and the LRAs have continued to experience challenges identifying eligible disabled households that can afford the targeted unit's 30% AML rents (where there is not access to either a tenant-based or project-based rent subsidy). To mitigate these administrative and access barriers to the Section 8 Housing Choice Voucher Program, the State Housing Coordinator continues to engage public housing authorities across the State in an effort to better leverage the Section 8 resources

---

<sup>64</sup> See IHDA's Compliance Monitoring Guide at [http://www.ihda.org/developer/documents/13\\_LIHTCComplianceReferenceGuide.pdf](http://www.ihda.org/developer/documents/13_LIHTCComplianceReferenceGuide.pdf)

through tenant and project based strategies to further the state long-term care rebalancing efforts.

### **Strengths**

The State Partnership between the Illinois Department of Human Services (DHS) and the Illinois Housing Development Authority (IHDA) has strengthened over time since the establishment of the LIHTC targeting program in 2007. The State Partnership has established and further refined state housing policy to support the steady production of both integrated and single purpose permanent supportive housing. Among State Housing and Services Policy makers, there has been an increased focus on supporting the production of integrated supportive housing defined as less than 25% of the total units are dedicated as supportive housing. This State Policy movement is consistent with federal policy furthered by the Frank B. Melville Supportive Housing Investment Act of 2010 and HUD's Section 811 PRA Demonstration Program. In addition, the *Williams* Settlement Agreement established a 25% supportive housing limit as well.

With the challenges of meeting the supportive housing goals required in the three Olmstead related consent decrees, the State partners have been pushed to increase and further improve their level of cooperation and collaboration. In addition, state funded rental assistance and supportive services has been dedicated for disabled individuals as part of the Settlement Agreements through both DHS and DMH. The Governor's Office has also displayed leadership in relationship to the consent decrees naming a Statewide Housing Coordinator. Since named in early 2012, the Statewide Housing Coordinator has been able to bring State Agency parties together in order to align State policy and programmatic initiatives that influence long-term care reform. In addition, the Statewide Housing Coordinator has focused attention and leadership on improving the State Referral Network in order to ensure that permanent supportive housing units created through the LIHTC Targeting Program are fully utilized.

IHDA's supportive housing staff capacity has been developed over time and should be considered a strength within the partnership. Recently, IHDA expanded the supportive housing staff capacity to two staff members – one staff position assigned within the development/multi-finance division and other staff position focusing on a policy and program coordination supporting implementation efforts within the LIHTC Targeting Program. Finally, the State of Illinois possesses strong capacity within the non-profit development community which specializes in the creation and management of permanent supportive housing. Examples of highly skilled non-profit developers/owners include Mercy Housing Lakefront and Heartland Housing. The nonprofit development community is further strengthened by capacity building support from both the Corporation of Supportive Housing – Illinois and the Illinois Supportive Housing Coalition.

### **Challenges/Lessons Learned**

Stakeholder interviews identified a number of challenges that the State Agency partners will continue to address in the future. The Illinois Targeting Program model lacks a coordinated approach to align and dedicate project-based rental assistance (either federal or state funded) to support the targeted units. As a result, many of the targeted units' rents are established at the

30% of AMI level (in the absence of dedicated rental assistance), which makes these units more difficult to market especially in high cost parts of the state such as Northeastern Illinois.

As mentioned above, the Statewide Housing Coordinator recently focused leadership and attention to improve the responsiveness of the State Referral Network to provide timely referral to owner/managers. The Statewide Housing Coordinator used the recent process of developing the State's application for Section 811 PRA Demonstration Program funding to bring key agency partners together to identify current challenges within the existing referral system and develop strategies to improve the systems. State Referral Network challenges identified included: the Lead Referral Agents (LRA) have not been able to engage and effectively reach a broad cross-disability population; the system has not been able to fill all the targeted units with approximately a 75% success rate at initial lease up; and there was a recognized disconnect with some owner/managers unaware of the details of the targeting program and requirements.

To respond to these challenges, the Statewide Housing Coordinator has identified and is currently implementing the following improvements to the State Referral Network: developing a pool of vetted, approved service providers by LRA region representing a broad, cross-disability population; developing strategies to reduce the 30% of AMI rents; improving linkages and accountability with service providers making them a party to the referral agreement; utilizing this agreement to enforce service provision through the service contracts established as a result of the consent decrees; and improving the detail of the LIHTC close-out memorandum to improve owner/ property manager's understanding the targeting program's requirements.

With pressure to meet the supportive housing goals within the three consent decrees, there continues to be a danger that other state-controlled housing and services resources will be diverted to serve persons other than those with disabilities. Finally, it was recognized that more work needs to be done to improve compliance monitoring in regards to the targeted units and the coordination between IHDA and LRA structure to provide coordinated technical assistance and responsive support to owners as issues arise.

### **State Agency Partnership Assessment**

Within the Illinois supportive housing efforts, roles and responsibilities have been established over the past four years between IHDA, the Governor's Office Statewide Housing Coordinator, the Illinois Department of Human Services, the Illinois Division of Mental Health, the MFP Director, and the Local Referral Agencies. These roles and responsibilities have been discussed throughout this narrative.

### **Division of Labor: Pros and Cons**

The roles of the State Agency partners including IHDA, DHS, DMH, the LRAs, developer/owner, and the supportive service providers are based upon the best practice model created in North Carolina. In particular, the Illinois model has benefited from the recent establishment of a Statewide Housing Coordinator focusing on long-term care reform. In addition, the LRA structure is supported by dedicated state employees in order to coordinate the LRA functions including cross-disability outreach and marketing efforts, waiting list management, tenant liaison

work and coordination with service providers. The IHDA supportive housing staff continues to play an important role in the designation of targeted units through the annual LIHTC competitive funding rounds and the development and lease up of the targeted units.

As more units continue to be added to the targeting program, the Illinois State partners will need to monitor the activities and workload of the regionally based LRA staff. Over the past few years, Illinois experienced sustainability challenges as some LRA regions did not dedicate staff solely to the support LRA functions and responsibilities. These state staffing decisions impacted the ability for the LRA to be responsive to owner/manager issues as they emerged. In addition, the Illinois model, as it grows, adds targeted units, and continues to be challenged by the housing goals of the consent decrees, will need to reevaluate the proper level of LRA staffing for each of the regions. In other States that have similar lead agency systems, the local agency is based at the county or city level rather than a regional based system in Illinois. Since the system is regionally based rather than county-based, the LRA system may be somewhat less responsive than a more locally-based model because of geographic limitations.

### **Developer/Property Manager Analysis**

Over the past five years as the supportive housing targeting program has been established by IHDA, the LIHTC development community has generally been supportive of the effort and wants to comply with the targeting requirements. Owner/managers recognize the need for service-enriched housing provided through an integrated model. However, there is an expectation from owners/manager that the State Referral Network needs to be responsive to provide timely referrals to fill available targeted units and timely tenant liaison contact to re-engage appropriate services in a way to sustain long-term tenancy. As discussed earlier, owner/managers also recognized that responsiveness for both referrals to available targeted units and the reconnection of supportive service with tenants needs to improve. Wanting to be supportive of the program and requirement, owner/managers also expressed willingness for some flexibility with the 30 day window to receive referrals from the LRA.

The majority of LIHTC-financed properties do not have tenant service coordinators to assist in identifying tenants in need of reconnecting with appropriate services through the LRA. In the absence of service coordinators, the property manager assumes the responsibility of early identification of the need to reconnect a tenant to services in order to maintain a secure tenancy. Integrated supportive housing created through the LIHTC Targeting Program relies on supportive services coordinated through the State Referral System. The range of supportive services is discussed earlier in the case study. With the *Olmstead* related Settlement Agreements, the State of Illinois through either DHS or DMH provides funding for supportive services linked to disabled people who are identified as class members.

In reviewing the formalized agreements in place in Illinois, stakeholders did recognize the need to update and improve the referral agreement making it a tri-party agreement between the LRA, the owner/property manager and the supportive services provider. This improved referral agreement would better integrate the supportive service provider within the targeting program identifying the roles and responsibility of the service provider to support both move-in and sustained tenancy.

**SERVICE ENRICHED HOUSING PROJECT PROFILE**  
**PROJECT NAME: SUBURBAN ILLINOIS PROJECT<sup>65</sup>**

<b>Developer:</b>	Partnership between for-profit developer and non-profit organization. The non-profit agency maintains a 26% interest in the general partnership arrangement and the for-profit corporation maintains the remaining 74% interest.												
<b>Location:</b>	Suburban Setting												
<b>Description:</b>	This development is a new construction project comprised of two-story building providing 60 units of housing including 1, 2, and 3-bedroom units. Accessible units will be developed on the ground floor. 10% of units or six units are targeted to disabled households within the state's referral network.												
<b>Total Development Costs:</b>	\$17,678,289												
<b>Capital Funding:</b>	<table border="1"> <thead> <tr> <th>SOURCE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Low Income Housing Tax Credit Equity</td> <td>\$ 15,250,000</td> </tr> <tr> <td>1st Mortgage</td> <td>\$ 1,800,000</td> </tr> <tr> <td>Developer's Equity</td> <td>\$100</td> </tr> <tr> <td>Deferred Developer's Fee</td> <td>\$628,189</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$17,678,289</b></td> </tr> </tbody> </table>	SOURCE	AMOUNT	Low Income Housing Tax Credit Equity	\$ 15,250,000	1st Mortgage	\$ 1,800,000	Developer's Equity	\$100	Deferred Developer's Fee	\$628,189	<b>TOTAL</b>	<b>\$17,678,289</b>
SOURCE	AMOUNT												
Low Income Housing Tax Credit Equity	\$ 15,250,000												
1st Mortgage	\$ 1,800,000												
Developer's Equity	\$100												
Deferred Developer's Fee	\$628,189												
<b>TOTAL</b>	<b>\$17,678,289</b>												
<b>Income Profile:</b>	Units at 30% & 60% of Area Median Income (AMI).												
<b>Financing Strategies:</b>	The project represents a standard LIHTC financing structure coupled with conventional private financing. Specifically, the project raised \$15.25 million of equity through the Low Income Housing Tax Credit Program. Additionally, the project also relies on a private, 1 <sup>st</sup> mortgage financing in the amount of \$1.8 million. As mentioned above, the project includes 10% of units (6 units) targeted to those within the state's referral network. The rents for these targeted units are internally subsidized at set at 30% AMI rent level. In addition, there are also Section 8 project-based vouchers committed to other units within the building through the local PHA.												
<b>Integrated Housing Features:</b>	Referring agency makes appropriate supportive services available for disabled households residing in these targeted units. Services are not offered on-site at the property. However, the property is located near public transportation and has shopping, health care, and other amenities within a mile.												

<sup>65</sup> This project profile does not contain specific identifying information at the request of IHDA due to concerns related to confidentiality.

First Year Proforma	
Gross Potential Rent	\$507,504
Other Income-Laundry, etc.	\$8,280
Operating Subsidy	
Rental Subsidy	
Potential Gross Income	\$515,784
Vacancy & Collection Loss-8%	-\$41,263
Effective Gross Income	\$474,521
General & Administrative	\$31,227
Management Fee	\$23,726
Payroll & Payroll Tax	\$53,317
Repairs & Maintenance	\$62,995
Utilities	\$27,913
Taxes & Insurance	\$76,020
Replacement Reserve	\$22,080
Total Expenses	\$297,278
Net Operating Income (NOI)	\$177,243

Unit Mix & Rent Schedule				
Rent Type	Unit Size	Unit Count	Rent Per Unit	Total Rent
30%	1-BR	6	\$279	\$1,674
30%	2-BR	2	\$335	\$670
30%	3-BR	7	\$387	\$2,709
60%	1-BR	10	\$684	\$6,840
60%	2-BR	22	\$821	\$18,062
60%	3-BR	13	\$949	\$12,337
	Unit Total	60	Monthly Total	\$42,292
			Annual Total	\$507,504

Operating Assumptions	
Revenues	2%
Expenses (except taxes)	3%
Taxes	5%
Reserves	1%
Vacancy	8%

Long-Term Operating Pro-Forma								
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20
Gross Potential Rent	\$507,504	\$517,654	\$528,007	\$538,567	\$549,339	\$606,514	\$669,641	\$739,337
Other Income-Laundry, etc.	\$8,280	\$8,446	\$8,615	\$8,787	\$8,963	\$9,895	\$10,925	\$12,062
Operating Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rental Subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Potential Gross Income	\$515,784	\$526,100	\$536,622	\$547,354	\$558,301	\$616,410	\$680,566	\$751,400
Vacancy & Collection Loss-8%	-\$41,263	-\$42,088	-\$42,930	-\$43,788	-\$44,664	-\$49,313	-\$54,445	-\$60,112
Effective Gross Income	\$474,521	\$484,012	\$493,692	\$503,566	\$513,637	\$567,097	\$626,121	691,288
Less Expenses	-\$297,278	-\$306,834	-\$316,733	-\$326,989	-\$337,616	-\$396,846	-\$467,821	-\$553,105
Net Operating Income (NOI)	\$177,243	\$177,178	\$176,959	\$176,577	\$176,021	\$170,251	\$158,300	\$138,183
Less Debt Service	-\$115,953	-\$115,953	-\$115,953	-\$115,953	-\$115,953	-\$115,953	-\$115,953	-\$115,953
Net Cash Flow	\$61,290	\$61,225	\$61,006	\$60,624	\$60,068	\$54,298	\$42,347	22,230
Debt Service Coverage	1.53	1.53	1.53	1.52	1.52	1.47	1.37	1.19



## New Mexico

---

### History /Description of Service-Enriched Housing Efforts

Under the leadership of former New Mexico Secretary of Health and Human Services Pam Hyde, the New Mexico Interagency Behavioral Health Purchasing Collaborative (the Collaborative) undertook an effort to design, implement and sustain a permanent supportive housing (PSH) initiative for adults and transition age youth with serious mental health and addiction issues. Secretary Hyde understood that access to safe, affordable housing linked with services was critical to supporting people in their recovery process. With responsibility for coordinating the behavioral health purchasing and policy efforts of a wide array of state agencies, departments, and commissions,<sup>66</sup> including the New Mexico Mortgage Finance Authority (MFA), the Collaborative played an important role in organizing the various stakeholders and providing the infrastructure necessary to realize Secretary Hyde's vision of PSH as a key service intervention for people with mental health and addiction issues and other disabilities.

New Mexico's PSH initiative is a public-private partnership that included the MFA, the two homeless Continuums of Care (CoCs), the Supportive Housing Coalition of New Mexico, mental health and substance use providers and a number of state agencies who were part of the Collaborative including the state's Adult and Long term Services Department (ALTSD) and the Child and Family Services Department (CYFD). CYFD in particular saw this initiative as way to support the almost 400 youth annually who are exiting the state's foster care or juvenile justice systems and are at high risk of becoming homeless. Indeed, the first supportive housing project that emerged out of this initiative, Transitions, focused on providing bridge rental subsidies using state general revenue dollars and supportive services for transition age youth between the ages of 18-21 who were involved with CYFD. A subsequent effort utilized project-based vouchers and Shelter Plus Care funds to develop supportive housing for homeless individuals with mental illness.

Leading from the recommendations called for in the Behavioral Health Collaboratives' Long Term Supportive Housing Plan in 2007, the state developed a cross-disability PSH set-aside program within New Mexico's Qualified Allocation Plan (2009) for federal LIHTCs. As part of this effort, the Collaborative coordinated and led the establishment of Local Lead Agencies (LLAs) to coordinate referral and access to supportive services. As mentioned in previous case studies, the LLA model was based on similar efforts in North Carolina and Louisiana. There was strong support statewide from homeless and disability advocates for the recommendations called for in the Long-Term Supportive Housing Plan. After gaining the support from the leadership of the New Mexico Mortgage Finance Authority (MFA) for the set-aside program, there was little to no opposition from the development community. Throughout the program implementation process, the Collaborative and MFA staff worked collaboratively with the development community to

---

<sup>66</sup> The state personnel identified in statute as comprising the Collaborative: secretaries of aging and long-term services; Indian affairs; human services; health; corrections; children, youth and families; finance and administration; workforce solutions; public education; and transportation; the directors of the administrative office of the courts; the New Mexico mortgage finance authority; the governor's commission on disability; the developmental disabilities planning council; the instructional support and vocational rehabilitation division of the public education department; and the New Mexico health policy commission; and the governor's health policy coordinator, or their designees.

address any concerns both at LIHTC application and during initial lease up of the LIHTC-financed projects. From 2009 to present, the MFA and Collaborative staff worked to refine the set-aside program by improving the target population definition for special needs households and reducing the higher set-aside incentive from 25% to 20% of the project in order to qualify for the points.

A hallmark of the efforts has been a steadfast commitment to creating integrated permanent supportive housing. In fact, the PSH initiative has not developed single purpose supportive housing (i.e. 100% of the units in the project are dedicated as supportive housing) opting to create only integrated permanent supportive housing through either tenant-based or project-based/development strategies. The State PSH Partnership resulted in a 300% increase in the number of permanent housing units linked with supportive services made available for homeless individuals with mental illness and youth transitioning out of New Mexico's juvenile justice and foster care systems.

## **Funding Structures**

### **Housing Development & Operating Resources**

The MFA and the Collaborative worked in partnership to formalize policies in the state's LIHTC program to create PSH set-aside units. The 2013 Qualified Allocation Plan (QAP) for New Mexico's LIHTC Program provides tiered incentives to developers to integrate supportive housing set-asides as part of the overall multi-family project. The set-aside incentives also require the owner/developer to enter into an agreement with the LLA outlining the requirements of the set-aside. The set-aside requires the owner/developer to market the unit for 30 days exclusively to a special needs household. The LLA is responsible for providing the services over the duration of the project and for the referral qualified tenants as soon as a set-aside unit becomes available. To date, New Mexico has commitments from LIHTC developers for approximately 195 of these set-aside units.

The MFA also offers development financing from both the HOME Program and the New Mexico Housing Trust to support LIHTC-financed projects which include the special needs set-aside units. Partly due to MFA's incentives to access local rent subsidies to support the set-aside units, developers have experienced some success in accessing both Section 8 Project Based Vouchers (in particular the Albuquerque Public Housing Authority) and HUD homeless resources through the local Continuum of Care. Although the New Mexico MFA does not have direct access to or control of project-based subsidies, individual projects in coordination with the LLA have been successful in independently identifying tenant-based Section Housing Choice Vouchers to ensure affordability for people with the lowest incomes for the set-aside units. For the set-aside units in which rents are set at 50% of Area Median Income (AMI) or below, the developer and owner has developed specific strategies to market these units targeting disabled households that may either have a tenant-based voucher (Section 8 or Continuum of Care funded) or a household that possesses additional income from either work or higher disability benefits. It has been found that Disabled Veterans meet eligibility criteria and tend to have a higher monthly income which makes them more likely to afford the 50% of AMI rents. In addition, LIHTC-financed projects located in the City of Albuquerque have often leveraged both

local HOME resources and City Workforce Housing Trust Funds. The Workforce Housing Trust funds have been specifically used to subsidize the set-aside unit rents to make them affordable to households at 30% AMI.

Through state appropriated funds from the Behavioral Health Collaborative, the MFA and the Collaborative have offered pre-development funding (\$165,214 in FY 2013) to qualified developers to finance pre-development and development costs associated with supportive housing in new or rehab affordable housing developments. These funds have been made available to all qualified non-profits and for-profit developers. Both the MFA and the Collaborative have viewed the provision of these funds as an important incentive to the development community to support legitimate pre-development costs associated with supportive housing development.

The Collaborative has also sponsored the Linkages Rental Assistance Program (Linkages) providing permanent supportive housing for homeless adults who are diagnosed with severe mental illness and co-occurring substance abuse issues. Funded through state appropriated resources (\$272,760 for rental assistance and \$50,000 for supportive services), the MFA administers the rental assistance portion of the program on behalf of the Collaborative. Linkages provide support for 33 tenant-based permanent supportive housing units in the Santa Fe, Albuquerque, and Silver City/Deming areas. In 2007, the US Department of Health and Human Services recognized Linkages as a national promising practice. In addition, the State's two Continua of Care (the New Mexico Balance of State CoC and the Albuquerque CoC) have focused resources on supportive housing prioritizing the use of tenant-based Shelter Plus Care vouchers. Based on the design of the set-aside program, these vouchers can be utilized by eligible, homeless households to access these set-aside units through the LLA. As mentioned earlier, the New Mexico Children, Youth and Families Department oversees and administers the Transitions supportive housing program offering tenant-based rent subsidies linked with specialized supportive services for transition age youth (18-21 years old) aging out of foster care and those exiting the juvenile justice system.<sup>67</sup> Funded with state appropriations, this support housing initiative offers funding for 20 tenant-based vouchers linked with specialized supportive services designed to maintain long-term tenancy and stability.

### **Community-Based Services**

Through the blending and braiding of various funding streams including Medicaid,<sup>68</sup> state general revenue, and federal grant dollars, the Collaborative offers access to a wide array of mental health and substance use services for Medicaid beneficiaries and uninsured persons. To manage this system, the Collaborative contracts with a managed behavioral health organization referred to as the 'Statewide Entity' or SE,<sup>69</sup> that is responsible for service provider credentialing, contracting, service authorization, network management, claims payment, customer service, and quality oversight. The SE, currently OptumHealth New Mexico, then

---

<sup>67</sup> See link for information on Transitions - <http://www.cyfd.org/content/permanent-supportive-housing-cyfd-involved-youth>

<sup>68</sup> The state received approval of 1915(b) waiver in 2005 to deliver Medicaid behavioral health services through a managed care system.

<sup>69</sup> OptumHealth New Mexico is the current Statewide Entity for New Mexico. However, a proposed change to state regulation will allow the Collaborative to contract with multiple managed care entities so as to align with the care delivery model proposed in New Mexico's Centennial Care 1115 waiver.

contracts with a local network of mental health and substance use providers who deliver needed services. For people with the most serious mental health and addictions issues, the SE established a network of Core Service Agencies (CSAs). These CSAs are local behavioral health providers who serve as the ‘clinical home’ for youth and adults with serious mental health challenges, and are charged with coordinating care across providers; facilitating access to needed supports and services through a person-centered planning process. The CSAs are an important source of referrals to the PSH program and as such are responsible for providing many of the supportive services.

Other individuals served in PSH may have their services funded through one of five different Medicaid waivers: 1) Acquired Immunodeficiency Syndrome (AIDS); 2) Developmental Disabilities (DD); 3) Disabled and Elderly (D&E), 4) Medically Fragile (MF); and 5) Mi Via, a self directed waiver. Each of the waivers provides services that assist people to remain in their family residence, in their own home or in community residences.

Finally, the Collaborative offers state appropriated operating funds (termed stipends – funded at \$153,000 for FY 2013) to the Local Lead Agency to partially support the operation and activities of the LLA. OptumHealth New Mexico administers and monitors the funds on behalf of the Collaborative. The funds do not cover all the LLA’s cost associated with providing all the services of the LLA including special needs tenant screening, eligibility and referral, and oversight of supportive services delivered by the tenant’s service provider.

### **Success in Leveraging Public-Private Resources**

The City of Albuquerque has creatively financed its Housing First Program with a mix of local sources to fund a specialized tenant-based supportive housing linked with Assertive Community Treatment (ACT) team services. Funding is provided from both City general revenue and the City’s Public Safety Tax revenues<sup>70</sup> for both the rental assistance and the supportive services. Since 2005, the New Mexico Supportive Housing Coalition manages the program and the provision of rental assistance serving approximately 175 chronically homeless adults. In the management of this effort, the Supportive Housing Coalition has done an effective job building relationships with landlords. In 2011, the City implemented the Heading Home homeless initiative, a community initiative that brought together the nonprofit community, the business sector, government, and individual volunteers to quickly and permanently house those who are experiencing chronic homelessness and who have the most vulnerable risk of morbidity. As part of this effort, the City is also investing in new case management services for chronically homeless people and in funding for a new ACT team.

---

<sup>70</sup> The City of Albuquerque’s established a Public Safety Tax (1994) designating revenue to be used in specific percentages for the following purposes: Police 34%; Fire/Emergency Preparedness 34%; Crime Prevention and Intervention 26%; and Corrections 6%. Revenues allocated to the Department of Family and Community Services (DFCS) are for Crime Prevention and Intervention and the intended use of this funding include supportive housing for chronically homeless adults.

## Outreach, Waiting List & Referral Strategies

### Target Population

For LIHTC properties built after 2009, the special needs household definition is: a) homeless individual or family; b) physically disabled; c) developmentally disabled; or d) has a chronic mental illness. For LIHTC properties built after 2010, the special needs definition was broadened to incorporate a cross-disability scope to include: those with a substance use disorder, a sensory or cognitive disability occurring after age 22, a disability caused by a chronic illness, or an age-related disability (e.g., frail elder).

Transition-age youth are also a target population for New Mexico. While some youth will obtain housing through the LIHTC program, Transitions also provides tenant-based bridge funds. To be eligible CYFD's Transitions program, the youth meet the following criteria:

- Priority population will be youth involved with CYFD Juvenile Justice Services, Youth and Family Services or Protective Services;
- Secondary population will be youth referred by current and/or future designated Core Service Agencies (CSAs);
- Must be 18 to 21 years of age;
- Must be a US citizen;
- Must be homeless or have precarious housing, and have no other reasonable housing supports/resources;
- Must have current (within past 12 months), identified behavioral health need which qualifies for intensive case management services such as Comprehensive Community Support Services (CCSS) or Assertive Community Treatment (ACT). Youth must be referred and accepted to such services;
- Youth involved with CYFD Juvenile Justice Services, Youth and Family Services or Protective Services must be working with a CYFD Transition Services Coordinator or Youth Transition Specialist and must be actively working a self-sufficiency/transition plan to include long-term housing, vocational, educational, and employment goals; and
- Youth referred and served by a Core Service Agency must have an active self-sufficiency/transition plan which includes long-term housing, vocational, educational and employment goals.

For the City of Albuquerque Housing First Program, eligibility is determined using the Vulnerability Index (VI) assessment tool, a measure used to identify the risk of mortality that includes questions about physical and mental health, history of substance abuse, and economic status. Housing First staff uses this tool to identify “most in need” of supportive housing among homeless individuals and family. Over the past several years, the VI assessment tool has emerged as a ‘best practice’ and is utilized by many successful Housing First Programs nationally. As part of the Heading Home Initiative in 2011, the City sponsored a canvas week where trained volunteers canvassed the areas of the city with the highest concentrations of

homelessness. These trained volunteers administered the assessment tool to identify 75 chronically homeless individuals to be placed into housing as quickly as possible.<sup>71</sup>

### **Design/Responsibility of Waiting List/Referral Functions**

New Mexico's PSH program (through the LIHTC-financed set-aside program) is administered through ten Local Lead Agencies (LLAs) in twelve counties who are selected through a request for proposals process by Optum Health, New Mexico. Within the implementation of this initiative, the Collaborative and MFA chose to incrementally role out the LLAs over time where set-aside units were being created rather than a full, state-wide implementation.

Responsibilities of the LLA include:<sup>72</sup>

- Pre-screening applicants to ensure they have a qualified special need, and meet the income requirements for a PSH unit.
- Establishing and maintaining a waiting list for the PSH units.
- Referring eligible applicants to LIHTC property managers for tenant screening and eligibility determination.

Referrals to the LLA come from provider agencies that deliver supportive services including those serving people experiencing homelessness, people with mental and substance use disorders, and people with other disabilities. As mentioned earlier, the CSAs are an important source of referrals to the LLAs for people with serious mental health and addictions issues. In fact, nine of the LLAs are also CSAs with different staff persons charged with performing the unique functions required of the LLA and the CSA.

### **Responsibility of Tenant Liaison Functions**

Once an individual is accepted as a tenant, the referring provider agency is responsible for providing ongoing supportive services to the individual to help him/her maintain successful tenancy and provide eviction prevention support. They are also responsible for developing a Crisis Response Plan which includes emergency contact information, with a copy provided to the property manager. LLAs may provide some tenant liaison functions though they have insufficient funds to perform this function in a comprehensive manner.

### **Community-Based Supportive Services**

Agencies that make referrals to the LLA must commit to provide the necessary supports and services on behalf of the individual they referred for the program. For people with serious mental health and addictions issues, New Mexico's PSH program relies on its network of CSAs and other community-based mental health and substance use providers to deliver supportive services to eligible individuals who are referred to supportive housing units within LIHTC properties. The primary service interventions for individuals in need of assistance to attain and

---

<sup>71</sup> See link for more information of the Heading Home Initiative - <http://nlihc.org/article/new-mexico-advocates-partner-albuquerque-housing-first-initiative>

<sup>72</sup> New Mexico Special Needs Housing and the Local Lead Agency Concept: [http://www.bhc.state.nm.us/pdf/NMCEH%20LLA\\_SH%20&%20LLA%20Overview\\_Mtg%207.20.2012\\_R.pdf](http://www.bhc.state.nm.us/pdf/NMCEH%20LLA_SH%20&%20LLA%20Overview_Mtg%207.20.2012_R.pdf)

maintain housing is Comprehensive Community Support or CCSS<sup>73</sup> or Assertive Community Treatment.<sup>74</sup> Services are accessed through the CSA<sup>75</sup> and available to Medicaid and non-Medicaid eligible individuals who are in need of recovery oriented services. Both services generally:

- Help coordinate the development and implementation of individual's service plan;
- Provide crisis intervention and support;
- Assist in the development of interpersonal, community coping and functional skills
- Assist in symptom monitoring and illness self-management skills (e.g. symptom management, relapse prevention skills, knowledge of medication and side effects and motivational/skill development in taking medication as prescribed) in order to identify and minimize the negative effects of symptoms which interfere with the individual's daily living and supports consumers to maintain employment and school tenure;
- Assist the individual to obtain and maintain stable housing; and
- Provide necessary follow-up to determine if the services accessed have adequately met the individual's needs.

Individuals with other disabilities who gain access to PSH will have their Medicaid waiver services delivered by providers as developed in individual service plans.

### **Service-Enriched Housing Policy Evaluation**

The MFA, in close coordination with the Collaborative, has developed a series of incentives within its LIHTC Program to encourage the creation of a steady supply of new supportive housing set-aside units within LIHTC-financed developments since 2009. The 2013 Qualified Allocation Plan offers the following incentives to incorporate set-aside units: 20 points to developers who agreed to set 20% for Special Needs household with half of the units restricted at rents affordable to 30% of area median or 30% of a household's income via a rental assistance contract. In addition, there is a lower incentive offering 5 points to a developer who agrees to set-aside 5% of the project's units. The MFA established the level of points offered in such a way to create enough incentive with LIHTC applicants to encourage universal participation. From the experience of the first four funding years, senior and family focused projects have selected the 5% set-aside level.<sup>76</sup> All other types of LIHTC projects have selected the 20% set-aside level. When developing the percentage level of set-aside units that rents are budgeted at the 30% AMI level, MFA staff conducted a financial analysis on the level of affordability and the percentage of units at these affordability levels that could be supported in various New Mexico markets based on standard LIHTC equity financing and public gap financing levels. MFA staff analysis concluded that 10% of the total units (50% of the supportive housing set-aside) set at 30% AMI rents was appropriate level of extremely-low income affordability that could be internally subsidized without the support of a project-based operating

---

<sup>73</sup> CCSS Service Requirements and Utilization Guidelines: [http://www.bhc.state.nm.us/pdf/H2015%20-%20Comprehensive%20Community%20Support%20Services%20\(CCSS\).pdf](http://www.bhc.state.nm.us/pdf/H2015%20-%20Comprehensive%20Community%20Support%20Services%20(CCSS).pdf)

<sup>74</sup> ACT Service Requirements and Utilization Guidelines: [http://www.bhc.state.nm.us/pdf/H0039%20\(5.20.10\).pdf](http://www.bhc.state.nm.us/pdf/H0039%20(5.20.10).pdf)

<sup>75</sup> An agency does not have to be a CSA to provide CCSS. CSAs also deliver the CCSS service but also help facilitate access to other CCSS providers that are not CSAs.

<sup>76</sup> Within the 2013 QAP, the 5 points for the 5% set-aside can be combined with the scoring incentives for Senior households and Households Comprised of Individuals with Children (maximum of 20 points combined).

or rent subsidy. It should be noted that according to TAC's Priced Out in 2010, a single person with a disability receiving SSI in the State of New Mexico received \$674 per month. Statewide, this income was equal to 21.9% of the area median income.<sup>77</sup> Therefore, the set-aside rent set at 30% AMI level may not be an optimal level for those disabled persons receiving SSI as their only form of income.

Within the current LIHTC application (2013), the MFA requires that an application must submit a signed *Letter of Commitment to Coordinate with the Local Lead Agency for Households with Special Needs* (form is provided with Application) with the LLA for the geographic area where the project is to be located in order to qualify for the set-aside points. The application also requires that projects in areas without a LLA will commit to signing an agreement with the LLA as soon as one is identified. In addition, the application must demonstrate within the Unit Type and Rent Summary (Schedule B) that 10% of the total units will be rent restricted at 30% of area median income or a copy of the federal rental assistance contract that covers at least 10% of the total units. Finally, the application requires that the project include appropriate space reserved for the delivery of counseling services. After threshold review of all applications, MFA staff conducts standard financial underwriting of all LIHTC-financed applications include projects with supportive housing set-aside units based on MFA's underwriting standards. As part of the underwriting review, MFA staff verifies that required level of set-aside units are restricted at 30 percent AMI rent levels or the application includes a federal rental assistance contract. MFA staff does not conduct any additional underwriting reviews for projects proposing a supportive housing set-aside.

The MFA requires that a Land Use Restriction Agreement (LURA) is executed and recorded prior to December 31<sup>st</sup> of the year which the building will be placed in service. The LURA sets forth, as a covenant running with the land for a minimum of 30 years. The LURA includes the special needs housing to be provided (i.e. supportive housing set-aside units) based on the commitment made in the initial LIHTC application. In collaboration and with support of MFA staff, the Collaborative has developed an Operations Manual for New Mexico's Local Lead Agencies and Community Stakeholders<sup>78</sup> outlining the roles and responsibilities of the owner/property manager, the LLA, supportive services provider and set-aside household in the execution of the supportive housing set-aside program. As part of this manual, a sample Special Needs Housing Set-Aside Agreement between the LLA and the project owner outlining the roles and responsibilities of each party in the execution of the set-aside program is also included. It is expected that this agreement be signed by both parties prior to the commencement of initial lease up activities.

The MFA conducts compliance monitoring in accordance with the QAP and its compliance manual. Compliance monitoring includes annual on-site inspections of at least 33% of the projects under MFA's jurisdiction. Inspections include a unit inspection of at least 20% of the project's set-aside units. If an issue regarding the set-aside units arises during a compliance

---

<sup>77</sup> TAC's Priced Out 2010 Findings - <http://www.tacinc.org/knowledge-resources/priced-out-findings/>

<sup>78</sup> Link to LLA Operations Manual  
[http://www.bhc.state.nm.us/pdf/LLA%20Operations%20Manual%20&%20Forms%20Update%20\\_July%203%202012.pdf](http://www.bhc.state.nm.us/pdf/LLA%20Operations%20Manual%20&%20Forms%20Update%20_July%203%202012.pdf)



review or inspection, MFA compliance staff will contact the Collaborative's Supportive Housing Coordinator in order to engage both the LLA and the owner to provide technical assistance in an effort to fix the identified issue(s).

The primary administrative barrier in financing service-enriched housing based on best practices is the fact that 50% of the supportive housing set-aside unit rents in a project are affordable to household at 50% AMI within the New Mexico set-aside model. Based on commonly accepted definition of supportive housing, rents are typically expected to be affordable to extremely low-income families at or below 30% of area median income to meet the needs of persons who receive SSI only. As a result, there exists an affordability barrier for disabled persons with extremely low-income to access these set-aside units without being significantly rent burdened. The LLA and owners/property managers have worked to mitigate this barrier by working to identify people with disabilities who have higher incomes (i.e. disabled veterans or individuals with SSDI benefits) or disabled persons who are in receipt of a tenant based rental subsidy.

### **Strengths**

The State Partnership between the NM Department of Human Services (DHS) and the NM Mortgage Finance Agency (MFA) has matured and strengthened over time. Agency leadership at both the DHS and MFA was a critical element in the program development of the supportive housing initiative during the formative stages. Within both DHS and MFA, supportive housing is currently viewed as a housing priority and an intervention and not a 'boutique' program. MFA and DHS's staff support leadership for the supportive housing initiative has gained the support of the development community over time.

Early on in the supportive housing initiative, DHS established the Supportive Housing Coordinator position at the Behavioral Health Collaborative that works across disability services divisions and MFA. Leveraging federal planning grants from the US Department of Health and Human Services, the NM Behavioral Health Collaborative has provided exceptional leadership and expertise in furthering a deep variety of support housing efforts including:

- A continuum of housing assistance to adults with severe mental illness via the Move In Assistance and Eviction Prevention funding (deposit and rent assistance) and Crisis Housing Programs for persons with severe mental illness;
- A Permanent Supportive Housing Learning Community to develop future LLAs, bring together disability groups in each county, and train property managers on topics such as reasonable accommodation;
- '***A Home of Their Own***' supportive housing documentary video demonstrating the economic cost benefit and quality of life enhancements for persons who are disabled and receiving supportive housing;
- A statewide database of 23 New Mexico Public Housing Authorities which tracks Section 8 Housing Choice Voucher waiting lists and target population preferences to increase access to subsidized housing for individuals with disabilities. Currently, eleven Public Housing Authorities have preferences for persons with disabilities, and/or, special purpose (non-elderly disabled) rental housing vouchers; and

- A Partnership with the Office of Consumer Affairs to develop the first credentialed Supportive Housing training (6 hours of CEIU) for 24 Certified Peer Support Workers (CPSWs) including techniques to find, get, and keep housing; the CPSW as life coach; developing a housing plan and crisis plan; and accessing subsidized housing throughout the State. In January 2012, an Advanced Supportive Housing Training in fair housing, reasonable accommodations and New Mexico landlord-tenant law was provided to CPSWs.

The Collaborative early on identified and resourced some level of funding to support the ongoing activities of the Local Lead Agencies (LLA). Although the funding level does not support all costs incurred by the LLAs, the funding has played a critical role in the establishment and ongoing support of these LLA activities and the overall success of the supportive housing set-aside program. It should be noted that several states that have implemented a lead agency concept have not identified funding to support LLA activities. New Mexico's effort to dedicate funding to support LLA activities is commendable and should be considered a strength of the program.

### Challenges/Lessons Learned

In its stakeholder interviews, there were a number of challenges identified that the State Agency partners will continue to address in the future. First, the commitment of funding for supportive services is a requirement for set-aside program, but is a challenge to obtain, particularly for the non-mental health disability populations. As a result, the set-aside program tends to benefit more mental health consumers in comparison to other disability sub-populations. The State Service Agency partners recognize that work still needs to be done to get the needed 'buy-in' from managed care organizations (MCO) to provide support services in conjunction with permanent supportive housing (PSH). In addition, as behavioral health transitions from one MCO to several, the State will need to work to ensure that PSH services are supported in each plan. Overall, there was an acknowledgment that there are insufficient services overall and in particular throughout the rural areas of the State.

With the supportive housing set-aside model adopted which created set-aside units at 50% AMI rent levels, there exists a need for all partners within these efforts (MFA, Behavioral Health Collaborative, the LLAs and Services Providers) to work to identify tenant-based rental assistance and link these subsidies with people with disabilities that qualify for set-aside units. The effort of the Collaborative's Housing Coordinator to engage local public housing authorities throughout the State may pay dividends in more systematic linkages and increase marketing efforts of LIHTC-financed set-aside units to vouchers holders that are disabled.

As the program expands and additional set-aside units become operational, more burden will be placed on the LLAs. This is especially true in regards to waiting list management and the staff infrastructure needed to provide timely referral of qualified disabled households to owners/property managers when a set-aside unit becomes available. The LLA structure has met with generally positive reviews, but some LLAs are better than others. Also, there may be some bias toward mental health since most of the LLAs are also CSAs. It was noted that some LLAs

have failed to include service providers representing other disability sub-populations early on in the marketing and waiting list discussions. In order to address these on-going challenges with LLA capacity building, the Collaborative will continue to sustain and further develop efforts to provide on-going training for LLAs. In an effort to build a more robust cross-disability approach and representation, there were stakeholder recommendations for other Service Agencies to identify a supportive housing coordinator function within their agency.

### **State Agency Partnership Assessment**

Within the New Mexico collection of efforts, the roles and responsibilities have been established over the past four years between MFA, the Collaborative, and the LLAs. These roles and responsibilities have been discussed throughout this narrative.

### **Division of Labor: Pros and Cons**

The roles of the MFA, Behavioral Health Collaborative, the LLAs, developer/owner, and the supportive service providers are well established and based on best practice models. Generally, each entity is responsible for activities and tasks that involve an agency's strength or core competency. The New Mexico model has benefited from proactive, result-oriented technical assistance to address issues/concerns between the LLA and the owner/property management provided by the Collaborative's Supportive Housing Coordinator. In addition, the Supportive Housing Coordinator's efforts to provide periodic training to LLAs and supportive service providers on permanent supportive housing principles, reasonable accommodation, and LLA roles and responsibility should be sustained.

As more units continue to be added to the set-aside program, the activities and workload for some LLAs will increase especially in regards to waiting list management. As other States that have implemented such a model have experienced (e.g. North Carolina), the State partners will experience sustainability challenges especially in regards to waiting list management and timely referral. The State's efforts to provide some level of funding to LLAs will help mitigate these challenges. In addition, the New Mexico model as it grows will also be challenged with determining the proper level of Housing Coordinator staff support over time to ensure that the program's growth does not outstretch the staff's ability to support the LLAs with timely technical assistance, ongoing training and capacity building activities. Finally, there may be a bias towards mental health since most of the LLAs are also CSAs. As noted earlier, the New Mexico model may benefit from assigning housing coordinator staff or functions within the other Disability Service Agencies in order to improve access to the set-aside units by other disability sub-populations and address this noted bias.

### **Developer/Property Manager Analysis**

Over the past four years as the supportive housing set-aside program has been established, the development community continues to generally be supportive of the effort and the model. In its interviews, developer/owners have pointed out that the set-aside program model is sound and that the LLA policies in place can be effective in providing timely referrals and the coordination of supportive services. As a result of the set-aside program, private property managers have improved and built their capacity and experience to serve special needs population. As

acknowledged earlier, the Collaborative Housing Coordinator's ability and expertise to provide specialized technical assistance and troubleshooting to proactively address issues between the LLA and the owner/property manager has been critical to the perceived success of the program. State Agency responsive is a key component to program success in the view of owners/property managers. Moreover, the Collaborative's efforts to provide ongoing staff training and technical support to both the LLAs and owners/property managers is an acknowledged strength.

Overall, there was a concern amongst owners that the LLA capacity and effectiveness is uneven with some LLA entities doing an overall good job with other LLAs struggling with accomplishing basic duties. However, it was acknowledged that the overall level of competency among the LLAs has improved a result of experience and training. It was noted that LLAs generally were able to provide timely referrals at lease-up (albeit with State-provided technical assistance). However, the real challenge for LLAs arises after initial lease up with maintaining a ready, accessible list of eligible, pre-screened applicants. Finally, the LLA and owner/property manager have been jointly challenged in identifying disabled households that have access to a tenant-based rent subsidy (i.e. Section 8 HCV, Shelter Plus Care, and VASH vouchers) for referral to the set-aside units with rents set at 50% AMI.

In New Mexico, there are some examples of a developer/owner successfully including service coordination within each of their LIHTC-financed multi-family projects. These service coordinators are particularly helpful in engaging special needs households on an ongoing basis and as needed re-connect the disabled persons with the needed support services to ensure long-term tenancy acting as a back-up to the household's service network. However, MFA staff stated that most developers do not include service coordinators within their operating budgets of the LIHTC-financed properties. As a result, the task of re-connecting the tenant with supportive service if they drop off falls to the property management staff.

In regards to the effectiveness of the Supportive Housing Set-Aside Agreement, there were comments from some stakeholders that recommended that the agreement between the LLA and the owners (perhaps the LORA as well) could incorporate some type of "penalty" for owners that fail to satisfy the terms of the set-aside agreement on an ongoing basis. This type of enhancement may provide the MFA and the Collaborative with better tools to pro-actively monitoring and enforce the set-aside program. In terms of LLA responsiveness in making referrals to owner, the LLA model may be better served by providing some incentives (in addition to training and capacity building) to the LLA for improving their efficiency and timeliness of referrals.

## SERVICE ENRICHED HOUSING PROJECT PROFILE

### PROJECT NAME: MESA DEL NORTE

<b>Developer:</b>	YES Housing, Inc. (non-profit developer)																		
<b>Location:</b>	Los Alamos, NM																		
<b>Description:</b>	Mesa Del Norte is the acquisition and rehabilitation project which has created a 36-unit apartment community. The property consists of 4 one-bedroom units, 24 two-bedroom units, 8 three-bedroom units, as well as a community building. Twenty percent (8 units) of the property are set-aside for Special Needs residents and the remaining units are anticipated to serve families and individuals. The community building has been reconfigured to provide usable space for the provision of social services and community activities.																		
<b>Total Development Costs:</b>	\$6,441,835																		
<b>Capital Funding:</b>	<table border="1"> <thead> <tr> <th>SOURCE</th> <th>AMOUNT</th> </tr> </thead> <tbody> <tr> <td>Low Income Housing Tax Credit Equity</td> <td>\$4,675,194</td> </tr> <tr> <td>BofA: 1st Mortgage</td> <td>\$450,000</td> </tr> <tr> <td>MFA: HOME</td> <td>\$500,000</td> </tr> <tr> <td>MFA: Housing Trust Fund</td> <td>\$500,000</td> </tr> <tr> <td>FHLB: AHP Grant</td> <td>\$252,000</td> </tr> <tr> <td>Bank Legal Equity</td> <td>\$60,000</td> </tr> <tr> <td>Deferred Developer's Fee</td> <td>\$4,641</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>\$6,441,835</b></td> </tr> </tbody> </table>	SOURCE	AMOUNT	Low Income Housing Tax Credit Equity	\$4,675,194	BofA: 1st Mortgage	\$450,000	MFA: HOME	\$500,000	MFA: Housing Trust Fund	\$500,000	FHLB: AHP Grant	\$252,000	Bank Legal Equity	\$60,000	Deferred Developer's Fee	\$4,641	<b>TOTAL</b>	<b>\$6,441,835</b>
SOURCE	AMOUNT																		
Low Income Housing Tax Credit Equity	\$4,675,194																		
BofA: 1st Mortgage	\$450,000																		
MFA: HOME	\$500,000																		
MFA: Housing Trust Fund	\$500,000																		
FHLB: AHP Grant	\$252,000																		
Bank Legal Equity	\$60,000																		
Deferred Developer's Fee	\$4,641																		
<b>TOTAL</b>	<b>\$6,441,835</b>																		
<b>Income Profile:</b>	Units at 30%, 50%, & 60% of Area Median Income (AMI).																		
<b>Financing Strategies:</b>	The permanent financing structure includes both conventional and soft debt from private and public sources. Specifically, the core of the permanent financing comes from \$4.67 million of equity from the Low Income Tax Credit Program. In addition, the project benefits from a permanent, first mortgage from Bank of America totaling \$450,000. Additionally, the New Mexico Mortgage Finance Agency provided deferred loans from both the HOME Program (\$500,000) and the NM Housing Trust Fund. Finally, the Federal Home Loan Bank through its Affordable Housing Program (AHP) provided \$252,000 to the project.																		
<b>Integrated Housing Features:</b>	Mesa Del Norte has developed a partnership with the Local Lead Agency (LLA) of the area who is responsible for offering appropriate social services to residents of the targeted units. In addition, YES Housing, Inc. will provide financial literacy social services to the site's population.																		

First Year Proforma	
Gross Potential Rent	\$303,852
Other Income-Laundry, vending, etc.	\$500
Operating Subsidy	
Rental Subsidy	
<b>Potential Gross Income</b>	<b>\$304,352</b>
Vacancy & Collection Loss-8%	-\$24,348
<b>Effective Gross Income</b>	<b>\$280,004</b>
General & Administrative	\$23,800
Management Fee	\$15,218
Payroll & Payroll Tax	\$55,411
Repairs & Maintenance	\$18,800
Utilities	\$24,077
Taxes & Insurance	\$32,300
State Compliance Fee*	\$1,620
Social Services**	\$17,500
<b>Total Expenses</b>	<b>\$188,726</b>
Replacement Reserve	\$12,600
<b>Net Operating Income (NOI)</b>	<b>\$78,678</b>

Unit Mix & Rent Schedule				
Rent Type	Unit Size	Unit Count	Rent Per Unit	Total Rent
30%	1-BR	1	\$528	\$528
30%	2-BR	2	\$628	\$1,256
30%	3-BR	1	\$722	\$722
50%	1-BR	2	\$610	\$1,220
50%	2-BR	16	\$675	\$10,800
50%	3-BR	5	\$855	\$4,275
60%	1-BR	1	\$610	\$610
60%	2-BR	6	\$700	\$4,200
60%	3-BR	2	\$855	\$1,710
	Unit Total	36	Monthly Total	\$25,321
			Annual Total	\$303,852

Operating Assumptions	
Revenues	2%
Expenses	3%
Reserves	0%
Vacancy	8%

Long-Term Operating Pro-Forma							
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
Gross Potential Rent	\$303,852	\$309,929	\$316,128	\$322,450	\$328,899	\$363,131	\$400,926
Other Income-Laundry, etc.	\$500	\$510	\$520	\$531	\$541	\$598	\$660
<b>Potential Gross Income</b>	<b>\$304,352</b>	<b>\$310,439</b>	<b>\$316,648</b>	<b>\$322,981</b>	<b>\$329,440</b>	<b>\$363,729</b>	<b>\$401,586</b>
Vacancy & Collection Loss-8%	-\$24,348	-\$24,835	-\$25,332	-\$25,838	-\$26,355	-\$29,098	-\$32,127
<b>Effective Gross Income</b>	<b>\$280,004</b>	<b>\$285,604</b>	<b>\$291,316</b>	<b>\$297,142</b>	<b>\$303,085</b>	<b>\$334,631</b>	<b>\$369,459</b>
Less Total Expenses	\$188,726	-\$194,388	\$200,219	-\$206,226	-\$212,413	-\$246,245	-\$285,465
Less Replacement Reserve	-\$12,600	-\$12,600	-\$12,600	-\$12,600	-\$12,600	-\$12,600	-\$12,600
<b>Net Operating Income (NOI)</b>	<b>\$78,678</b>	<b>\$78,616</b>	<b>\$78,497</b>	<b>\$78,316</b>	<b>\$78,072</b>	<b>\$75,786</b>	<b>\$71,394</b>
Less Debt Service 1 (BOA)	-\$31,788	-\$31,788	-\$31,788	-\$31,788	-\$31,788	-\$31,788	-\$31,788
Less Debt Service 2 (HOME)	-\$6,250	-\$6,250	-\$6,250	-\$6,250	-\$6,250	-\$6,250	-\$6,250
Less Debt Service 3 (Trust)	-\$25,296	-\$25,296	-\$25,296	-\$25,296	-\$25,296	-\$25,296	-\$25,296
<b>Net Cash Flow</b>	<b>\$15,344</b>	<b>\$15,282</b>	<b>\$15,163</b>	<b>\$14,982</b>	<b>\$14,738</b>	<b>\$12,452</b>	<b>\$8,060</b>
Debt Service Coverage	1.24	1.24	1.24	1.24	1.23	1.20	1.13

\*State Compliance Fees generally cover expenses related to monitoring of project for program compliance.

\*\*Social Services fee supports service coordination which includes providing activities that improve the viability of the housing development and improve the quality of life for residents.

## IV. Conclusion

This report presents a review of service-enriched housing efforts in seven states. As is evident in the report, the development and delivery of service-enriched housing varies in each of the states reviewed for this project. Depending on the state, service-enriched housing efforts have developed over time for various reasons in response to local and state needs. Among these include strong leadership within the housing and services community, a desire to pursue best practices and equity in access to service-enriched housing across disabilities, *Olmstead* litigation pressures and new state-generated resources, as well as reasons intrinsic to the states, such as geography, availability of state resources, and state culture regarding how to support people with disabilities.

Despite these differences, best practices emerge from these different models and State initiative that can serve as a direction and platform for future service-enriched housing development efforts in Texas. The challenges and 'lessons learned' in states can also serve to inform Texas's efforts as partnerships with the development community are strengthened, capital and operating resources are considered, service delivery models are funded, and decisions regarding target populations are developed and refined.

Findings from this report will be analyzed and used to form recommendations for Texas to consider in the development of service-enriched housing throughout the State. This analysis and series of recommendations will be incorporated into a companion document, ***A Comprehensive Analysis of Service-Enriched Housing Financing Practices***, that will be presented to the Texas Department of Housing and Community Affairs and the Texas Health and Human Services Coordination Council in the Spring of 2013.

# Appendix A: Outreach Plan

**State of Texas**  
**Comprehensive Analysis of Service-Enriched Housing Finance Practices**  
**Outreach Plan**  
**Prepared by the Technical Assistance Collaborative**

## I. Summary

TAC has developed this Outreach Plan to assist in guiding the efforts and strategy to engage key stakeholders/informants in both Texas as well as the selected States. The Outreach Plan outlines an engagement strategy on how TAC will reach out, engage, and interview key stakeholders/informants. The engagement strategy also identifies an initial point of contact for each of the selected states. The Outreach Plan will also include the interview guide which outlines a list of initial questions/discussion areas for each stakeholder group.

## II. Engagement Strategy

### A. State of Texas Assessment

---

TAC is working collaboratively with TDHCA and its designee, Ashley Schweickart, to coordinate the site visit to Austin as well as follow-on interviews via telephone. TDHCA and the Council developed a preliminary list of stakeholders and presented it to TAC for review/comment. TAC staff and Ms. Schweickart have reviewed the list and are currently refining/finalizing the list. This list of stakeholders was refined/updated in order to capture the breadth of informants needed for this assessment and to include proper geographic coverage (state as well as key local contacts), as well as a mix of policy, practitioner, and advocate/consumer representation. TAC is currently working to finalize the list and schedule the interview sessions. TAC has planned the on-site visit from September 24-26<sup>th</sup>. TAC expects to follow up the on-site visit with a series of off-site interviews via telephone to ensure all stakeholders are engaged. These interviews will likely focus on local stakeholders from different regions of Texas (i.e. Dallas/Fort Worth, Houston, San Antonio) that will likely be unable to travel to Austin for in-person interviews.

### B. Other State Assessments

---

TAC will take the lead on engaging the targeted states and coordinating both on-site and off-site interviews. TAC will follow the engagement strategy below with the selected states. TAC expects to begin engagement in late September with on-site visits scheduled for an October/November timeframe. After the site visits are conducted, TAC will coordinate off-site interviews with selected stakeholders that were not able to be reached during the on-site visit.

#### 1. Letter of Introduction

TAC proposes that TDHCA sign a customized letter of introduction to each selected state, explaining the purpose and goals of this project, and the reasons for selecting that particular



## Appendix A: Outreach Plan

state, and to request the state's participation. Enclosed is the draft letter of introduction for review by TDHCA.

### 2. TAC Initial Engagement

TAC has professional relationships with the senior housing and service agency officials in all seven states that are part of the scope of work, which will facilitate each state's robust participation in the study. TAC's project manager will immediately follow up the letter with a personal contact soliciting the state's participation.

### 3. Initial State Points of Contact

Using its established contacts in the targeted states, TAC has identified the following points of contact with these states. TAC expects to conduct initial engagement with these contacts during the month of September. TAC's initial contacts will follow the approval of the Letter of Introduction from TDHCA.

#### a. Louisiana

**Louisiana Housing Corporation:** Nicole Sweazy, 2415 Quail Drive, Baton Rouge, Louisiana 70808. Telephone: 225-763-8700 Ext. #223. Email: [Nicole.Sweazy@LA.gov](mailto:Nicole.Sweazy@LA.gov)

#### b. North Carolina

**North Carolina Housing Finance Agency:** Mark Shelburne, Counsel and Policy Coordinator, PO Box 28066, Raleigh, NC 27611. Telephone: 919-877-5645 Email: [mshelburne@nchfa.com](mailto:mshelburne@nchfa.com)

#### c. Pennsylvania

**Pennsylvania Housing Finance Agency:** Holly Glauser, Director of Development, Pennsylvania Housing Finance Agency, PO Box 8029, Harrisburg, PA, 17105. Telephone: 717-780-3994. Email: [hglouser@phfa.org](mailto:hglouser@phfa.org)

#### d. New Mexico:

**Human Services Department, NM Behavioral Health Collaborative:** Jane L. McGuigan, M.C.R.P. , Supportive Housing & Employment Coordinator, 1015 Tijeras, N.W., Suite 100, Albuquerque, NM 87102. Telephone: 505-222-4522. Email: [jane.mcguigan@state.nm.us](mailto:jane.mcguigan@state.nm.us)

#### e. Georgia

# Appendix A: Outreach Plan

**Georgia Department of Community Affairs:** Carmen Chubb, Assistant Commissioner, 60 Executive Park Drive South, Atlanta, GA 30329. Telephone: 404-679-4940 Email: Carmen.Chubb@dca.ga.gov

## *f. Illinois*

**Illinois Governor's Office:** Dan Burke, Statewide Housing Coordinator for Long Term Care Reform, Governor's Office; James R. Thompson Center, 100 W. Randolph St. Suite 15-100, Chicago, Illinois 60601, Telephone: 312-814-6773 Email: [Dan.Burke@Illinois.gov](mailto:Dan.Burke@Illinois.gov)

## 4. Conduct of On-Site and Off-Site Interviews

TAC will work with each State contact to coordinate and schedule the on-site visit and the interviews with identified stakeholders. TAC will schedule both individual interviews with stakeholders as well as a possible focus group comprised of a mix of housing and supportive service policy makers. After the site visit, TAC will follow up to schedule off-site interviews via telephone with stakeholders that were not engaged during the site visit. TAC expects to conduct between 10-15 interviews with stakeholders from each of the selected states.

## III. Interview Guide

### A. Summary

TAC has developed the following Interview Guide to be used for all telephone and in-person interviews of key informants in each selected state. The Interview Guide includes a customized list of interview questions for a variety of stakeholder/informant groups (see below). TAC expects these interviews to cover a broad range of topics, beginning with basic information, such as the number of units, the number currently leased vs. under development, identification of housing and services financing programs utilized, the service model(s), the target population(s), participating state agencies, the availability of outcome data, etc. TAC will use its knowledge of the selected States' efforts in developing service-enriched housing as well as a review of current policies and programs in each State to further inform the direction of each interview.

However, as specified in the RFP, a successful interview must also cover more contextual information, including the genesis of each program and catalytic factors affecting its development and implementation, identification of barriers and obstacles and how they were or were not addressed, interagency issues which affected the program, exploration of the service-enriched partnerships and division of labor, unanticipated financing obstacles, community and/or political opposition and how it was addressed, etc.

### B. Types of Engagements

As mentioned earlier, TAC expects to engage and gather information from key stakeholders/informants through both individual interviews conducted either on- or off-site as

## Appendix A: Outreach Plan

well as focus groups discussions in an effort to target cross-cutting policy issues in the development of service-enriched housing.

### C. Initial Stakeholder Questions

---

As mentioned above, TAC has developed an initial list of questions for five types/groups of stakeholders customized to fit the audience. TAC will use these initial questions as a starting point for discussions. Below is the list of initial questions broken down by each of the stakeholder groups. TAC will conduct background research prior to each interview and tailor each question for discussion as needed.

#### *State/Local Housing Development Policymakers*

1. Provide an overview of the various housing development financing programs administered through your agency.
  - a. How many affordable units developed?
  - b. How many are under development?
  - c. Percentage of units that are service-enriched housing?
  - d. Are there specific housing development programs for persons with disabilities?
2. Discuss the development policies in place that promote housing for persons with disabilities including:
  - a. Threshold Requirements
  - b. Set-asides
  - c. Scoring Incentives
  - d. Waivers
3. How were these policies developed and has anything hindered their implementation? (e.g., who is consulted, approval process, developer or community resistance)
4. What types of partnerships have been developed to assist in the creation of housing for persons with disabilities? Discuss any challenges to collaboration.
5. What supportive housing models have been most successful in funded developments? (e.g., site-based, integrated models, resident coordinator models)
  - a. Discuss the measures used to evaluate or monitor service-enriched housing developments.
6. Discuss barriers that exist in the development of supportive housing (e.g. financial feasibility, developer capacity, service delivery, political or community opposition). What strategies have been used to address these?

# Appendix A: Outreach Plan

## *State/Local Housing Policymakers (Rental/Operating Assistance)*

1. Provide an overview of the various housing programs or financing administered through your agency including:
  - a. Number of housing units assisted (project-based, tenant-based, sponsor-based)
  - b. Percentage specifically dedicated to supportive housing, special needs housing and/or housing for persons with disabilities
  - c. Specific housing programs for persons with disabilities
  - d. Experience with combining resources that cut across agencies (Section 8 & LIHTC, HOME & McKinney/CoC)
2. Discuss the policies in place regarding supportive housing or access to housing for persons with disabilities including:
  - a. Waiting list preferences
  - b. Screening criteria (housing history, criminal records, immigration status)
  - c. Affirmative Marketing (accessible applications, landlord outreach)
  - d. Reasonable Accommodations
  - e. Application/Termination Appeal Process
3. Discuss linkages or partnerships with other agencies that assist persons with disability accessing or maintaining supportive housing through your agency. What kinds of collaborations have been most successful? What challenges exist?
4. Discuss the typical timeline and process from application to lease-up for supportive housing units/vouchers (number/pace of referrals, approval process, housing search, lease-up).
5. What kinds of housing models do you think are most successful for persons with disabilities?
6. What kinds of barriers do you face in either administering housing programs or creating housing opportunities for persons with disabilities? What strategies have been used or could be used address these?

## *Developers/Managers of Service-Enriched Housing*

1. Provide an overview of your agency/firm's experience in the development of service-enriched housing for persons with disabilities.
  - a. How many projects and units have you developed?
  - b. How many are under development?
  - c. Sources used for development/operation/services
2. What housing or financing strategies would you suggest to incentivize the development of service-enriched housing projects?

## Appendix A: Outreach Plan

3. What types of partnerships have been developed to assist in the creation of service-enriched housing projects? Discuss any challenges to collaboration.
4. What service-enriched housing models have been most successful? What challenges exist in the delivery of services?
5. How are roles of property management and service provision defined and coordinated?
6. How do you or your management company work to link accessible units with persons who need the unit?
7. What do you see as specific barriers for the creation and successful operation of housing for persons with disabilities?

### *Medicaid Policymakers*

1. Is service-enriched housing a priority for your agency/department? Why?
2. Who drives service-enriched housing policy?
3. Describe the genesis of your state's service-enriched housing program: how the program came to fruition, which persons or entities provided a catalyst for its creation, which stakeholders supported or opposed the creation of such a program and why, which state agencies are responsible for the on-going operation of the program, any changes made to the program between inception and the present day, etc.
4. How would you describe your relationship with the state's housing finance agency?
5. What are your best practices for providing service-enriched housing?
6. What efforts are currently in place at your agency to identify and increase integrated housing opportunities for persons moving out of institutions or attempting to avoid institutionalization?
7. Do you monitor and evaluate outcomes for people in service-enriched housing?
8. Are there features of your various Medicaid programs that you consider best practices?
9. What creative financing mechanisms are you using to fund people in service-enriched housing?
10. What Medicaid services produce your best outcomes for people with disabilities?
11. How do you ensure access to services?
12. What role does managed care have in service-enriched housing?

## Appendix A: Outreach Plan

13. What were the lessons learned from working on the Section 811 Application?
14. What policies and procedures are in place regarding the roles of service providers in working with housing providers/operators?

### *Mental Health Policymakers/Service Providers:*

1. Is service-enriched housing a priority for your agency/department? Why?
2. Who drives service-enriched housing policy?
3. Describe the genesis of your state's service-enriched housing program: how the program came to fruition, which persons or entities provided a catalyst for its creation, which stakeholders supported or opposed the creation of such a program and why, which state agencies are responsible for the on-going operation of the program, any changes made to the program between inception and the present day, etc.
4. How would you describe your relationship with the state's housing agency or agencies?
5. What are your best practices for providing service-enriched housing?
6. Do you monitor and evaluate outcomes for people in service-enriched housing?
7. How do people gain access to PSH?
8. Do you provide any rental assistance?
9. What efforts are currently in place at your agency to identify and increase integrated housing opportunities for persons moving out of institutions or attempting to avoid institutionalization? For people who are homeless or at risk?
10. Do you limit the number of people with disabilities who can live together in the same place?
11. Do peers deliver services?
12. How are people prioritized for service-enriched housing?
13. Who authorizes access to service-enriched housing?
14. How has litigation helped?

## Appendix A: Outreach Plan

15. How have you dealt with community opposition?
16. What were the lessons learned from working on the Section 811 Application?
17. What is provider capacity to provide best practices? What work needed to be done to prepare providers to deliver best practices?
18. What policies and procedures are in place regarding the roles of service providers in working with housing providers/operators?

### *Intellectual and Developmental Disabilities Policymakers/Service Providers:*

1. Is service-enriched housing a priority for your agency/department? Why?
2. Who drives service-enriched housing policy?
3. Describe the genesis of your state's service-enriched housing program: how the program came to fruition, which persons or entities provided a catalyst for its creation, which stakeholders supported or opposed the creation of such a program and why, which state agencies are responsible for the on-going operation of the program, any changes made to the program between inception and the present day, etc.
4. How would you describe your relationship with the state's housing agency or agencies?
5. What are your best practices for providing service-enriched housing?
6. Do you monitor and evaluate outcomes for people in service-enriched housing?
7. How do people gain access to PSH?
8. Do you provide any rental assistance?
9. What efforts are currently in place at your agency to identify and increase the integrated housing opportunities for persons moving out of institutions or attempting to avoid institutionalization?
10. Do you limit the number of people with disabilities who can live together in the same place?
11. How has litigation helped?
12. How are people prioritized for service-enriched housing?
13. Are services available in-home?

## Appendix A: Outreach Plan

14. How have you dealt with community opposition?
15. What were the lessons learned from working on the Section 811 Application?
16. What is provider capacity to provide best practices? What work needed to be done to prepare providers to deliver best practices?
17. What policies and procedures are in place regarding the roles of service providers in working with housing providers/operators?

### *Traumatic Brain Injury Policymakers/Service Providers:*

1. Is service-enriched housing a priority for your agency/department? Why?
2. Who drives service-enriched housing policy?
3. Describe the genesis of your state's service-enriched housing program: how the program came to fruition, which persons or entities provided a catalyst for its creation, which stakeholders supported or opposed the creation of such a program and why, which state agencies are responsible for the on-going operation of the program, any changes made to the program between inception and the present day, etc.
4. How would you describe your relationship with the state's housing agency or agencies?
5. What are your best practices for providing service-enriched housing?
6. Do you monitor and evaluate outcomes for people in service-enriched housing?
7. How do people gain access to PSH?
8. Do you provide any rental assistance?
9. What efforts are currently in place at your agency to identify and increase the integrated housing opportunities for persons moving out of institutions or attempting to avoid institutionalization?
10. Do you limit the number of people with disabilities who can live together in the same place?
11. How has litigation helped?
12. Are services available in-home?
13. How are people prioritized for service-enriched housing?



## Appendix A: Outreach Plan

14. How have you dealt with community opposition?
15. What were the lessons learned from working on the Section 811 Application?
16. What is provider capacity to provide best practices? What work needed to be done to prepare providers to deliver best practices?
17. What policies and procedures are in place regarding the roles of service providers in working with housing providers/operators?

### *Older Adults Policymakers/Service Providers:*

1. Is service-enriched housing a priority for your agency/department? Why?
2. Who drives service-enriched housing policy?
3. Describe the genesis of your state's service-enriched housing program: how the program came to fruition, which persons or entities provided a catalyst for its creation, which stakeholders supported or opposed the creation of such a program and why, which state agencies are responsible for the on-going operation of the program, any changes made to the program between inception and the present day, etc.
4. How would you describe your relationship with the state's housing agency or agencies?
5. What are your best practices for providing service-enriched housing?
6. Do you monitor and evaluate outcomes for people in service-enriched housing?
7. What efforts are currently in place at your agency to identify and increase the integrated housing opportunities for persons moving out of institutions or attempting to avoid institutionalization?
8. What types of in-home supports are available to older adults?
9. How do older adults access these services?
10. Are services available 24/7/365?
11. How are people prioritized for service-enriched housing?
12. How have you dealt with community opposition?
13. What were the lessons learned from working on the Section 811 Application?

## Appendix A: Outreach Plan

14. What is provider capacity to provide best practices? What work needed to be done to prepare providers to deliver best practices?
15. What policies and procedures are in place regarding the roles of service providers in working with housing providers/operators?

### *Youth/Transition-Age Youth Policymakers/Service Providers:*

1. Is service-enriched housing a priority for your agency/department? Why?
2. Who drives service-enriched housing policy?
3. Describe the genesis of your state's service-enriched housing program: how the program came to fruition, which persons or entities provided a catalyst for its creation, which stakeholders supported or opposed the creation of such a program and why, which state agencies are responsible for the on-going operation of the program, any changes made to the program between inception and the present day, etc.
4. How would you describe your relationship with the state's housing agency or agencies?
5. What are your best practices for providing service-enriched housing?
6. Do you monitor and evaluate outcomes for people in service-enriched housing?
7. What efforts are currently in place at your agency to identify and increase the integrated housing opportunities for persons moving out of institutions or attempting to avoid institutionalization?
8. What types of services are available to transition-age youth?
9. To what age are transition-age youth served?
10. Is housing for transition-age youth in group or individual settings?
11. How are people prioritized for service-enriched housing?
12. How have you dealt with community opposition?
13. What were the lessons learned from working on the Section 811 Application?
14. What is provider capacity to provide best practices? What work needed to be done to prepare providers to deliver best practices?

## Appendix A: Outreach Plan

15. What policies and procedures are in place regarding the roles of service providers in working with housing providers/operators?

### *Physically-disabled Policymakers/Service Providers:*

1. Is service-enriched housing a priority for your agency/department? Why?
2. Who drives service-enriched housing policy?
3. Describe the genesis of your state's service-enriched housing program: how the program came to fruition, which persons or entities provided a catalyst for its creation, which stakeholders supported or opposed the creation of such a program and why, which state agencies are responsible for the on-going operation of the program, any changes made to the program between inception and the present day, etc.
4. How would you describe your relationship with the state's housing agency or agencies?
5. What are your best practices for providing service-enriched housing?
6. Do you monitor and evaluate outcomes for people in service-enriched housing?
7. What types of in-home supports are available for individuals with physical disabilities?
8. How do people gain access to PSH?
9. Do you provide any rental assistance?
10. What efforts are currently in place at your agency to identify and increase integrated housing opportunities for persons moving out of institutions or attempting to avoid institutionalization?
11. Do you limit the number of people with disabilities who can live together in the same place?
12. How are people prioritized for service-enriched housing?
13. How has litigation helped?
14. Are services available in-home?
15. How have you dealt with community opposition?
16. What were the lessons learned from working on the Section 811 Application?

## Appendix A: Outreach Plan

17. What is provider capacity to provide best practices? What work needed to be done to prepare providers to deliver best practices?
18. What policies and procedures are in place regarding the roles of service providers in working with housing providers/operators?

### *HIV/AIDS and Other Chronic Health Concerns Policymakers/Service Providers:*

1. Is service-enriched housing a priority for your agency/department? Why?
2. Who drives service-enriched housing policy?
3. Describe the genesis of your state's service-enriched housing program: how the program came to fruition, which persons or entities provided a catalyst for its creation, which stakeholders supported or opposed the creation of such a program and why, which state agencies are responsible for the on-going operation of the program, any changes made to the program between inception and the present day, etc.
4. How would you describe your relationship with the state's housing agency or agencies?
5. What are your best practices for providing service-enriched housing?
6. Do you monitor and evaluate outcomes for people in service-enriched housing?
7. What types of in-home supports are available for individuals with physical disabilities?
8. How do people gain access to PSH?
9. Do you provide any rental assistance?
10. What efforts are currently in place at your agency to identify and increase the integrated housing opportunities for persons moving out of institutions or attempting to avoid institutionalization?
11. Do you limit the number of people with disabilities who can live together in the same place?
12. How are people prioritized for service-enriched housing?
13. How has litigation helped?
14. Are services available in-home?
15. How have you dealt with community opposition?

## Appendix A: Outreach Plan

16. What were the lessons learned from working on the Section 811 Application?
17. What is provider capacity to provide best practices? What work needed to be done to prepare providers to deliver best practices?
18. What policies and procedures are in place regarding the roles of service providers in working with housing providers/operators?

### *Disability and Homeless Advocates/Consumers*

1. Describe best-practice service-enriched housing models used by your State.
2. What is the preferred service-enriched housing model for service-recipients?
3. How has your State worked to reduce barriers to integrated living?
4. What services best promote community integration?
5. What resources have been the most successful in getting and keeping persons with disabilities housed?
6. What barriers or challenges have you experienced in trying access housing and/or services for persons with disabilities?
7. What suggestions do you have to increase the creation or access to service-enriched housing?

### **Attachment:**

TDHCA Letter for State Engagement

## Appendix B: Texas Stakeholder Interviewee List

Name	Agency	Title	Interview Date
Michael Lyttle	Texas Department of Housing and Community Affairs	Chief of External Affairs	9/24/2012
Tim Irvine	Texas Department of Housing and Community Affairs	Executive Director	9/24/2012
Elizabeth Yevich	Texas Department of Housing and Community Affairs	Director of Housing Resource Center	9/24/2012
Laura Vanoni	Department of State Health Services	Program Specialist	9/24/2012
Ashley Schweickart	Texas Department of Housing and Community Affairs	Council Coordinator	9/24/2012
Patricia Murphy	Texas Department of Housing and Community Affairs	Chief of Compliance	9/24/2012
Cameron Dorsey	Texas Department of Housing and Community Affairs	Director of Multifamily Finance	9/24/2012
Jean Latsha	Texas Department of Housing and Community Affairs	HTC Program Manager	9/24/2012
Sara Newsom	Texas Department of Housing and Community Affairs	Director of HOME Program	9/24/2012
Kate Moore	Texas Department of Housing and Community Affairs	Policy Advisor, Housing Resource Center	9/25/2012
Michelle Berkoff	DSHS HIV/STD Prevention & Care Branch	Development Specialist	9/25/2012
David Gomez	Austin/Travis County Integral Care	Director of Safe Haven	9/25/2012
Dianna Lewis-Grey	Corporation for Supportive Housing	Director	9/25/2012
Gaye Vopat	DFPS Prep. for Adult Living Program	PAL Specialist	9/25/2012
Bridget Crawford	DFPS Prep. for Adult Living Program	Development Disability Specialist	9/25/2012
Marc Gold	DADS	Promoting Independence Manager	9/25/2012
Greg Gibson	Austin Travis County Integral Care	Housing Administrator	9/25/2012
Susan Murphree	Disability Rights Texas	Policy Specialist	9/25/2012
Sarah Mills	Disability Rights Texas	Policy Specialist	9/25/2012
Frank Fernandez	Green Doors	Executive Director	9/26/2012
Walter Moreau	Foundation Communities	Executive Director	9/26/2012
Dena Stoner	DSHS	Senior Policy Advisor	9/26/2012
Jim Hanophy	DARS	DARS Assistant	9/26/2012
Meghan Oswald	Haven for Hope	AVP of Contract Management and Quality Assurance	9/26/2012
Jonas Schwartz	HHSC	Long-term Services & Supports Policy Lead	9/26/2012

## Appendix B: Texas Stakeholder Interviewee List

Name	Agency	Title	Interview Date
Frances Ferguson	NeighborWorks America	Director of NeighborWorks Multifamily Initiative	9/26/2012
Ken Martin	Texas Homeless Network	Executive Director	10/15/2012
Eric Samuals	Texas Homeless Network	Director of CoC Programs	
Joy Horak-Brown	New Hope Housing	Executive Director	10/16/2012
Mark Mayfield	Texas Housing Foundation	CEO	10/16/2012
Mely Bascom	Texas Housing Foundation	Director of Residential Services	
Mike Doyle	Cornerstone Assistance Network	CEO	10/17/2012
Diana McIver	The DMA Companies	President and CEO	10/18/2012
Sara Reidy	Economic Strategic Solutions, Inc.	Director	10/18/2012
Kyle V. Mitchell	Texas Veterans Commission	Deputy Executive Director	10/18/2012
Jean Langendorf	Easter Seals Central Texas	Vice President of Community & Housing Services	10/19/2012

## Appendix C: Other States' Stakeholder Interviewee List

State	Name	Agency	Title	Interview Date
PA	Lisa Case	PHFA	Manager of Project Operations	11/19/2012
PA	Gelene Nason	PHFA	Supportive Housing Officer II	11/19/2012
PA	Carla H. Falkenstein	PHFA	Manager of Housing Services	11/19/2012
PA	Ben Laudermilch	Cumberland County Housing Authority	Development Agency Director	11/19/2012
PA	Silvia Hermann	Cumberland-Perry MH/SA/DD Perry	Health Choices Director	11/19/2012
PA	Susan Gingrich	Department of Public Welfare	Director of Housing	11/19/2012
PA	Sheila Hoover	Department of Public Welfare	MFP Director	11/19/2012
PA	Ed Jenkins	Deputy Director	Adams County Housing Authority	11/19/2012
PA	Tamara Dudukovich	The Community Builders, Inc.	Director of Development, Mid-Atlantic Region	11/19/2012
PA	Jason Demanincor	OMHSAS	Central Region Team Leader	11/20/2012
PA	Lynn Patrone	OMHSAS	Executive Assistant to the Deputy Secretary	11/20/2012
PA	Phil Mader	OMHSAS	Director of Operations	11/20/2012
PA	Julie Barley	OMHSAS	Director of East Operations	11/20/2012
PA	Renea Snyder	OMHSAS	Policy Specialist/ Housing Coordinator	11/20/2012
PA	Holly Glauser	PHFA	Director of Development	11/21/2012
LA	Nicole Sweazy	Louisiana Housing Authority	Executive Director	11/26/2012
LA	Brenda Evans	Louisiana Housing Corporation	Director of Development	11/26/2012
LA	Ronald Burrough, Jr.	Louisiana Housing Corporation	Housing Finance Specialist	11/26/2012
LA	Ricky Patterson	Louisiana Housing Corporation	Compliance Supervisor	11/26/2012
LA	Eillen Fisher	Louisiana Housing Authority	Housing Finance Specialist	11/26/2012
LA	Robin Wright	Louisiana Housing Authority	Housing Finance Specialist	11/26/2012
LA	James Young	Louisiana Housing Authority	Supervisor	11/26/2012
LA	Tommy LaTour	Office of Community Development	Program Manager	11/27/2012
LA	Ann Darling	Department of Health and Hospitals	Director of Special Initiatives	11/27/2012
LA	Lou Ann Owen	Medicaid	Deputy Director	11/27/2012
LA	Michelle Brown	Department of Health and Hospitals	PSH Program Director	11/27/2012
LA	Robin Wagner	OAAS/ Long Term Care	Deputy Asst. Secretary	11/27/2012
LA	Alison Vuljoin	OAAS/ Long Term Care	MFP Director	11/27/2012
LA	Tony Speier	Office of Behavioral Health	Assistant Secretary	11/27/2012
LA	Kathy Laborde	Gulf Coast Housing Partnership	President	11/30/2012
LA	Debra Taullie	HRI Properties	Director of Operations, HRI Management	11/30/2012
LA	David Abbenante	HRI Properties	President, HRI Management	11/30/2012
LA	Andreanecia Morris	Providence Community Housing	VP of Homeownership & Community Development	11/30/2012
LA	Michael Bauer	Providence Community Housing	VP of Asset Management	12/5/2012



## Appendix C: Other States' Stakeholder Interviewee List

State	Name	Agency	Title	Interview Date
NC	Nancy Evans	Division of Aging and Adult Services	Housing Program Consultant	10/24/2012
NC	Swarna Reddy	Division of Aging and Adult Services	Evaluator/Planner	10/24/2012
NC	Beth Melcher	DHHS	Chief Deputy Secretary for Health Services	10/23/2012
NC	Deb Goda	Division of Medical Assistance	I/DD Consultant	10/23/2012
NC	Sandy Ellsworth	DHHS-MH/DD/SAS	Lead I/DD Specialist	10/23/2012
NC	Patricia Amend	NC Housing Financing Agency	Director, Policy, Planning, & Technology	10/23/2012
NC	Paul Kimball	NC Housing Financing Agency	Manager, Asset Management & Policy	10/23/2012
NC	Scott Farmer	NC Housing Financing Agency	Director of Rental Investment	10/23/2012
NC	Margrit Bergholz	NC Housing Financing Agency	Senior Supportive Housing Development Officer	10/23/2012
NC	Mary Reca Todd	NC Housing Financing Agency	Manager of Supportive Housing	10/23/2012
NC	Sandy Harris	NC Housing Financing Agency	Asset Management Team Leader	10/23/2012
NC	Mark Shelburne	NC Housing Financing Agency	Counsel & Policy Coordinator	10/23/2012
NC	Marth Are	DHHS - DAAS	State Homeless Policy Specialist	10/24/2012
NC	Ken Edminster	DHHS-MH/DD/SAS	Housing Administrator	10/24/2012
NC	Angela Harper	DHHS-MH/DD/SAS	Housing Specialist	10/24/2012
NC	Kay Johnson	NC DHHS/NC DAAS	Field Operations Manager	11/7/2012
GA	Don Watt	DCA	Director, Office of Program and Public Affairs	10/25/2012
GA	Mary de la Vaux	DCA	Special Assistant	10/25/2012
GA	Patrick Brown	DCA	Housing Development Coordinator	10/25/2012
GA	Amy Moore	The Housing Authority of Columbus Georgia	Chief Real Estate Officer	10/25/2012
GA	Chris Butzon	The Housing Authority of Columbus Georgia	Development Construction Coordinator	10/25/2012
GA	Ron Pounds	DCA	Disability Housing Coordinator	10/25/2012
GA	Leonard Adams	Quest 35, Inc.	Executive Director	10/25/2012
GA	Paul Bolster	Georgia Supportive Housing Association	Executive Director	10/25/2012
GA	Bruce Gerwig	Macon Housing Authority	Director of Development	10/25/2012
GA	Kathy Colbenson	Chris Kids, Inc.	Executive Director	10/25/2012
GA	Charlie Williams	Charles Williams REIC, Inc.	President and CEO	11/9/2012
GA	Laurel Hart	DCA	Director, Office of Affordable Housing	12/18/2012
GA	Doug Scott	DBHDD	Housing Coordinator	12/19/2012
IL	Lore Baker	Supportive Housing Providers Association	Executive Director	12/5/2012
IL	Sam Mordka	Illinois Housing Development Authority	Sr. Development Officer	12/5/2012
IL	Lora McCurdy	Department of Healthcare and Family Services	MFP Project Director	12/5/2012
IL	Lisa Kuklinski	Mercy Housing Lakefront	VP Public Affairs and New Markets	12/5/2012
IL	Sheryl Seiling	Cook County Housing Authority	Department Manager	12/5/2012

## Appendix C: Other States' Stakeholder Interviewee List

State	Name	Agency	Title	Interview Date
IL	Dan Burke	Office of Governor Pat Quinn	Statewide Housing Coordinator for Long Term Care Reform	12/6/2012
IL	Brenda Hampton	Division of Mental Health	Director Systems Rebalancing	12/6/2012
IL	Paul Bennett	Division of Medical Programs	Coordinator of Colbert Consent Decree	12/6/2012
IL	Jane Bilger	Corporation for Supportive Housing	Senior Program Manager	12/6/2012
IL	Christine Haley	Corporation for Supportive Housing	Associate Director	12/6/2012
IL	Nadia Underhill	Heartland Housing, Inc.	Associate Director, Real Estate Development	12/6/2012
NM	Jane McGuigan	NM Human Services Department, Behavioral Health Division	Supportive Housing Coordinator	11/14/2012
NM	Michele Denbleyker	YES Housing	VP, Real Estate Development,	11/14/2012
NM	John Ames	Supportive Housing Coalition	Community Housing Director	11/14/2012
NM	Dan Foster	NM Mortgage Finance Authority	Director of LIHTC	11/14/2012
NM	Linda Bridge	NM Mortgage Finance Authority	Director of Housing Development	11/14/2012
NM	Agnes Maldonado	NM Dev Disability Planning Council	Acting Director	11/14/2012
NM	Lisa Huvel	NM Coalition to End Homelessness	Policy and Advocacy Director	11/14/2012
NM	Mark Allison	Center for Social Innovation	Senior Associate/Project Director	11/14/2012
NM	Diana McWilliams	The Behavioral Collaborative	Acting CEO/Director	11/15/2012
NM	Carol Luna Anderson	The Life Link	Executive Director	11/15/2012
NM	Daphne Rood Hopkins	CYFD	Director	11/15/2012
NM	Kristin Jones	CYFD	General Manager	11/15/2012

## **Appendix D: Frequently Used Acronyms**

AMI - Area Median Income

CDBG - Community Development Block Grant

CMS - U.S. Centers for Medicare & Medicaid Services

CoC - Continuum of Care

DADS - Texas Department of Aging and Disability Services

DOJ - U.S. Department of Justice

DSHS - Texas Department of State Health Services

HCBS - Home & Community-Based Services

HOME - Home Investment Partnership Program

HHSC - Texas Housing & Health Services Coordination Council

HTF - Housing Trust Fund

HUD - U.S. Department of Housing & Urban Development

ICF-IDs - Intermediate Care Facilities for Persons with Intellectual or Developmental Disabilities

LIHTC - Low Income Housing Tax Credit

LLA - Local Lead Agency

LME - Local Management Entity

LMHA - Local Mental Health Authority

MCO - Managed Care Organization

MFP - Money Follows the Person

PBV - Project-Based Voucher

PHA - Public Housing Authority

PSH - Permanent Supportive Housing

QAP - Qualified Allocation Plan

S+C - Shelter Plus Care

TBRA - Tenant-Based Rental Assistance

TDHCA - Texas Department of Housing & Community Affairs