

# UTILIZING HEALTHCHOICES REINVESTMENT FUNDS TO DEVELOP PERMANENT SUPPORTIVE HOUSING

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## I. Introduction

A number of County MH/MR Programs in Pennsylvania have been successful in strategically managing their HealthChoices programs to the extent they have accumulated reinvestment funds. These reinvestment funds can be used in a variety of ways including: start-up costs for In-Plan Services; development or purchase of Supplemental Services or non-medical services contingent upon the Department of Public Welfare's (DPW) prior approval of the Primary Contractor's reinvestment plan. Permanent supportive housing fits well with the allowable uses of reinvestment funds and offers County MH/MR Programs a unique opportunity to develop permanent supportive housing programs that are both clinically successful and cost effective while providing individuals with mental illness the opportunity to live in affordable, safe rental housing of their choice.

Creating permanent supportive housing is a high priority for the Office of Mental Health and Substance Abuse Services (OMHSAS) in the Department of Public Welfare. OMHSAS has identified the development of supportive housing as a major strategy in a document entitled "A Plan For Promoting Housing and Recovery Oriented Services", an addendum to its transformational effort, *A Call for Change: Toward a Recovery-Oriented Mental Health System for Adults*. Mental health and homeless services systems increasingly have used this term, permanent supportive housing, (See Attachment A) to draw a clear distinction between this housing model and other more restrictive housing/services models (i.e., residential treatment, group homes, transitional housing etc).

OMHSAS, along with its state partners including the Pennsylvania Housing Finance Agency and Department of Community and Economic Development, is seeking opportunities to leverage other state and federal housing resources to this initiative. As such it is investigating options for making it easier to attach services to affordable housing, becoming available as a result of a variety of financing options, and to assure the long-term viability of these investments. OMHSAS is also investing in providing technical expertise and assistance to assist County MH/MR Programs to make these investments and will expedite the approvals for new reinvestment plans that support permanent supportive housing development.

County MH/MR Programs have choices for use of their reinvestment funds. There is no shortage of needs for this funding across the Commonwealth. However, there are compelling reasons for investment in permanent supportive housing. For County MH/MR Programs with reinvestment funds, the rationale to invest reinvestment funds in supportive housing is threefold:

- (1) *Creating permanent supportive housing is an ideal fit for reinvestment funds.* Permanent supportive housing has three component parts: capital, operating or rental subsidies and services and supports. Each requires a dedicated funding stream. Both capital and operating costs can be funded on a one time basis, particularly if they are used to leverage other funding available through economic and capital development resources. Reinvestment dollars for services could also be used in part as start up funds for new or expanded In-Plan Services (Medicaid) or to build capacity or start up services that can be funded over the long term with other federal, state or local resources.
- (2) *Permanent supportive housing is an extremely effective intervention.* When permanent supportive housing is implemented consistent with a set of core operating principles (see **Attachment B**), there is a reduction of public expenditures for emergency room and inpatient care (medical, psychiatric and substance abuse), jail, police, emergency medical services and the court system, shelters and other services for persons residing in the housing. Often, these consumers are chronically homeless. Permanent supportive housing is also more cost effective for the mental health delivery system than transitional and other residential programs. Most mental health consumers, except those persons needing nursing care, can benefit from and remain stably housed in permanent supportive housing. Therefore, when used in concert with Community Hospital Integration Program Projects or other state dollars, reinvestment funding invested in permanent supportive housing can be a successful strategy for reduction of state and local hospital inpatient services and other costly public resources.
- (3) *Consumers consistently voice their preference for a decent stable place of their own to live.* Independent, decent, safe and affordable community-based housing linked to flexible community-based supports is desired by consumers as an essential ingredient to foster and support their own journeys towards recovery.

As is the case with virtually all public mental health systems, there are significant challenges to creating permanent supportive housing. Adequate resources need to be committed to the “nuts and bolts” of acquiring, developing, or accessing permanent supportive housing. Likewise, redirecting services toward supports for individuals to get and keep their housing is essential. However, there are concrete and feasible strategies that can be utilized to increase access of priority consumers to permanent supportive housing that meets their needs and choices in the community.

Housing development and management expertise already exists at the state level and in a number of local communities in Pennsylvania. This means that the responsibility for financing and managing the development of permanent supportive housing can likely be contracted out to a public or non-profit entity with the necessary expertise and capacity. County MH/MR Programs would not be expected to develop this type of capacity in-house in order to carry out these housing development functions. However, County MH/MR Programs would be expected to work with state and local public and non-profit affordable housing entities to leverage their own limited resources in order to maximize

consumers' access to mainstream affordable housing resources provided by federal and state government programs for very low-income households.

In addition to selecting which housing resources to develop and manage, the County MH/MR Programs will also need to determine their priority populations for permanent supportive housing. The need for permanent supportive housing will almost always be greater than the availability of resources. As a result, the County MH/MR Program will need to strategically focus these valuable housing resources to a priority group(s) of mental health consumers. Further the County MH/MR Program can develop "access and referral" protocols that assure the permanent supportive housing principles (**Attachment B**) are translated into policy and achieve the expected outcomes.

Below are a set of strategic options for County MH/MR Programs to select from to make reinvestment fund requests for permanent supportive housing to DPW - OMHSAS. DPW - OMHSAS will expedite the review of new reinvestment requests that draw from a combination of these program options. OMHSAS will arrange individualized technical support to assist County MH/MR programs to identify the benefits of each of the options based on their local housing market indicators, available housing resources and potential financing options in developing these requests. OMHSAS has retained nationally recognized technical assistance experts in permanent supportive housing to assist County MH/MR Programs with this initiative.

## **II. APPROACH**

OMHSAS strongly encourages County MH/MR Programs to consider the following five options to create and sustain permanent supportive housing. These program options can be used in combination with one another or implemented as a single program. Deciding which of these programs options to use and in what combination requires an analysis of what other housing and service resources and opportunities are available and an analysis of what each of the program options will yield over what period of time. These program options typically fit well together and provide some efficiency when implemented together. However, three options, Strategic Option # 2: *Rental Subsidies*, Strategic Option #3: *Housing Contingency Funds* and Strategic Option #4: *Maximize Access to New and Existing Housing Resources* could stand alone as program options for Counties with less funds to invest in housing, at least initially. Using any of these options will likely increase priority consumers access to housing over time but these options do not result in an increase in housing stock which is ultimately needed in most communities.

OMHSAS recommends that County MH/MR Programs conduct a thorough analysis regarding the amount of resources needed to effectively implement each program option(s). As stated above, OMHSAS encourages the County MH/MR Program to use the specialized technical assistance available to analyze the appropriate mix of program options and to select the right mix of program option(s) for submission.

### III. PROGRAM OPTIONS

#### STRATEGIC OPTION # 1: HOUSING DEVELOPMENT FUND

Reinvestment funds are ideally suited as either one-time funding to support capital and/or operating funds in order to create permanent supportive housing targeted to high priority consumers. This provides the opportunity to maximize the use of these funds in order to leverage other affordable housing development resources to create dedicated units of new permanent supportive housing. To meet this challenge, the County MH/MR Program must have relationships with affordable housing development funders and Public Housing Authorities (PHAs), be aware of state and federal affordable housing development policies and programs and either through an intermediary or directly recruited, work effectively with experienced, prospective permanent supportive housing developers.

Two types of permanent supportive housing development are discussed as prototypes for people with disabilities:

- Small-scale permanent supportive housing projects serving individuals with mental illness who are priority consumers;
- Set-asides of permanent supportive housing units within larger mixed-population rental projects.

One strategy to increase the potential for leveraging additional housing affordability resources and limiting the administrative costs would be for County MH/MR Programs to contribute their funds and seek a third party to administer a single housing development fund. Each County MH/MR Program's contribution would be segregated within the fund so their contribution is only used in their County MH/MR Program's service area. In addition to the efficiencies of the model which are significant, a statewide development fund would also increase the potential of diversifying the funding from either state or federal affordable housing resources to capitalize and sustain the fund. The Pennsylvania Housing Finance Agency (PHFA) is ideally suited to administer this type of development fund. Several other States have successfully created and managed statewide housing development funds specialized in financing the development of permanent supportive housing. Within this type of specialized development initiative, States have often turned to their housing finance agency as a natural partner. A statewide development fund would only be viable if County MH/MR Programs supported the concept and agreed to invest reinvestment funds into the program.

OMHSAS has entered into initial discussions with PHFA regarding developing and managing a housing development fund using Reinvestment funds. PHFA has expressed interest in managing the fund in order to use reinvestment funds in order to create targeted units in both new PHFA-sponsored affordable rental housing development and existing affordable rental housing in PHFA's portfolio. Within these preliminary discussions, there is an emerging consensus that the best use of reinvestment funds is for an operating subsidy to provide a deeper subsidy in order for a PHFA-funded unit

(typically affordable for a household at 60% of area median income or AMI) to be affordable to a priority consumer who receives SSI (approximately 20% of AMI). The funds needed to provide this operating subsidy over a specified term of at least five years would be dedicated upfront and drawn down on a regular basis by the property owner. In return for the commitment of these reinvestment funds, the property owner will “set-aside” a specified number of units at the 20% AMI rent for priority consumers referred by the County MH/MR Program or its designee over the term of the agreement. In these initial discussions, PHFA expressed a willingness to move quickly to develop and establish the Housing Development Fund possibly exploring how these funds could be used in specific projects within their existing development pipeline (i.e. the current low income housing tax credit funding round).

If County MH/MR Programs elect to contribute a portion of their available reinvestment funds, this can be done through a formal Memorandum of Understanding (MOU) with the Pennsylvania Housing Finance Agency which is a qualified **Housing Development Fund Administrator** for the purpose of administering housing development funds for either development or operating assistance. An MOU is needed in order to maximize the leveraging of Reinvestment Fund capital with other affordable housing resources potentially available to expand permanent supportive housing for each county's mental health consumers. PHFA possesses the real estate skills, experience and recent track record, willingness and capacity to undertake and sustain the creation of a permanent supportive housing development “pipeline” for County MH/MR Programs with reinvestment funds. PHFA already assists many PHAs and other organizations across the state.

State level housing finance agencies have become very interested in carrying out this function for mental health authorities. Good models exist in several states including Connecticut, Minnesota and North Carolina. In each of these states, these types of arrangements have attracted favorable interest from state legislatures who have added resources for permanent supportive housing as a result of the track records established between mental health authorities (and other human service authorities) and state housing finance agencies.

These permanent supportive housing development initiatives have successfully attracted an array of affordable capital and subsidy resources, including mental health capital funds (e.g., Reinvestment Funds), federal HOME and Community Development Block Grant funds, Federal Home Loan Bank Affordable Housing Funding, State Housing Finance Agency resources, local trust funds or other local resources, HUD McKinney/Vento Homeless Assistance programs such as Supportive Housing Demonstrations and Shelter Plus Care, Section 8 tenant-based and project-based resources, Section 811 Supportive Housing funding. The financing models are complex and require extensive knowledge of affordable housing development finance, real estate and rental housing development principles and practices, and other related activities (deed and use restrictions, management agreements, compliance with federal regulations, etc.).

There does not appear to be any legal barriers to PHFA administering these funds as PHFA is a quasi governmental non-profit agency. Allegheny County's MH/MR Program is successfully using Reinvestment Funds to support development fund administration with a similar organization. DPW has deemed these activities to be an allowable expenditure of Reinvestment Funds. A reasonable percentage of the funding (i.e., 5 or 6 percent) will need to be used as an administrative fee to compensate the selected Administrator for the work to be accomplished. By entering into this administration agreement with PHFA, local non-profit housing organizations can be the recipients of Reinvestment Funds for specific projects rather than the actual fund administrator. This avoids any potential conflict of interest (and also deter other potentially interested non-profit housing organizations) for one non-profit group to both administer the fund on behalf of County MH/MR Programs and also have access to the funding for actual housing development.

## **STRATEGY # 2: RENTAL SUBSIDIES**

**1.) Master Leasing Strategy:** The primary purpose of the master leasing approach is to “jump start” the availability of actual rent units of permanent supportive housing, (as opposed to tenant-based subsidies in the Bridge Subsidy Program) targeting high priority consumers who might be less likely to be able to take advantage of a tenant-based subsidy. This strategy takes advantage of opportunities in the local real estate market, voids the encumbrances of federal housing program rules and addresses the need to have “hard units” available quickly.

Master Leasing is designed as a flexible resource to create a variety of housing options in terms of housing type, density and location. With this flexible approach, County MH/MR Programs are able to take advantage of opportunities in the local real estate market as well as develop mutually beneficial relationships with private landlords. The master leasing approach is focused primarily on existing rental housing. In a master leasing program, the County MH/MR Program would select an administrator to execute long-term master lease agreements (for at least five year terms) with property owners of high quality rental housing, thereby securing a specific number of rental units. In turn, the administrator would then sub-lease the units to priority consumers.

**2.) Bridge Subsidies:** The primary purpose of Bridge Subsidies is to immediately provide permanent supportive housing for priority consumers while creating a structured link to a more permanent subsidy through the Section 8 Housing Choice Voucher Program. A Bridge Subsidy Program will also help the system to structure potentially valuable relationships with local PHA's – relationships that can help provide additional access to PHA resources such as Section 8 project-based vouchers. Mental health system Bridge Subsidy programs in Hawaii, Ohio, and Oregon have been very successful in helping priority consumers access Section 8 assistance and, when they were available, helped to leverage new Section 8 vouchers from HUD.

A Bridge Subsidy Program provides temporary, tenant-based rental assistance until a person receives a Section 8 or other type of rental subsidy or has obtained access to a subsidized unit. At time of entry into a Bridge Program, the participant is required to apply for Section 8 assistance at the first available opportunity. Rents paid by Bridge Subsidy tenants and the rent subsidy paid to the landlord should be calculated in a manner consistent with HUD's Section 8 rules. [NOTE: As an incentive to convert to Section 8 assistance, some Bridge Rental Assistance programs have been designed so that recipients pay a higher percentage of income for rent than they will pay once the Section 8 voucher is obtained.] Units should be inspected to ensure that they can subsequently pass a PHA Housing Quality Standards inspection required under Section 8.

Bridge Rental Assistance Programs recognize that Section 8 lists are often closed, and anticipate that it might take several years for a bridge subsidy recipient to obtain a Section 8 voucher. A Bridge Subsidy strategy should incorporate assertive outreach by the County MH/MR Program with their local PHA. The goal of this outreach is to create system's level linkages with local PHAs to: (1) facilitate the PHA application process for consumers; (2) request the PHA adopt a Section 8 preference or set-aside for people with Bridge Subsidies; and (3) apply for new Section 8 vouchers should they become available.

Once they become familiar with aspects of a Bridge Subsidy program, innovative PHAs are usually very willing to participate in Bridge Subsidy programs. Bridge subsidies can help PHAs use their vouchers more quickly because consumers obtaining a Section 8 voucher are already "leasing in place" using the Bridge Subsidy. Bridge subsidies can also help PHAs bring new landlords into the Section 8 program. Frequently PHAs express interest in partnering on a Bridge Rental Assistance Program and would consider adopting a targeted preference for disabled persons who are enrolled in the Bridge Rental Assistance Program.

As part of its initial program design, the Bridge Rental Assistance Program should also adopt policies to facilitate the movement of program participants to the Section 8 Housing Choice Voucher program. Specific policies would include the following:

- a. Participants of the Bridge Rental Assistance Program would be required to apply for the Section 8 Housing Choice Voucher program and maintain their position on the Section 8 waiting list;
- b. Units being considered for support under the Bridge Rental Assistance Program undergo an inspection identical to HUD's Housing Quality Inspection used by the Section 8 program; and
- c. Landlords that accept a tenant with a voucher from the Bridge Rental Assistance Program would agree to accept a Section 8 voucher when one becomes available.

Before deciding to use Reinvestment Funds for a Bridge Subsidy Program, the County MH/MR Program should assess their relationship with their local PHA and explore the likelihood that the PHA would support a preference or set-aside. The County MH/MR Program should also determine the current length of time a person would spend on the

Section 8 waiting list. Using this information, the County MH/MR Program can make an informed decision on whether to pursue a Bridge Subsidy Program at this particular time. If this strategy possesses some merit, the MH/MR Program can then design a Bridge Subsidy Program with the necessary amount of funding needed to connect priority consumers to the Section 8 subsidies. OMHSAS encourages County MH/MR Programs to access the specialized technical assistance available to assist in the Bridge Subsidy Program's design and funding level.

### **STRATEGY # 3: HOUSING CONTINGENCY FUNDS**

Mental health systems implementing permanent supportive housing have found that housing related contingency funding is an essential component to the success of their overall housing strategy. Most priority consumers are SSI recipients with little ability to save money for the one-time expenses that are associated with moving into permanent rental housing. Housing contingency funds are designed to help overcome this barrier and ensure that consumers have the resources necessary to pay for the one-time costs associated with moving into permanent supportive housing. Housing contingency funds are also useful in the event there is significant damage to a rental unit.

Most local mental health programs calculate the amount needed in such a fund based on their experience with the average amount a mental health consumer would need for one time move-in assistance plus some cushion for damage repair not otherwise covered by a security deposit and emergencies multiplied by the number of consumers they expect to help through their supportive housing program.

Move-in expenses and other expenses include:

- Security Deposits
- Utility Deposits
- Essential furniture and other household goods
- Tenant Damages in excess of the amounts covered by security deposits (approved on a case by case basis by the County MH/MR Program's designee)

As a general rule, the Contingency Fund should not be used to cover any portion of tenant rents or for rent arrearages owed by consumers. When implementing permanent supportive housing, it is extremely important for mental health systems to emphasize the responsibility that tenants have for making timely rent payments to landlords. For this reason, there should be strict controls placed on the use of Housing Contingency Fund resources. All distributions should be approved by senior level staff. Ceiling amounts (e.g., no more than \$1,000 per consumer) and frequency of access (i.e., no more than one damage payment per consumer) should be established. Some systems have structured Housing Contingency Fund distributions as interest-free loans to consumers with repayment terms that extend over 12-24 months.

Housing Contingency Funds should not be the only strategy for obtaining essential

furniture and households' goods for consumers. It will be very important for designated staff to establish partnerships with entities (i.e., second hand furniture banks, utility company deposit fee waiver programs, etc.) that already provide these types of resources to low-income households.

#### **STRATEGY # 4: MAXIMIZE ACCESS TO NEW AND EXISTING HOUSING RESOURCES**

For County MH/MR Programs to be successful in utilizing existing and new resources, it is important to consider concentrating housing information, expertise and access to permanent supportive housing in one organization. This function can be embedded into an existing organization or a new entity can be created if a logical organization does not exist. It can also be embedded within the County MH/MR Program office. This entity becomes the central link between priority consumers who need access to permanent supportive housing and the housing units themselves managing access to both Bridge Subsidy resources and permanent supportive housing units. This activity is typically identified as a "clearinghouse" and it unifies the various elements of a County MH/MR Program's permanent supportive housing strategy by:

- Providing access to a Permanent Supportive Housing Waiting List for high priority consumers as defined by the County MH/MR Program;
- Referring high priority consumers to permanent supportive housing resources (both units and Bridge Subsidies) when they become available;
- Simultaneously referring these consumers to designated service providers if that referral has not yet been accomplished;
- Managing the Bridge Subsidy program;
- Assisting consumers make a final decision regarding the housing resource that best meets their preferences and needs; and
- Providing other critically important housing information to stakeholders across the system including creating a housing database and a supportive housing library for providers, case managers and consumers.

Having such a coordinating entity also better assures priority consumers will actually be given priority to new units coming on line and assuring that the important principal of housing choice for consumers can be realized. The organization can become the central point of convergence for the various elements of a County MH/MR Program's permanent supportive housing strategy as well as assume the collateral responsibilities of coordinating regularly scheduled housing training activities and providing other technical assistance on housing issues to the County MH/MR Program's system.

It should be noted that not all consumers at all times will have an array of housing options from which to choose. (For example, at certain times, there may not be Bridge Subsidy resources available, or perhaps there will not be any vacancies in the supply of permanent supportive housing units.) There may also be constraints in the rules pertaining to certain federal programs. For example, Shelter Plus Care subsidies can only

be provided to people who meet HUD's definition of homelessness. Nonetheless, a "clearinghouse" can ensure that priority consumers at the top of the Waiting List are informed of all housing options currently available so that choices can be offered whenever possible.

Creating a housing database can help with this process. State and local jurisdictions across the country have developed housing databases for various purposes during the past 15 years. (see **Attachment B**) Many have developed these databases to simplify housing search for low-income individuals and families including people who are homeless. Most of these are web-based databases free to the user.

For the organization to be effective, it must continuously coordinate its activities with the County MH/MR Administrator's office, housing organizations such as the local PHA(s) and service providers. This "clearinghouse" function carries a significant responsibility for assuring the County MH/MR Program's goals for housing are met. Therefore if the function is carried out within the MH/MR office, the "clearinghouse" director or coordinator should be given sufficient authority to carry out these vital functions. Likewise if this is a contract, the MH/MR Program should allocate sufficient resources and give sufficient authority to the organization to carry out their task on behalf of the MH/MR Administrator's office.

#### **STRATEGY #5: CREATE SUPPORT SERVICES CAPACITY**

Creating "Housing Support" capacity is necessary to achieve successful permanent supportive housing. Housing Support is defined as a community-based service innovation, sponsored by local mental health agencies, that solves housing access and stability problems for individuals with mental illness who have complex needs. There are two prototypes emerging for "Housing Support". Both prototypes are more cost effective and better equip staff to extend Housing Support directly to mental health consumers than the more historical group home or residential rehabilitation models of supportive services. The first is the Housing Support Team which has many hallmarks of traditional casework including a structured caseload and supervision structure.

A contrasting prototype, the Housing Support Capacity Building Model, invests skills and responsibilities in existing direct services, such as Assertive Community Treatment, Community Treatment Teams or Case Management Teams. This prototype increases housing access and retention skills of service professionals. Using this model, may require existing staff to spend more time with consumers assuring access and housing retention than they spend on those functions now. County MH/MR Programs and providers will need to plan and budget accordingly if this model is to be used just as they will need to do if they create new Housing Support Teams.

Both models assign staff to facilitate access of priority consumers to permanent supportive housing resources as well as maintain successful housing tenancy over the long-term. Typically this is done off a waiting list maintained by the organization serving as the clearinghouse manager. Below is a list of priority functions; the duties of a

Housing Support Team are generally limited to these tasks. However, the teams who build in Housing Support Capacity assign these duties across team members and assure that team members gain the skills necessary to carry out these tasks. Over time, Pennsylvania may want to consider how to assure tasks from these lists are added to HealthChoices reimbursable activities. Staff will assist individual priority consumers with the following activities as needed:

### **Pre-Tenancy Assistance**

- Conduct an initial assessment of housing preferences and housing history;
- Assist consumers in determining housing preferences if needed;
- Assist consumers in compiling housing information needed for housing applications (if needed) such as credit reports, landlord references, income and asset documentation;
- Assist in identifying available housing units and rent subsidies including resources listed by the Clearinghouse;
- Assist consumers in obtaining, completing and submitting housing applications. (If agreed to by the consumer, Housing Specialist to be copied on all correspondence);
- Assist consumers in attending any meetings with housing provider including providing or arranging transportation and attending meetings as needed;
- Assist consumers in filing appeals and requests for reasonable accommodation under Fair Housing Law; and
- Assist consumers in setting up a system to track application progress.

### **Move-In**

- Assist tenants to understand basics of landlord/tenant law and lease requirements;
- Assist tenants with security deposit, securing furniture and other household items;
- Assist tenants to access Contingency Fund if needed;
- Assist tenants with moving-in activities;
- Assist tenants to establish utilities and telephone;
- Assist tenants in orienting to home and to neighborhood;
- Identify any housing or community living related skills training needed including home maintenance, shopping, cooking, and budgeting; and
- Provide housing or community living skills training or make appropriate referrals.

### **Tenancy Stabilization**

- Work with tenants to secure Section 8 or other rental subsidy if unit does not have project-based subsidy or tenant does not have a permanent subsidy source on move-in;
- Maintain routine contact with tenants to ensure early detection of any housing issues;
- Provide ongoing housing-related skills training if needed and identify any issues that may require additional training by other parties consistent with Treatment or Recovery Plan;
- Intervene with landlords if needed to problem solve;

- Maintain communication with assigned Service Coordination Unit, case manager and/or Community Treatment Team (for Housing Support Teams only);
- Coordinate meetings with tenant's case manager and service providers if needed to resolve issues (for Housing Support Teams only);
- Provide periodic housing related training and technical assistance to the entire system including provider staff, consumers and peer advocates.

### **Establish Relationships with Housing Providers**

In order to assist consumers in the above tasks, the staff assigned to these duties will need to develop relationships with housing providers. They will also need to develop and maintain good working relationships with the following entities:

- *Public Housing Authorities* in order to secure Section 8 vouchers for consumers as well as to assist consumers in applying to public housing where preferred;
- *Privately owned, publicly subsidized developments* in order to assist consumers to access this housing stock;
- *Owners of rental units* in areas consumers prefer: apartments must be of high quality, meeting HUD's Housing Quality Standards to allow consumers to lease in place if they do not have Section 8 at move-in.

Consumers may need to access the Housing Contingency Fund for damage to the unit. This is important in order for staff and consumers to continue strong working relationships with good landlords.

## Attachment A

### Description of and Evidence for Permanent Supportive Housing

Researchers and practitioners have demonstrated repeatedly that people with disabilities and other people with special needs can live successfully in homes of their own in the community.<sup>1</sup> To succeed, they need decent, safe, affordable, and accessible housing that also provides access to the array of community-based supports and services they want and need to live as independently as possible. This type of housing is now commonly referred to as permanent supportive housing.

The term permanent supportive housing was created and is used to make a clear distinction between housing that is a person's permanent home versus other supportive housing settings that provide both housing and supports but are either time limited or require mandatory participation in a services program as a condition of continued occupancy.

Permanent supportive housing refers to integrated permanent housing (typically rental apartments) linked with flexible community-based services that are available to tenants when they need them but are not mandated as a condition of occupancy. The permanent supportive housing model is based on a philosophy that supports consumer choice and empowerment, rights and responsibilities of tenancy, and appropriate, flexible, accessible, and available supports that meet each consumer's changing needs. A growing body of knowledge has documented the effectiveness of permanent supportive housing and helped generate the systems changes needed to create it. A recent study conducted by Dennis Culhane, Stephen Metraux, and Trevor Hadley of the Center for Mental Health Policy and Services Research at the University of Pennsylvania<sup>2</sup> found that homeless people with disabilities who moved to permanent supportive housing experienced marked reductions in shelter use, hospitalizations (regardless of type), length of stay per hospitalization, and time incarcerated.

Other studies also document the effectiveness of permanent supportive housing. A Corporation for Supportive Housing study in Connecticut<sup>4</sup> compared Medicaid costs for residents for six-month periods prior to and after their move into permanent supportive housing. Costs for community-based mental health and substance abuse treatments

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<sup>1</sup> *Supportive Housing and Its Impact on the Public Health Crisis of Homelessness*. Corporation for Supportive Housing, May 2000; *Making a Difference: Interim Status Report of the McKinney Research Demonstration Program for Homeless Mentally Ill Adults*. Center for Mental Health Services, 1994; *Pathways to Housing: Supported Housing for Street-Dwelling Homeless Individuals with Psychiatric Disabilities*. Sam Tsemberis and Ronda F. Eisenberg, *Psychiatric Services*, Volume 51, No. 4, April 2000.

<sup>2</sup> *The Impact of Supportive Housing for Homeless People with Severe Mental Illness on the Utilization of the Public Health, Corrections, and Emergency Shelter Systems: The New York-New York Initiative*. Dennis P. Culhane, Stephen Metraux, and Trevor Hadley, Center for Mental Health Policy and Services research, University of Pennsylvania, Fannie Mae Foundation, May 2001.

<sup>4</sup> The Connecticut Corporation for Supportive Housing study is available online at [www.csh.org](http://www.csh.org).

decreased by \$760 per service user while costs for psychiatric in-patient and nursing home services decreased by \$10,900. This study also documented that supportive housing has a positive – as opposed to the often feared negative – effect on neighborhood property values.

Permanent supportive housing reduces human services system costs when compared to traditional residential services programs, because some of the capital and/or rental subsidy costs associated with permanent supportive housing are covered through affordable housing programs rather than service system funding streams.

Despite its demonstrated effectiveness, the permanent supportive housing approach challenges traditional thinking and may involve changes in behavioral health housing and services philosophy, policies, and practices, particularly for the most vulnerable and highest priority consumers. These system changes can occur over time as permanent supportive housing becomes a reality in the community and meets consumer needs in a more effective manner.

As defined in the OMHSAS Housing Plan, Supportive housing is a successful, cost-effective combination of affordable housing with services that helps people live more stable, productive lives. Supportive housing works well for people who face the most complex challenges—individuals and families who have very low incomes and serious, persistent issues that may include substance use, mental illness, and HIV/AIDS; and may also be homeless, or at risk of homelessness.

**A supportive housing unit is:**

- Available to, and intended for a person or family whose head of household is experiencing mental illness, other chronic health conditions including substance use issues, and/or multiple barriers to employment and housing stability; and may also be homeless or at risk of homelessness;
- Where the tenant pays no more than 30%-50% of household income towards rent, and ideally no more than 30%;
- Associated with a flexible array of comprehensive services, including medical and wellness, mental health, substance use management and recovery, vocational and employment, money management, coordinated support (case management), life skills, household establishment, and tenant advocacy;
- Where use of services or programs is not a condition of ongoing tenancy;
- Where the tenant has a lease or similar form of occupancy agreement and there are not limits on a person's length of tenancy as long as they abide by the conditions of the lease or agreement; and
- Where there is a working partnership that includes ongoing communication between supportive services providers, property owners or managers, and/or housing subsidy programs.

**Supportive Housing is:**

1. Safe and Secure
2. Affordable to consumers
3. Permanent, as long as the consumer pays the rent and honors the conditions of the lease.

**Supportive Housing is linked to support services that are:**

1. Optional. People **are not** required to participate in services to keep their housing, although they are encouraged to use services
2. Flexible. Individualized services are available when the consumer needs them, and where the consumer lives.

## Attachment B

### Development of the Clearinghouse Housing Database

The County MH/MR Programs interested in creating a “clearinghouse” housing database have a number of options to consider. One consideration is deciding if the system should be web-based. This guides the selection of software for database development and other aspects of the development process. Information including the cost of both static and non-static database options can be made available. County MH/MR Programs may want the permanent supportive housing units to be available only to specific providers, but provide a web-based list of landlords and prospective rental opportunities to consumers, family members, other providers etc. If the database is on the web, it could include a link to the PHFA’s system. PHFA has a website allowing a provider or consumer to expand their housing search considerably without having to duplicate the PHFA system. The system could also provide alerts such as openings of Section 8 waiting lists by local PHAs.

The web site for the database of PHFA subsidized developments is <http://www.phfa.org/properties/inv/IR1.asp>. PHFA also has a web-based database of accessible housing units in Pennsylvania including those not in their own inventory. The website for the accessible housing database is <http://www.phfa.org/apts/index.htm>. Some states and localities have developed databases to track specific set-aside units and/or vacancies. For example, the Center for Urban Community Services in New York City has a database of supportive housing that tracks vacancies including those targeted to people who are homeless and have psychiatric disabilities. The web-site is <http://www.cucs.org>. In another example, HomeStart, a non-profit housing search and stabilization agency in Boston, manages an internal database that tracks the availability of units set-aside for homeless individuals. One database uses Excel and the other Access software. Philadelphia OHCD has such a web-based inventory of vacant accessible units that receive city subsidies.

At a minimum, the database should include:

1. Permanent supportive housing units and subsidies – both new and turnover;
2. Any other permanent supportive housing that may be developed for consumers;
3. Other affordable housing units in the public or private market that staff become aware of or that are offered/listed by owners and managers; and,
4. Owners/landlords interested in renting to consumers.

Data that the County MH/MR Program may want to track for each unit includes:

- Location
- Number of bedrooms
- Rent or income restrictions if subsidized
- Utilities included in the rent
- Whether security deposit is required
- Contact information for manager

- Any special features of the unit such as accessibility
- Distance to public transportation