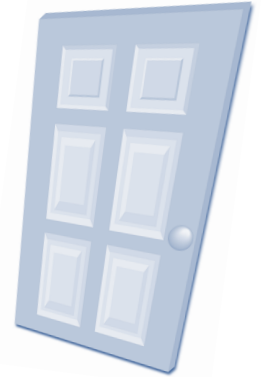




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COLLABORATIVE, INC. (TAC)
AND THE CONSORTIUM FOR
CITIZENS WITH DISABILITIES
(CCD) HOUSING TASK FORCE

Permanent Supportive Housing: A Proven Solution to Homelessness

By Ann O'Hara



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Studies show that people with disabilities are over-represented within the homeless population. They are more likely to have repeated episodes of homelessness and remain homeless for longer periods of time.

Addressing homelessness in the United States has been a federal policy priority for the past 15 years. Beginning in 1987 with the Stewart B. McKinney Homeless Assistance Act, the federal government has provided billions of dollars to fund an array of housing and service programs to help end homelessness. And yet, as the year 2002 drew to a close, almost one million people in the United States were homeless. More than two million people may have experienced homelessness some time during 2002.

The homeless population includes hundreds of thousands of people with disabilities. Studies show that people with disabilities are over-represented within the homeless population. They are more likely to have repeated episodes of homelessness and remain homeless for longer periods of time.

Recently, policy makers and advocates for homeless people have focused more attention to the needs of people who have been homeless for long periods of time. A new term – **chronic homelessness** – has been coined to help distinguish the needs of these individuals from others who may enter and exit the homeless system more quickly. According to federal officials, this work is part of a larger federal effort to implement appropriate and effective housing and support services strategies for all homeless people.

Because so many people with disabilities experience chronic homelessness, it is important for the disability community to

know more about these emerging federal policies, which are intended to end chronic homelessness in the United States in the next 10 years.

The National Survey of Homeless Assistance Providers and Clients

The most recent national data available on homelessness is from the National Survey of Homeless Assistance Providers and Clients (NSHAPC), a study completed by Martha Burt and others at the Urban Institute.¹ The survey, which included a collaboration of twelve agencies of the federal government, covered the entire United States and provided a systematic view of urban, suburban, and rural homelessness using data from 1996. It also provided data to measure changes in homelessness that had occurred since the last study completed by the Urban Institute in 1987. Sixteen types of homeless assistance programs were included in the study ranging from emergency shelters, soup kitchens and pantries, mental health, and other health care programs to transitional and permanent housing programs.

While the number of homeless people using homeless assistance programs at any given time is highly variable, Burt and her

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Opening Doors

A housing publication for the disability community

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The Consortium for Citizens with Disabilities (CCD) is a national coalition of consumer, advocacy, provider, and professional organizations who advocate on behalf of people of all ages with disabilities and their families. CCD has created the CCD Housing Task Force to focus specifically on housing issues that affect people with disabilities.

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Editorial

What does it really mean to make a commitment to end chronic homelessness in 10 years? What will it take to create 150,000 new units of permanent supportive housing? These are the million dollar questions these days as homeless advocates ponder the real implications of this recent federal commitment.

One way or another, most of the funding needed to create new permanent supportive housing will come from the federal government – in the form of capital funds, tenant-based and project-based rent subsidies, and supportive services programs such as Medicaid. A new federal housing production program targeted to poor people consistent with the proposals of the National Housing Trust Fund Campaign, would help to make the goal of 150,000 permanent supportive housing units a reality and also help prevent homelessness.

Thus far, the only federal funding tied to the policy goal of ending chronic homelessness is a \$35 million HUD/HHS/VA collaboration. As we went to press on this issue of *Opening Doors*, the details of this initiative had not yet been announced. It is hard to imagine how this small amount of funding can create the incentives and momentum necessary to “jump-start” and sustain the effort needed to end chronic homelessness.

Is it too soon to question whether the federal government intends to follow up its policy goal with realistic plans and specific funding strategies to provide the resources needed to end chronic homelessness? Perhaps. But expectations are high – as they should be, given the task ahead. It is clear that some portion of existing federal housing and services programs must be re-directed towards the goal of ending chronic homelessness – or the policy goal simply cannot be taken seriously. That work must begin now! This issue of *Opening Doors* includes several recommendations that could be implemented quickly – sending a strong signal that there are actions to back up the rhetoric.

The Editors

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colleagues estimated that during one week's time in the winter of 1996, over 800,000 homeless people took advantage of homeless services programs. From these data, they also concluded that approximately one percent of the total U.S. population experience homelessness at least once during a year's time.

Homelessness Among People with Disabilities

Exactly how many homeless people are people with disabilities? Unfortunately, that question is more difficult to answer but the NSHAPC provides some helpful data.

The NSHAPC estimates that 25 percent of homeless people are receiving some type of government disability benefit. Eleven percent receive Supplemental Security Income (SSI) benefits, eight percent receive Social Security Disability Income (SSDI) payments, and six percent receive Veterans Affairs disability payments. In the survey sample, 15 percent of homeless people self-reported mental health problems and an additional 31 percent reported problems with both mental health and substance abuse. Twenty-eight percent had been treated at an inpatient or outpatient mental health facility during the past year. Twenty percent reported having been in special classes in school because of learning or other disabilities.

While the study does not specifically address the incidence of mental retardation or other developmental disabilities, homeless services providers in several states have reported a substantial increase in the incidence of homelessness among this group. Providers have also made note of the difficulties they have meeting the need for accessible services for homeless people with mobility impairments and sensory disabilities. Because of these barriers, people with these types of disabilities may not be able to access homeless assistance programs in some localities.

Chronic Homelessness

The NSHAPC found that 80 percent of people using single adult shelters enter and exit within about one month's time, never to return. However, 20 percent enter multiple times during the course of a year, and half of this group – or 10 percent of the total number of single adult homeless people – spends an average of 280 days per shelter stay. Because these individuals “live” in the homeless system for months and months at a time, they use nearly half the resources available even though they make up a relatively small percentage of people who experience homelessness.

Estimates of the number of people who are considered chronically homeless range from 150,000 to 200,000 or more. Virtually all chronically homeless people have some disabling health condition, and many have severe disabilities – particularly co-occurring mental illness and substance use disorders. Most are single adults, although there are a growing number of families with minor children who are chronically homeless. Many of the adults and children in this group also have disabilities.

People At Risk of Homelessness

Data on homelessness can also help to determine who is most at risk of homelessness. People with disabilities have high risk factors for homelessness. For example, the combination of extreme poverty and other personal vulnerabilities – including disability – is considered a predictor of homelessness. Physical and mental illness in particular are noted in the research as characteristics that increase vulnerability to homelessness. The lack of availability and access to support services and benefits for very poor people – particularly among people living in suburban or rural areas – also appears to be a predictor of homelessness.

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The current level of federal SSI benefits (equal to \$545 in 2002) is insufficient to pay for even modest housing. This lack of income means that millions of adults with severe disabilities are living in housing they cannot afford and/or in substandard housing. Many of these individuals are at risk of ending up in the homeless system.

An acceptable definition of permanent supportive housing is: decent, safe, and affordable community-based housing that provides residents with the rights of tenancy under state/local landlord tenant laws and is linked to voluntary and flexible supports and services designed to meet residents' needs and preferences.

The Solution – Permanent Supportive Housing

In order to permanently exit the homeless system, people with disabilities who are chronically homeless need long term affordable housing as well as services and supports to sustain that housing and address other service needs. This particular housing model is commonly referred to as “permanent supportive housing.”

After a decade of learning about what works and what doesn't work for homeless people, there is an emerging consensus that:

- Permanent supportive housing is the solution for people with disabilities who have experienced long-term or chronic homelessness; and
- Permanent supportive housing is also very effective at preventing homelessness among people with severe disabilities who are most at risk.

Defining Permanent Supportive Housing

There is no single “official” definition of permanent supportive housing. In fact, the terms supportive housing and supported housing, are often used interchangeably. Both terms refer to integrated housing (typically rental apartments) linked in some way with flexible community-based services that are available to tenants when they need them, but are not required.

Beginning in the late 1980s, permanent supportive housing began to be recognized as an effective housing strategy to help homeless people with special needs. At that time, the term was used to describe a new type of permanent housing project that usually had on-site services that were available to residents but were not required as a condition of tenancy.

The term supported housing also emerged in the 1980s and had its origins in the mental health community. It was used to differentiate a new housing approach – rental housing linked with voluntary community-based supports – from older residential treatment models that made housing conditional on participating in a support services program. The policy emphasis in the supported housing model was on integration and scattered site housing whenever possible to reduce the stigma and discrimination associated with serious mental illness. Other terms frequently used to describe permanent housing for people with various types of disabilities linked with voluntary supports are consumer controlled housing, special needs housing, service-enriched housing, and independent housing.

Programs administered by the U.S. Department of Housing and Urban Development (HUD) targeted to people with disabilities also use the term supportive housing. The Section 811 Supportive Housing for Persons with Disabilities

Program was created by Congress in 1990 to provide permanent housing, but Congress did not specify whether support services should be voluntary or mandatory. All three of HUD's McKinney/Vento Homeless Assistance programs provide permanent supportive housing, including the Supportive Housing Program (SHP), the Shelter Plus Care program (S+C) and the Section 8 Moderate Rehabilitation SRO program. The SHP and the S+C programs permit, but do not require, the housing to be conditioned on the receipt of services.

Historically, the use of these various terms to describe housing linked with services was considered important because the specific term used was intended to draw a clear distinction between older "restrictive" congregate models of housing and newer models which gave residents tenancy rights. Most housing advocates and self-advocates now agree that these distinctions can cause more confusion than clarity.

Today, within federal housing and homeless policies, the term **permanent supportive housing** is most commonly used. An acceptable definition of permanent supportive housing is: decent, safe, and affordable community-based housing that provides residents with the rights of tenancy under state/local landlord tenant laws and is linked to voluntary and flexible supports and services designed to meet residents' needs and preferences.

The Effectiveness of Permanent Supportive Housing

There is a growing body of knowledge indicating the effectiveness of permanent supportive housing for people with disabilities who are homeless or who are at risk of homelessness. Perhaps the most compelling study, and the study most often cited in the literature and by the media, is *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.*²

This study was completed in May 2001 by Dennis Culhane, Stephen Mettraux, and Trevor Hadley of the Center for Mental

Health Policy and Services Research at the University of Pennsylvania, and was facilitated by the Corporation for Supportive Housing.

The study merged data on 4,679 homeless people with severe mental illness who moved into permanent

supportive housing with administrative data on the utilization of public shelters, public hospitals, Medicaid-funded services, veterans' inpatient services, state psychiatric inpatient services, state prisons, and the city's jails. A control group of homeless people with the same level of disability who were not offered permanent supportive housing were similarly tracked through administrative records.

The study 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. Prior to living in permanent supportive housing, homeless people with severe mental illness in the study used an average of \$40,449 per person per year in such services. Living in permanent supportive housing was associated with a reduction in service use of \$16,282. The unit costs to develop the supportive housing were estimated at \$17,277, only \$995 more than the dollars saved.

Other recent studies also document the potential effectiveness of permanent supportive housing. According to a report in the *New England Journal of Medicine*, homeless people spent an average of four

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Because the tenants of supportive housing are extremely poor, their rent payments are not enough to cover the costs of operating the housing.

days longer per hospital visit than did comparable non-homeless people – at a cost of \$2,424 per hospitalization. A recent Corporation for Supportive Housing study in Connecticut³ compared Medicaid costs for residents for six-month periods prior to and after their move into permanent supportive housing. Costs for mental health and substance abuse treatments decreased by \$760 per service user while costs for in-patient and nursing home services decreased by \$10,900. Some experts on homelessness suggest that as many as 80 percent of people who experience long-term or chronic homelessness could benefit from permanent supportive housing.

Three Components of Permanent Supportive Housing

Because permanent supportive housing integrates housing and services for extremely low-income people with disabilities, it has more funding components than other types of affordable housing. Depending on how the housing is provided, there are either two or three separate funding components in permanent supportive housing projects:

- 1 Capital Funding
- 2 Subsidies
- 3 Supportive Services

Capital funding

Capital funds are the type of funds used when permanent supportive housing providers purchase, rehabilitate, or newly construct permanent supportive housing. This one time funding needed to “capitalize” new permanent supportive housing development comes primarily from government housing programs. Often as many as five to seven different types (sources) of funding are needed to make permanent supportive housing developments financially feasible. [NOTE: Capital funds are not needed if

permanent supportive housing is provided through a leasing arrangement with a private landlord.]

Subsidies

Rental subsidies or operating subsidies are needed in permanent supportive housing to ensure that the housing remains affordable to the lowest income people. Because the tenants of supportive housing are extremely poor, their rent payments (based on 30 percent of income) are not enough to cover the costs of operating the housing (e.g. utilities, insurance, maintenance, repairs, property management, etc.). When non-profit groups develop permanent supportive housing, the operating or rent subsidy pays the difference between the rents paid by the tenants and the actual monthly cost of the housing. When permanent supportive housing is provided through leases with landlords in the private rental market, rental subsidy funds are needed to cover the market rent for the housing.

Subsidy Renewals

Because most permanent supportive housing residents have very low incomes, subsidy funding is needed for the long term. Since 1987, the HUD McKinney/Vento Homeless Assistance programs have been the primary source of these subsidy funds, initially through 3-5 year contracts. Ensuring that there are sufficient funds appropriated by Congress for the renewal of these subsidy contracts has been a struggle.

Supportive Services

Supportive services are the “support” in permanent supportive housing. Without them, the housing is the same as any other subsidized housing. Supportive services can vary depending on who is living in the housing. The specific supportive services offered can vary greatly from project to project. Most permanent supportive housing providers offer some type of case

management and housing support, but may also offer more intensive services such as mental health services, substance abuse services, vocational or employment services, etc. These services may be offered on-site or off-site, or may be provided by a mobile service team. During the past 15 years, supportive services in permanent supportive housing targeted to homeless people with disabilities have often been paid for by the HUD McKinney/Vento Supportive Housing Program.

Expanding Permanent Supportive Housing – A New Federal Policy Agenda

Because of the effectiveness of permanent supportive housing, federal policy is being re-oriented to stimulate the creation of permanent supportive housing as a strategy to end chronic homelessness. This effort began in the late 1990s, when Congress first required that at least 30 percent of the \$1 billion spent annually on HUD McKinney/Vento Homeless Assistance programs be spent for permanent supportive housing. [NOTE: Prior to that time, only 20 percent of McKinney/Vento funds were being spent on permanent housing.]

In both FY 2001 and FY 2002, the HUD budget included the following policy direction from Congress:

The Committee is concerned that a small percentage of homeless people are chronically homeless and chronically ill, have no reasonable residential alternative beyond shelter and the streets, and are disproportionately using public resources. It is the intention of this Committee that HUD and local providers increase the supply of permanent supportive housing for chronically homeless, chronically ill people over time until the need is met (estimated 150,000 units). This includes preserving the current supply of such housing and providing new housing.

TAC'S PARTNERS IN ENDING LONG-TERM HOMELESSNESS

TAC is working in partnership with other national, state, and local groups on a national initiative to end chronic homelessness over the next decade. More information is available from our partner organizations who are leading this effort.

The Corporation for Supportive Housing (CSH) is a national non-profit organization that works through collaborations with private, non-profit and government partners to facilitate an expansion of permanent supportive housing. To build on the momentum that is growing across the country to end homelessness (not just manage it), CSH has led an effort to develop a **Compact to End Long-Term Homelessness**. The Compact commits those who endorse it to “a focused, committed national initiative to end long-term homelessness over the coming decade by creating 150,000 units of permanent supportive housing.” Visit the CSH website (www.csh.org) to learn more about:

- How to endorse the Compact to End Long-Term Homelessness (see information on page 8);
- Recent studies documenting the cost-effectiveness of permanent supportive housing;
- Reports, manuals, and guides to help non-profit organizations and government agencies expand permanent supportive housing; and
- CSH programs in California, Connecticut, Illinois, Michigan, Minnesota, New Jersey, New York, and Ohio.

The National Alliance to End Homelessness (NAEH) is a non-profit organization whose mission is to mobilize the non-profit, public, and private sectors of society in an alliance to end homelessness. Guiding their work is the **Ten Year Plan to End Homelessness**, which identifies current weaknesses in addressing the problem and lays out practical steps to end homelessness within ten years. Visit the NAEH website (www.endhomelessness.org) for more information, including the following:

- The Ten Year Plan to End Homelessness;
- Statistics and other key facts on homelessness and affordable housing;
- Best practices from organizations and individuals around the country; and
- Publications and resources on homelessness.

According to Secretary Martinez, “the Administration’s new vision places a greater emphasis on coordinating our assistance and preventing individuals from becoming homeless in the first place.”

In January of 2002, in his budget message to Congress, President Bush stated that ending chronic homelessness in 10 years was a top policy objective. Five months later, the Millennial Housing Commission appointed by Congress issued its final report which included a specific recommendation to create 150,000 units of permanent supportive housing as a strategy to address chronic homelessness.

In July of 2002, HUD Secretary Mel Martinez announced the Bush Administration’s plan to better coordinate the nation’s response to homelessness, including a “multi-faceted approach toward meeting the goal of ending chronic homelessness in America.” Included in the plan is a unique collaboration between three federal agencies – HUD, the Department of Health and Human Services (HHS), and the Department of Veterans Affairs (VA) – that will provide \$35 million to fund new permanent supportive housing and critical services.

The HUD Secretary’s announcement came one day after a meeting of the federal Interagency Council on Homelessness – the first meeting of the Interagency Council in six years. According to Administration officials, President Bush reactivated the Interagency Council as part of the federal government’s effort to confront the root causes of homelessness. According to Secretary Martinez, “the Administration’s new vision places a greater emphasis on coordinating our assistance and preventing individuals from becoming homeless in the first place.”

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CSH Compact to End Long-Term Homelessness

Preamble

Many communities are establishing practical plans to end homelessness. A cornerstone of the larger campaigns to end homelessness for all Americans is this national initiative, to create much more supportive housing in order to end long-term homelessness within ten years. Supportive housing works to provide stable homes and effective supportive services for families with special needs, people with disabilities, and others who would otherwise remain homeless for the long term, and generates significant public savings by reducing the need for costly emergency and institutional care.

With this Compact, we commit ourselves, in cooperation with all allies and partners who share our goals, to a focused, committed national initiative to end long-term homelessness over the coming decade by creating 150,000 units of permanent supportive housing targeted to families and individuals who are homeless for the long-term, and by preventing more people from joining their ranks. Achievement of these goals will require a significant expansion of the resources dedicated to making affordable housing available to people with the lowest incomes, and will also require securing investments in affordable and supportive housing alternatives from mainstream programs. We commit ourselves to supporting the work of allies leading the effort to achieve these larger goals.

Goals

We strive to put an end to the common occurrence of long-term homelessness by:

- Creating and sustaining at least 150,000 units of permanent supportive housing over the coming decade for people who are experiencing long-term homelessness;
- Ending the practice of discharging large numbers of people into homelessness from hospitals, mental health and chemical dependency treatment facilities, jails, and prisons; and
- Securing investments in additional affordable and supportive housing alternatives from mainstream systems,

so that supportive housing is available to those who are homeless, or would likely be homeless without it.

We also need to do more than focus on those who are already experiencing long-term homelessness. To strengthen communities and families so that they can provide support to their most vulnerable members, and to prevent others from becoming or remaining homeless, we will also work to significantly expand resources dedicated to making affordable housing available to people with the lowest incomes, which includes those homeless households that need affordable, but not supportive, housing.

Strategies for Advancing our Goals

- Renew – with predictability and stability – funding for rent or operating subsidies and services that sustain the supportive housing that now exists.
- Focus resources from mainstream and targeted programs to create and sustain supportive housing.
- Integrate and coordinate investments for housing and services to use resources efficiently and make it possible to take supportive housing to a much larger scale.
- Increase resources to create and maintain supportive and affordable housing.
- Invest in building the capacity of community groups and government to create and sustain high-quality supportive housing.

This undertaking will also:

- Set the stage for the public support and methods of financing that will make permanent supportive housing the central vehicle for addressing long-term homelessness, particularly homelessness among those with persistent or chronic health challenges (including mental illness, chemical dependency, and/or HIV/AIDS) and multiple barriers to housing stability;
- Build the public will to support a significant increase in funding for housing affordable to people with the lowest incomes and the supportive services that will enable people who have been homeless and people with disabilities to access and maintain housing and fully participate in community life;

- Help transform the health care, treatment, employment, criminal justice, and social service systems into prevention efforts that will diminish future homelessness; and
- Make a visible difference in the numbers of people who are homeless for the long term or repeatedly, thereby allowing more effective use of resources to meet the emergency needs of homeless people, building hope, and demonstrating to policymakers that it is worthwhile to make the investments needed to end homelessness for all Americans.

Target Population for Our Efforts

Our strategy is to garner resources, build political will, and strengthen the capacity to create supportive housing primarily for people who are:

- Homeless long-term or repeatedly, whose needs often result in the greatest costs resulting from frequent, and often inefficient use of public systems (such as shelters, hospitals, treatment facilities, and jails). This is the target population for the 150,000 units of supportive housing called for by this initiative.
- At-risk of becoming homeless long-term or repeatedly (those who are homeless for briefer periods of time or those with multiple barriers to housing stability). This is the target population for additional affordable housing, supportive housing, and prevention efforts.

Organizing Ourselves

- We commit ourselves to working together to establish a powerful, ongoing coalition of committed individuals and organizations focused on creating the public will and political impetus to make the changes and investments required to end long-term homelessness.
- We will actively participate as partners to significantly increase affordable housing opportunities, access to health care, and effective support services for all extremely low-income Americans, particularly those who are homeless and those who have disabilities due to chronic health conditions.

To learn more about how your organization can endorse the Compact to End Long-Term Homelessness, visit www.csh.org or call 212-986-6552.

What Will It Take To Create 150,000 Units?

Based on these public statements from federal officials, the federal policy agenda is clear. What is not yet clear is where the resources will come from to translate the policy agenda into reality. Permanent supportive housing experts all agree that new permanent supportive housing units will need to be developed

As the year 2002 drew to a close, the key question that remained unanswered by federal officials was: *What specific federal policies and funding mechanisms will be used to ensure that this goal of 150,000 new units can actually be achieved?*

“from scratch” – primarily by non-profit permanent supportive housing groups. Scattered-site rental assistance strategies using existing housing stock will also be needed to reach the goal of 150,000. As the year 2002 drew to a close, the key question that remained unanswered by federal officials was: *What specific federal policies and funding mechanisms will be used to ensure that this goal of 150,000 new units can actually be achieved?*

Based on recent appropriations history in Congress, it is unlikely that there will be substantial amounts of new HUD McKinney/Vento Homeless Assistance funding for new permanent supportive housing, and certainly not enough to support the cost of 150,000 new units. Since HUD’s Homeless Assistance programs were enacted in 1987, approximately 50,000 units of permanent supportive housing, as well as thousands more transitional housing units and separate supportive service programs, have been funded – primarily through 3-5 year renewable contracts. Paying for the renewal of these contracts will soon use up all of the HUD McKinney/Vento Homeless Assistance appropriation – if it continues to be funded at its present level – leaving virtually no money for new projects.

The goal of 150,000 new units in the next ten years is more than twice the entire number of units created during the past

fifteen years with HUD Homeless Assistance funding. Based on this data, it is clear that even if HUD’s Homeless Assistance appropriation increases substantially, other capital, subsidy, and support service funding will be needed. Although staff at HUD, HHS, and the VA have been collaborating on the details of the \$35 million initiative announced by Secretary Martinez last July, much stronger policies and incentives need to be put in place by HUD and HHS to assure that sufficient federal capital, subsidy, and support services resources will be available if the goal of ending chronic homelessness is to be achieved.

For years permanent supportive housing providers have faced the reality of scarce housing and services funding and have learned to scramble for every available dollar. However, valuable time and valuable person power is wasted every time a non-profit supportive housing developer spends 6-12 additional months chasing the last \$100,000 needed to finance a project, or is forced to abandon a proposed project because rental subsidies and support services funding are not available. A more systematic approach, along with facilitated access to “mainstream” federal housing and services programs funding, is essential to significantly expand the availability of new permanent supportive housing.

Targeting “Mainstream” Housing and Services Funding

HUD and HHS receive billions of dollars of so-called “mainstream” housing and services program funds from Congress that could be used to finance the capital, subsidy, and support services costs of new permanent supportive housing. Many of these federally funded programs are directly administered by state and local officials who are given tremendous flexibility in how the funding will be used in a specific state or locality. Permanent supportive housing and homeless service

providers know first hand how little of this funding is currently directed to addressing homelessness.

Federal housing programs that could easily be used to expand permanent supportive housing – including the HOME Program, the Low Income Housing Tax Credit program, and the Section 8 Housing Choice Voucher program – are often not prioritized for permanent supportive housing. HHS programs such as Medicaid, Temporary Assistance to Needy Families (TANF), and the Substance Abuse and Mental Health Services block grants have billions of dollars of relatively flexible funding which could, at the discretion of state officials, be used to provide services in permanent supportive housing.

Unfortunately, state and local officials always confront competing priorities when making decisions about the use of flexible federal funding. That is why more guidance and incentives must be provided by the federal government for these funds to be prioritized for new permanent supportive housing programs. Because there have been special federal programs exclusively for homeless people for many years [e.g. HUD McKinney/Vento Homeless Assistance programs and the Center for Mental Health Services Projects to Assist in the Transition from Homelessness (PATH) program], state/local officials saw little need to commit mainstream housing and services resources for permanent supportive housing. Permanent supportive housing is also a relatively new housing approach, and public officials are often unaware of its benefits and unfamiliar with the financing strategies that make it work.

Housing advocates for people with disabilities agree that a long-term expansion of permanent supportive housing cannot be achieved without significant investments of these key federal “mainstream” housing and services programs. If the federal government is truly committed to the goal of ending chronic homelessness, and committed to expanding housing opportunities for people with disabilities at risk of homelessness, it must match its rhetoric with clear incentives and specific policies which will re-direct “mainstream resources” towards the creation of new permanent supportive housing.

Housing Program Recommendations

Given the current fiscal environment in Washington, D.C., it is not realistic to expect that billions of dollars of new funding will be made available for new permanent supportive housing development. However, it is clear that a federal housing production program targeted to households below 30 percent of median income is needed to address the affordable housing problems of the poorest households.

It is realistic, given the goal of ending chronic homelessness clearly articulated by the Administration during the past year, to expect that federal officials will create new incentives in federal housing and services programs to make it easier for permanent supportive housing providers to develop or lease units.

There are many programs, and a myriad of strategies, that the federal government could use to incentivize the

TAC and the CCD Housing Task Force would like to acknowledge the valuable contributions made by the Urban Institute, the National Alliance to End Homelessness, the Corporation for Supportive Housing, and the University of Pennsylvania Center for Mental Health Policy and Research to recent permanent supportive housing/homelessness research and public policy. These organizations are truly leaders in the field. Their studies, research, and materials provided much of the data and information for this article.

creation of 150,000 units. However, the following six recommendations are directed at key federal programs that could provide the foundation for a significant expansion of permanent supportive housing.

Housing advocates for people with disabilities agree that a long-term expansion of permanent supportive housing cannot be achieved without significant investments of these key federal “mainstream” housing and services programs.

Recommendation #1 – Continue to Target HUD McKinney/Vento Homeless Assistance Programs

Because of their flexibility and targeting, it is critically important that HUD’s McKinney/Vento Homeless Assistance funding continue to be used to create new permanent supportive housing. However, existing McKinney/Vento funding cannot be easily diverted from essential supportive services programs unless there are stronger federal incentives to promote the use of mainstream HHS programs to replace the diverted HUD funding.

Currently, Congressional mandates and HUD guidance require that all McKinney/Vento grantees develop linkages to federal mainstream service programs such as Medicaid and the Substance Abuse and Mental Health Services block grants. However, there are no parallel policies, guidelines, or incentives built into these programs to assure that state officials follow these policies or that they target HHS funding for permanent supportive housing. It is simply unrealistic to expect non-profit groups working with homeless people to be able – on their own – to change policies within state government unless state officials are also hearing the same message from the federal government.

For any real progress to be made, HHS officials must address this policy problem in the HUD Homeless Assistance programs

with much clearer incentives and guidance to state officials administering HHS-funded programs. Once new policies are in place, it may then be realistic to expect that up to 40 percent of HUD Homeless Assistance funding could be targeted to expand permanent supportive housing. Along with this strategy, Congress must also continue to provide realistic increases in the McKinney/Vento Homeless Assistance appropriation for new permanent supportive housing units consistent with the federal policy goal of developing 150,000 new units and continue to fund existing permanent supportive housing projects.

Recommendation #2 – Expand the Use of HUD’s HOME Program

Since it was created in 1990, the HOME program has been used to expand affordable homeownership and rental housing in local communities. The HOME program can provide either capital funding for rental housing production or tenant-based rental assistance. It is also an essential resource for the expansion of permanent supportive housing. To learn more about the HOME program, read issue 16 of *Opening Doors* (available online at www.tacinc.org).

In FY 2002, HUD distributed approximately \$1.7 billion in HOME funds to eligible state and local jurisdictions according to a congressionally mandated formula. State and local housing officials have a great deal of flexibility to decide how these funds will be spent. Some jurisdictions spend all of their funding on homeowner programs, such as homeowner rehabilitation and first-time homeownership initiatives. Other jurisdictions may spend some of their HOME funding for homeownership and some for rental housing production, but usually not for the lowest income households such as people receiving SSI benefits. Evidence suggests that relatively few state and local housing officials elect to spend HOME funding for permanent supportive housing.

In order for more HOME funds to be directed towards permanent supportive housing, the federal government will need to create incentives within the HOME program to encourage state and local housing officials to prioritize these activities. For example, a set-aside of ten percent of HOME funds would provide \$170 million annually for new permanent supportive housing. If this amount of HOME funding could be “matched” with an equal amount of capital funding from other sources, an estimated 3,500 new permanent supportive housing units could be developed each year – or 35,000 units within a 10-year period. HOME-funded technical assistance resources could also be allocated to assist states and localities to develop permanent supportive housing financing strategies that coordinate and link HOME funds with other development, subsidy, and support services funding streams.

Recommendation #3 – Enact National Housing Trust Fund Legislation

The single most critical barrier to developing more permanent supportive housing is the fact that the federal government does not have a rental housing production program targeted to the lowest income people, those people with incomes below 30 percent of the median income. The Millennial Housing Commission, the National Low Income Housing Coalition (NLIHC), and others have concluded that the absence of such a federal production program during the late 1980s and 1990s is also one of the major causes of homelessness. To address this major gap in federal housing policy, NLIHC has proposed the creation of a National Housing Trust Fund. According to the National Housing Trust Fund Campaign, the goal of the Trust Fund should be to produce, rehabilitate, and preserve 1.5 million units of housing by the year 2010.

The legislative proposal for the Trust Fund stipulates that at least 75 percent of the Trust Fund dollars should be used for

housing that is affordable to households with incomes below 30 percent of median income. To this end, the housing developed would be primarily rental housing, with up to one-quarter of the funds to be used for homeownership activities. The campaign calls for operating subsidy funds for the housing to be assured and for properties funded through the Trust Fund to remain affordable for their useful life.

The Trust Fund proposal is perhaps the single most important new federal mechanism that could facilitate a substantial increase in the number of permanent supportive housing units across the United States. To learn more about the National Housing Trust Fund campaign see [page 15](#).

Recommendation #4 – Expand the Use of Section 8 Housing Choice Vouchers

Section 8 Housing Choice vouchers are an essential component of permanent supportive housing financing strategies. Vouchers can be used to help people rent housing of their choice in local communities and they can now also be used as project-based subsidies for the development of permanent supportive housing projects. With tenant-based or project-based vouchers, residents pay between 30-40 percent of their income towards housing costs, ensuring affordability for the lowest income households.

There are approximately 1.8 million vouchers administered by 2,600 Public Housing Agencies (PHAs) across the nation. For a number of reasons, many PHAs have difficulty leasing their vouchers. Often, local rental costs are too high for the voucher program guidelines and/or private landlords are unwilling to accept voucher payments from the Section 8 Housing Choice Voucher program. Under current HUD rules, PHAs could re-direct unused vouchers to develop permanent supportive housing using the project-based component of the program. For example, if only 5 percent of unused Section 8 vouchers could be re-allocated for permanent supportive housing each year,

In order for more HOME funds to be directed towards permanent supportive housing, the federal government will need to create incentives within the HOME program to encourage state and local housing officials to prioritize these activities.

approximately 2,500 new permanent supportive housing units could be provided.

Although some PHAs are capitalizing on this opportunity, technical changes to the project-based voucher program are needed in order to make the program work more efficiently. Written step-by-step HUD guidance on using the project-based assistance program to expand supportive housing would also help promote these activities among PHAs. To expand the role of PHAs in the development of new permanent supportive housing, HUD should work with Congress to amend the project-based program and provide technical support to PHAs willing to develop permanent supportive housing projects.

Recommendation #5 – Reform the Section 811 Program

The Section 811 program's sole purpose is to provide supportive housing. Unfortunately, excessive regulations and an outdated Section 811 law are barriers to the effective and efficient use of this program. For many years, senior HUD officials have virtually ignored the Section 811 program, despite requests from advocates to address its shortcomings and maximize its potential. For example, each year HUD converts approximately \$50 million in Section 811 funding to Section 8 Mainstream vouchers. HUD then awards these vouchers primarily to PHAs for people with disabilities on their Section 8 waiting lists. This policy has been in place since 1997, despite the fact that these funds – equivalent to approximately 10,000 rent subsidies – could be used more effectively by non-profit groups developing permanent supportive housing for people with the most severe disabilities.

During the past few months, senior Administration officials have expressed some interest in Section 811 reform proposals put forward by the CCD Housing Task Force and TAC. Given this Administration's stated commitment to people with disabilities under the President's New Freedom Initiative, including the goal of helping people with disabilities in restrictive settings access community-based housing, HUD should:

- Immediately propose Section 811 reforms to Congress that are consistent with these recommendations;
- Seek at least a \$50 million increase in funding (to \$300 million annually) to support these stated Administration priorities; and
- Agree to award any new Section 811-funded rent subsidies exclusively to non-profit disability organizations. These policy changes, if implemented, could create at least 2,500 new permanent supportive housing units each year.

Target HHS "Mainstream" Funding for Services in Permanent Supportive Housing

A comprehensive discussion of the numerous strategies that could be adopted by the federal government to help facilitate the provision of support services in permanent supportive housing is beyond the scope of this article. The Corporation for Supportive Housing has extensive information on its website (www.csh.org) about specific strategies that could be implemented by HHS and other federal agencies to improve federal policy in this area.

In many instances, these strategies would not require additional new funds from the federal government. Better targeting of HHS programs could be accomplished by providing incentives and guidance to states on ways in which various HHS programs – including Medicaid, TANF,

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To date, more than 3,250 organizations, elected officials, and religious leaders have endorsed the creation of a National Housing Trust Fund that would build, rehabilitate, and preserve 1.5 million units of rental housing for the lowest income families by the end of the decade.

Trust funds are a proven way to build needed housing. The National Housing Trust Fund proposal is based on a model that works. More than 275 state and local housing trust funds currently support 65,000 affordable homes a year. In addition, building housing is a proven economic driver, and a National Housing Trust Fund would create jobs as well as homes.

The time to establish a National Housing Trust Fund is now. There is bi-partisan support in Congress for housing production and preservation. As of the end of this session of Congress, 200 Representatives were co-sponsors of National Housing Trust Fund legislation in the House, and 29 Senators were co-sponsors of companion Senate legislation.

The housing crisis in America is not intractable. Together we can make real progress in solving the housing crisis. A significant endorsement list is one of the Campaign's most powerful tools in generating support. *By taking just a minute to add your name to the list, you can help us reach our goal.* If you agree the federal government needs to do its part to end the affordable housing crisis, please photocopy and send in this form, email your contact information to julie@nlihc.org, or endorse at www.nhtf.org. Then ask others to do the same!



Declaration of Support

Name of Organization/Elected Official:

endorses the establishment of a National Housing Trust Fund and agrees to be listed as a Campaign partner.

AUTHORIZING CONTACT

MAILING ADDRESS

CITY STATE ZIP

PHONE EMAIL

CONGRESS'L DIST

Return to the National Low Income Housing Coalition, 1012 14th St. NW, #610, Washington, DC, 20005 email: julie@nlihc.org fax: (202) 393-1973

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and the Substance Abuse and Mental Health Services block grants – could be used successfully in permanent supportive housing settings.

Conclusion

Given the lack of coordination and the level of fragmentation, which exists among federal, state, and local housing and services programs, the federal government must take a leadership role in facilitating the development of new permanent supportive housing. Advocates for people with disabilities and advocates for homeless

people all agree that if federal officials do not follow-up their policy statements with specific and concrete actions steps, such as those offered in this article, the goal of 150,000 new units of permanent supportive housing simply cannot be achieved. Many other challenges also need to be addressed, such as assisting housing and services organizations to form partnerships and building the organizational capacity to produce new units. Some private philanthropic support has already been committed to support this work, but non-profit groups and private philanthropy cannot do this job alone. The federal government has articulated the policy agenda, therefore, the federal government must also lead the way.

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¹The NSHAPC is available online at www.urban.org/UploadedPDF/410496_1996_NSHAPC.pdf

²This study is available online at www.fanniemaefoundation.org/programs/pdf/rep_culhane_prepub.pdf

³The Connecticut Corporation for Supportive Housing study is available online at www.csh.org

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