

March 2014

**USING VOUCHERS TO SECURE
HOUSING FIRST: THE THREE-
PRONGED APPROACH OF CAPITAL,
OPERATING AND SERVICE SUBSIDIES**



How to solve the problem of homelessness?

Supportive Housing = Affordable Housing + Individualized Supports

- Case management, peer support
- Employment readiness
- Basic living skills
- Social & family connections
- Access to medical and mental health care

The Need for Supportive Housing

- Increase in poverty and street homelessness
- Lack of access to appropriate healthcare
- Unemployment/underemployment

Leading to.....

- Increased use of emergency shelters
- Declining health statuses
- Increased use of institutions
 - Incarceration
 - Emergency rooms

Who benefits from Supportive Housing?

Individuals or families who:

- Are chronically or persistently homeless
- Cycle through institutional and emergency systems
- Are being discharged from institutions and systems of care

Permanent Supportive Housing in Connecticut



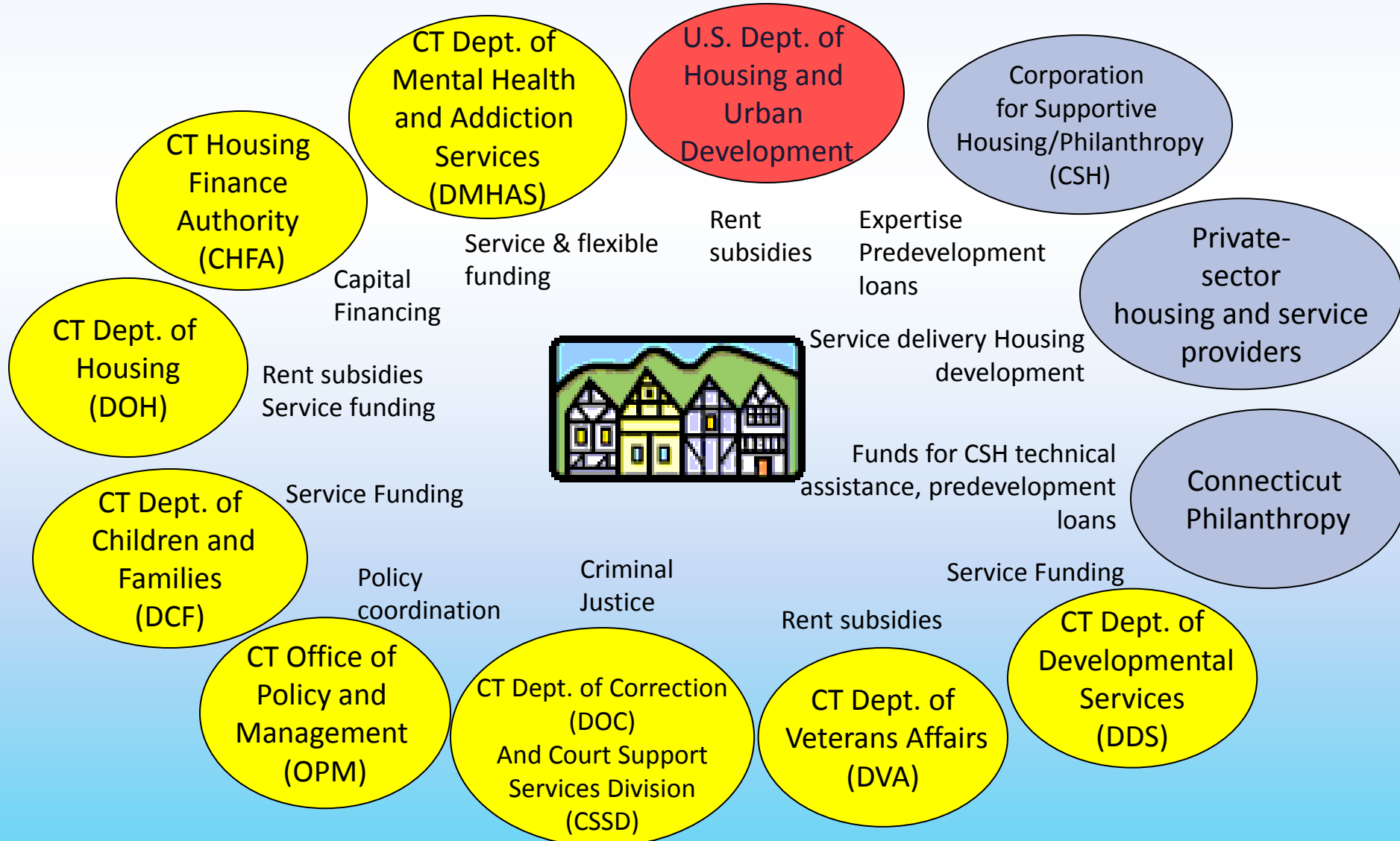
- Permanent supportive housing is a viable, cost-effective alternative to more expensive and less effective institutional settings because it addresses the root causes of chronic, long-term homelessness
- Connecticut Legislature authorized Permanent Supportive Housing Initiatives (PSHI) under Public Acts to provide capital, service and rental subsidy funding together

Connecticut's Interagency Council for Supportive Housing (ICSH)



- Established in 2001
- Public-private collaboration with a goal of creating permanent, Supportive Housing statewide
- Supportive Housing combines decent, affordable, safe, permanent housing with individualized health, support and employment services

Partners in Connecticut's Permanent Supportive Housing Initiatives



Connecticut's Long-Standing Commitment to PSH



- 1995-2000 Demonstration Program
- 2000-2005 PILOTS Initiative
- 2005-2010 Next Steps Initiative
- 2011- ongoing Permanent Supportive Housing Initiative

Development of 2,000+ new units:

- Scattered site or single site
- New construction or acquisition/rehab

Connecticut's Supportive Housing Initiatives



- As funding for PSH is made available, CHFA, on behalf of the ICSH, issues Requests for Proposals (RFPs)
- PSH developments that apply for CHFA mortgage financing or conditional grants through an RFP must comply with CHFA's Multifamily Underwriting Standards



Prong 1: Capital Funding Sources

- 9% low income housing tax credits (LIHTCs)
- CHFA low- or no-interest loans
- DOH grants
- State bond funding
- Philanthropic support
- Private bank loans
- Owner equity contributions
- Municipal/State HOME/CDBG
- Connecticut Housing Tax Credit Contribution program
- HUD Section 811 capital advance

Prong 2: Operating Subsidy Funding Sources



- Shelter Plus Care
- Section 8
- Veterans Affairs Supportive Housing (VASH) Certificate
- HUD Section 811 Project Rental Assistance Contract (PRAC)
- State Rental Assistance Program (RAP)

*In developments, all rental subsidies must be project-based

*In scattered site housing, rental subsidies are tenant-based

Prong 2: Operating Subsidies

Project-Based Vouchers

- Building owner controls rental voucher; enters into assistance contract with funder
- Subsidy is attached to the housing unit, not the tenant, and it for a specific number of units/term
- Tenant pays 30% or 40% of household income to rent

Prong 2: Operating Subsidies

Tenant-based Vouchers

- Tenant controls voucher; portability
- Tenant pays a portion of income to rent;

HUD (Individual or Family)	DOH Disabled	DOH Non-disabled
30%	30%	40%

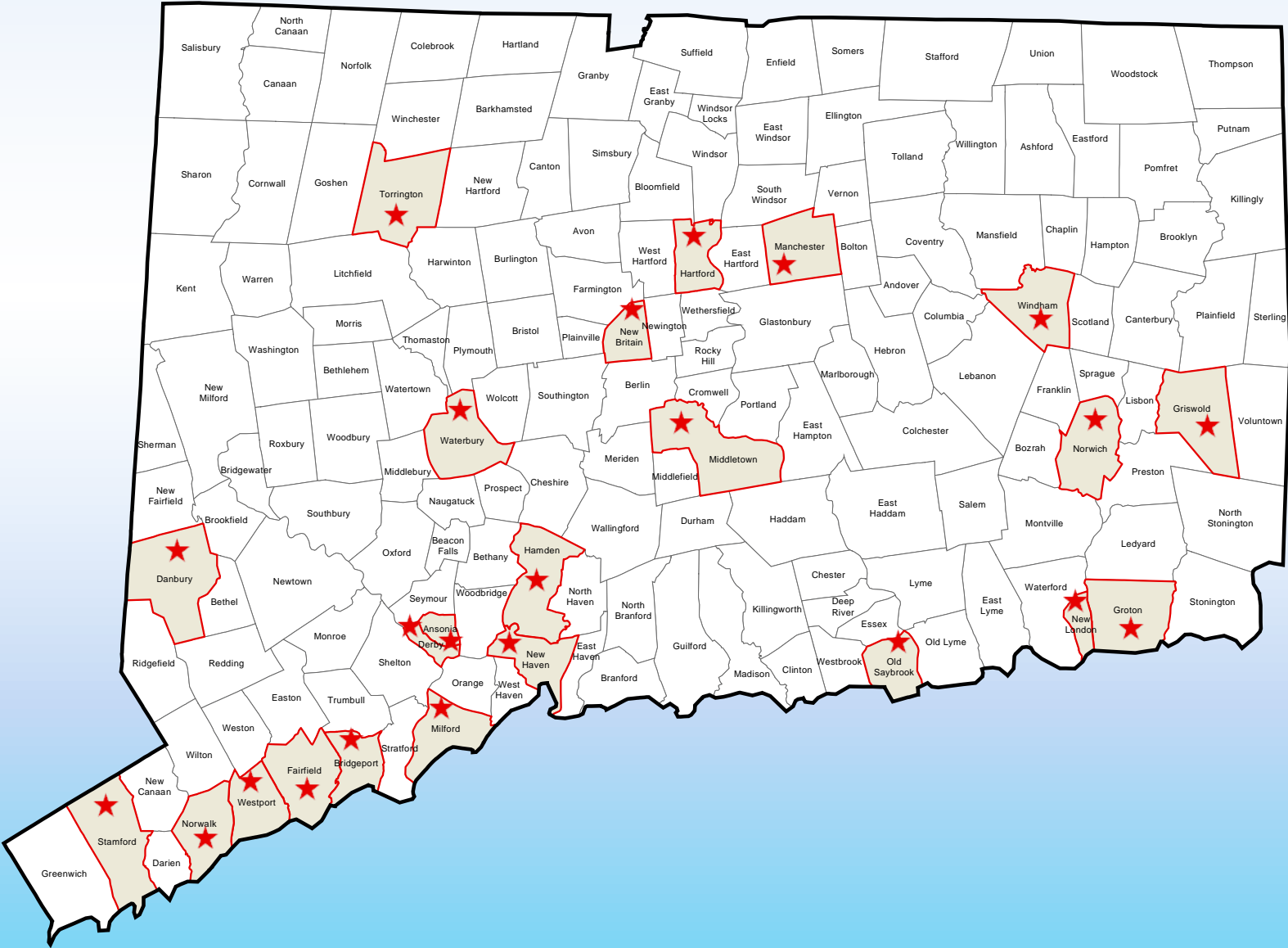
Funder pays remainder of contract rent

Prong 2: Operating Subsidies Project-Based Vouchers



- Successful use of operating subsidies have resulted in the following sample of developments:

Map of Towns with Supportive Housing Developments in Connecticut



Success Stories with Shelter Plus Care Vouchers

- Four-story building newly constructed in 1996 with 30 1-BR apartment units
- Rental subsidies/vouchers
 - 15 Shelter Plus Care Subsidies
 - 15 unsubsidized affordable units
 - Capitalized operating deficit reserve of \$1.14 million



Mary Seymour Place Apartments
Hartford, Connecticut

Success Stories with Section 8 Vouchers

- Substantial rehabilitation of a mixed use commercial building to create 13 units
- Rental subsidies/vouchers from the Torrington Housing Authority:
 - 8 Section 8 PBV
 - 5 Shelter Plus Care
 - Capitalized operating reserve of \$110,000

Success Stories with Section 8 Vouchers

BEFORE



AFTER

Torrington PILOTS
Torrington, Connecticut

Success Stories with HUD Section 811 Vouchers



- New construction and gut rehabilitation of mixed use parcel to create 10 units for chronically homeless individuals with special needs and co-occurring HIV/AIDS
- Rental subsidies/vouchers
 - HUD Section 811PRAC for all units

Success Stories with HUD Section 811 Vouchers

BEFORE



AFTER

Leeway Welton Apartments
New Haven, Connecticut

Success Stories with State RAPs

- New construction of 4 duplexes on CT's gold coast
- All 8 units are set-aside for families who are homeless
- All 8 units subsidized with State RAP PBVs

Success Stories with State RAPs

BEFORE



AFTER

Jarvis Court
Fairfield, Connecticut

Success Stories with VASH Vouchers

- New construction and gut rehabilitation of 19th century brick building to create 18 supportive housing units
- Targeted population is chronically homeless adults including disabled and homeless veterans
- Rental subsidies/vouchers:
15 Project-based VASH vouchers

Success Stories with VASH Vouchers

BEFORE



AFTER

American Legion Housing
Jewett City, Connecticut

Success Stories with 9% LIHTC Equity

- New construction and rehabilitation of existing buildings
- 25 supportive housing units out of 124 units total (\approx 21%)
- Funding
 - \$9.4 million in 9% LIHTC equity
 - \$22 million CHFA Investment Trust Account (i.e, retained earnings)
 - Rental subsidies/vouchers: PB-HCV from the City of Meriden Housing Authority

Success Stories with 9% LIHTC Equity

BEFORE



AFTER

Chamberlain Heights
Meriden, Connecticut

Prong 3: Service Subsidies



- DMHAS funds all state-funded supportive services for PSH in CT
- DMHAS contracts with over 40 private non-profit providers in the amount of \$9,500 per PSH tenant



Prong 3: Service Subsidies



- Supportive housing services focus on housing-based case management, or skills that ensure stability in housing such as budgeting, cleaning, and linkage to mainstream physical and mental health resources
- DMHAS has created an acuity index to determine the stability of current tenants to be able to assess provider capacity

Connecticut's Frequent User Service Enhancement (FUSE) Program



- Used to house individuals cycling between the homeless shelter and corrections system
- 100 units statewide



Connecticut's Frequent User Service Enhancement (FUSE) Program



- Use a data match between Homeless Management Information Systems (HMIS) and Department of Correction (DOC) data to identify potential tenants
- Intensive services

Connecticut's Frequent User Service Enhancement (FUSE) Program



- Housing Subsidies come from various sources including: Section 8 from local PHA's, State Rental Assistance Program (RAP) and DMHAS Rental Assistance Program (D-RAP)
- Program began in 2009 and results show a dramatic decrease in recidivism with over 85% of the tenants maintaining stable housing

Connecticut's Enhancing Housing Opportunities (EHO) Program



- EHO is a “Moving On” program
- By utilizing the DMHAS acuity index, DMHAS identified agencies with excess capacity in their PSH programs
 - Acuity index is able to help assess those supportive housing tenants that no longer need intensive case management support

Connecticut's Enhancing Housing Opportunities (EHO) Program



- Dedicated services are now redirected to housing individuals that are currently chronically homeless
- Program serves 54 individuals using D-RAP housing subsidies
- Effective, cost efficient program

Connecticut's Social Innovation Fund (SIF)



- Federally funded supportive housing program managed by CSH
- CT is one of four sites participating in the demonstration program
- Target Population = high utilizers of Medicaid services who are homeless
- Tenants are identified by a data match between HMIS and CT's Medicaid Agency data

Connecticut's Social Innovation Fund (SIF)



- Program began housing individuals in summer of 2013
- Program capacity is 160 individuals
- CT provided RAP certificates to serve as subsidy source
- Services are paid by the federal funds to determine how to bill Medicaid for the services

Connecticut's Social Innovation Fund (SIF)



- Housing-based case management services are provided in kind by DMHAS-funded supportive housing providers
- Initial individuals housed had an annual Medicaid expenditure over \$100,000 in the year before entering program

Connecticut's De-Institutionalization Housing Program



- Pilot program which accepts 20 individuals directly from CT's state inpatient psychiatric unit that have no where to go upon discharge
- Rental Subsidies
 - 10 units of Section 8 from one local PHA
 - 10 units of RAP
- Service funds come from DMHAS's budget

Connecticut's De-Institutionalization Housing Program



- Dramatic Results
 - no returns to the state hospital or evictions from housing
 - quality of life as reported by tenants is significantly higher after entering housing
- Extremely cost effective
 - Average per day cost of hospitalization is over \$1,200 compared to \$55 for this permanent supportive housing program

DMHAS D-RAPs



- DMHAS created its own Rental Assistance Program Vouchers specifically dedicated to permanent supportive housing
- Funding created by analyzing and reallocating agency budgets
- Connecticut's budget office allowed for this reallocation of funding
- Created an additional 130 units of permanent supportive housing

DMHAS D-RAPs



- Used in targeting initiatives to create permanent supportive housing for individuals leaving the criminal justice system
 - Forensic Supportive Housing Program
 - Frequent User Service Enhancement Program
- Used as a subsidy source for the Moving On program

Connecticut's Housing Assistance Fund



- Flexible housing fund created by DMHAS to assist individuals that are homeless or at risk of homelessness
- Funding comes from unexpended funds in DMHAS's budget that are reallocated before the end of the fiscal year.
- Program is not for permanent supportive housing, but provides housing assistance for those who are on a waitlist for a permanent housing program



Connecticut's Housing Assistance Fund



- Program acts as a “Bridge” subsidy
- Program provides security deposit assistance in the form of a loan
- The average length of stay on this program is approximately 2 years, which is the average waitlist time for many subsidies in CT
- Individuals may remain on the program for longer periods of time due to ineligibility for other housing subsidy programs

Targeted Populations

- Child Welfare involved families (Served by DCF)
- Youth Aging Out of the Child Welfare System (Served by DCF)
- Individuals exiting the Correction System (Served by DOC)
- Individuals on Probation (Served by CSSD)
- Veterans (Served by DVA)
- Individuals with a Mental Health or Substance Abuse Disorder (Served by DMHAS)
- Chronically Homeless (Served by DMHAS)

Future Goals

- Implement a Statewide Coordinated Access System
 - Universal application
- Evaluate and Reallocate Continuum of Care programs
- Use Medicaid to fund support services
- Outreach to Public Housing Authorities

Future Goals

- Expand Current State Programs
 - Competitive Housing Assistance for Multifamily Properties (CHAMP)
 - Transit-Oriented Development (TOD)
 - LIHTC
 - PSHI
 - Scattered site
 - State-Sponsored Housing Portfolio

Questions??

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