



# National Council for Behavioral Health

## How to Fund and Build a Strong Supportive Housing Program

**December 5, 2013**

- Value of supportive housing for individuals and families affected by behavioral health issues
- Models to Consider
- Development Process
- Financing Options



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# Value of Supportive Housing for Behavioral Health Clients

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# What is Supportive Housing?

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)



- Supportive housing combines affordable housing with services that help people facing the most complex challenges live with stability, autonomy and dignity
- One-third of the homeless population has a serious mental illness (SMI)
- Homeless individuals with SMI often face barriers to affordable housing and treatment
- Supportive Housing offers a level of accessibility to care and service flexibility that the mainstream behavioral health system is often unable to match in a clinic setting



- Housing First
- Greater integration of affordable housing and supportive housing (Olmstead/community integration)
- Use of Medicaid
- Residents involved in Medicaid funded Care Coordination from Health Homes
- Housing for new populations
  - High Medicaid Utilizers
  - People living with HIV/AIDS
  - Those with criminal justice involvement
  - Young adults aging out of foster care



- **Impact on individuals:**
  - Improved quality of life, improved health, reduced involvement in criminal justice system, increased employment, etc.
- **Impact on systems:**
  - Cost effective, closes revolving door
- **Impact on communities:**
  - Economic development, increased property values



# Cost Saving

- “Cost to society” went from \$63,808 when homeless to \$16,913 when housed—a 26.5% reduction.
- Costs for shelter and jails went from \$38,351 in the 24 months prior to receiving supportive housing intervention to \$9,143 in the 24 months after receiving supportive housing—a 76% reduction.
- Costs for mental health inpatient services were reduced by 23%.
- A study of 4,679 homeless, mentally ill New York City residents from 1989 to 1997 found that a mentally ill person on the streets of New York City costs taxpayers \$40,451 a year – in 1999 dollars. Supportive housing reduces these annual costs by a net \$16,282 per housing unit.



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# Supportive Housing Models

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- Affordable, permanent housing
- A safe, secure, and supportive environment
  - Tenants often have experienced violence and other trauma
  - A well-designed, secure, well maintained building promotes recovery
- Support services that are individualized, accessible and flexible
  - Includes referrals and linkages with community resources
  - Can include: assistance with ADLs, money management, employment assistance, counseling, access to health and behavioral health care
- Focus on tenant involvement in the building and the wider community
  - House meetings
  - Recreational activities
  - Tenant advisory councils



- Supportive housing supports recovery by promoting client choice, self-determination and encouraging access to treatment services
- Supportive housing reduces isolation and promotes housing stability and community integration. SH reduces the use of homeless shelters, hospitals, jails, and other institutional settings.
- Use of evidence based practices such as supported employment, wellness self-management, and integrated dual disorder treatment promote recovery and wellness.

- Rental Subsidies (Shelter Plus Care, VASH for Veterans, HUD Fair Market Rental (FMR) rates, Section 8, etc.);
- Client Contributions of 30% of gross monthly income toward Rent;
- Housing Counseling services on-site, including evenings and weekends;
- Job development and post-employment counseling; and
- Clinical Supervision for all direct service staff

- **Rural Areas and Small Cities:**
  - Minimum is typically ten units of housing, usually in one or two small clusters
- **Larger Cities:**
  - Generally, a minimum of 25 units of housing; apartments are either located in small clusters and rented from private landlords, or in a single site.



## Congregate housing:

- Large, public grants obtained to build or renovate;
- Special needs populations housed;
- Often involves a provider/developer partnership:
  - ✓ emerging national trend—provider negotiates with a private developer to secure approx. 10-25% of a building's apartments for its special needs population.
  - ✓ "main-streaming" approach to truly integrating individuals with special needs into low-moderate housing in a fully independent and integrated social setting

## Scatter-site housing:

- Renting at Fair Market Rates from private landlords supports local economic development.
- Preserves multi-unit residential building stock via a reliable cash flow for landlords.





- Target population – single men, single women, families, including non-traditional family constellations, young adults (18-24 years of age), seniors, people with disabilities
  - Could be two or more populations within one site
- Target community
- Program model
- Program scale
- Site ownership- single site owned by your agency, owned by another not-for-profit agency, owned by a private developer;
- Site control- operated by your agency directly, leased units from a private landlord or Community Development Housing Organization – CHDO, such as a Neighborhood Preservation Corp. or Rural Preservation Corp., or secured through a long-term lease with a private developer



## What is the vision for the program?

- Mixed models populations (note: there are often more problems with the undiagnosed “regulars”)
- Mixed Model incomes (market rate, middle rate, and special needs)
- 100% Special Needs



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# Development Process

## *Including Building a Strong Team*

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- Often a catalyst for community revitalization
- Repurposing real estate – often delinquent and troublesome – into beautiful sustainable housing for community members, including those living with histories of homelessness and special needs
- Work within strategic plans and community needs
- Creative approaches – long-term land leases, purchasing, rezoning, renovation or demo, or a combination, etc.



- Determine desire and ability (assessment assistance available)
- Develop a Team (architect, consultant, legal, etc.)
- Determine Ability or Appetite for Guarantees
  - Work independently
  - Joint Venture with for or not-for profit for construction only or long-term



# Repurposing State Land

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

- Building 74 at Creedmoor State Mental Hospital in Queens, NY
  - A large abandoned and neglected former inpatient facility transformed into three distinct properties operated by three different not-for-profit organizations





# A Wonderful Place to Live

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

- Building 74
  - TSI, Federation, ACMH







# Before and After

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

- Buildings N and J at Kings County Hospital in Brooklyn. Two large unsalvageable buildings were demolished and replaced with two sustainable mixed model housing residences.





# CAMBA Gardens

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

- Rent-up Underway





# Things to Know About

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

- Key Challenges:
  - Funding Availability
  - Funding Requirements (income and rent levels, etc.)
  - Economies of scale:
    - Not the best option for smaller developments
  - Self-Pay and Rental Subsidy availability
  - Site and Design

# Key Matters

- Market need must be demonstrated.
- Timing:
  - Interest rates and construction costs must be feasible.
- Must meet the most stringent of regulations, including being subject to serving certain income levels and percentages of very low income residents.
- Design, use, and target population are subject to funder review and approval.



# Funding Sources

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

	Basic Information	Requirements	Other
<b>Private Activity Tax Exempt Bonds</b>	Fully Amortizing, full recourse, a percentage of project reserved for low income	50% Test 95-5	Must meet criteria of bonding authority and rules and regulations of program as governed by IRS.
<b>Second Mortgages</b>	Can be amortizing or deferred	Vary – often require specific income perimeters	Competitive. Limited availability.
<b>LIHTC</b>	Equity	Requires tenants to earn 60% or less of Area Median Income	Regulated and monitored by allocating authority and investors.
<b>Other Subsidy</b>	Varies	Typically highly competitive	Typically has requirements for income and homelessness, etc.



# Wonderful Places to Live

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)





# Silverleaf Hall

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)





# Jasper Hall

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)





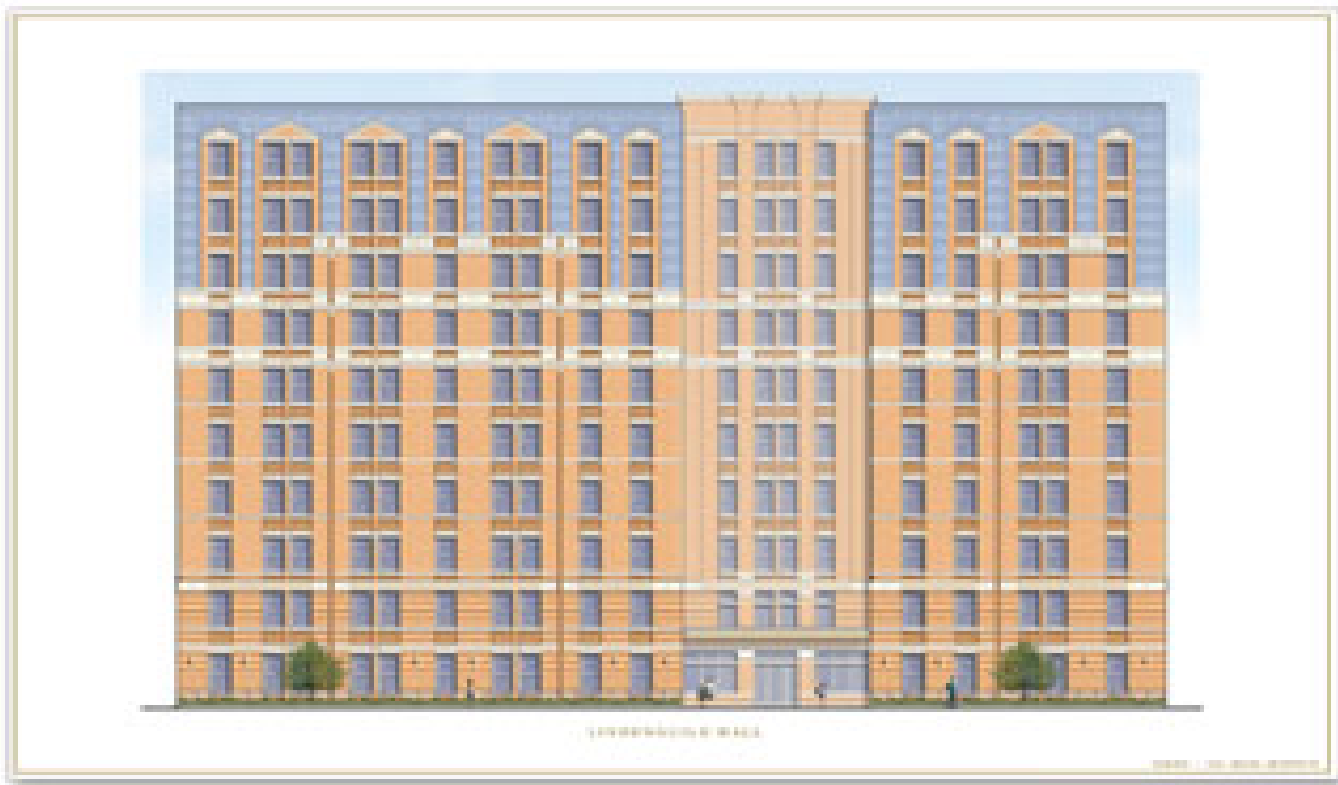






# Lindenguild Hall

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)





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# Financing Resources

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# Potential Financing Sources

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

- Private Activity Tax Exempt Bonds Subject to Volume Cap
- Low Income Housing Tax Credits; both 4% as-of-right and 9% competitive
- Private financing
- HOME and other subsidies
- Local and State Subsidies
- Federal Home Loan Bank
- Other tax credit products including New Market, Green Brownfields, etc.
- EB 5
- Other



## Meeting the Health Care Reform Challenge:

- Safe and affordable housing for vulnerable populations:
  - Improves outcomes and supports the Triple Aim
  - Enhances your agency's value proposition within the managed care environment by facilitating lower cost care delivery
  - Facilitates network coordination



- PSH program design and development
- Capital planning support
- Grant writing
- \$24 million in the past 4 years for supportive housing projects.
- Identify partners, locate development sites, and connect to the resources you need to build fully financed and income sustaining housing services.



## Agencies Considering Housing Should Ask:

- Are you responding to a known local need?
- Are there referrals available to a potential housing program?
- Are you building on your strengths with a particular population, or addressing a gap within your service continuum?
- Do you have capacity within your agency?
  - A point person able to develop the housing program



# Critical Considerations

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

- Program vision
- Planned service area and population
- Service network
- Programming and Operating funds
- Service Site(s)
- Capital support



# Contact Information

[www.TheNationalCouncil.org](http://www.TheNationalCouncil.org)

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