

**FY 2010-11 DRAFT ACTION PLAN  
PERMANENT SUPPORTIVE HOUSING**

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# Chapter 3

## PERMANENT SUPPORTIVE HOUSING:

### *A community strategy*

On March 25, 2010, the Austin City Council passed a historic resolution directing staff to develop a strategy that would prioritize the City's affordable housing resources – including federal and local monies – for permanent supportive housing (PSH). The unanimous action was the result of several interconnected initiatives that culminated in Austin elected officials pledging to create 350 units over the next four years for residents most vulnerable to homelessness, those who have incomes at or below 30 percent of the median family income (MFI); by 2010 federal standards, a single person earning at or below \$15,550 annually. Council directed staff to create a permanent supportive housing strategy incorporating community input by October 1, 2010.

This bold political act necessitates input from a wide spectrum of stakeholders. This section of the Action Plan provides background on the City Council's action as well as related City and community efforts and on the concept of permanent supportive housing. It also outlines a proposed public input process to gather the expertise and priorities of various community stakeholders – from neighborhoods, to affordable housing advocates and providers, to the private sector, to related City boards and commissions. NHCD's proposed FY2010-11 budget includes a proposal to initiate the City's efforts to reach the Council's 350-unit goal, recognizing that additional time will be needed to gain and incorporate stakeholder feedback into a four-year implementation plan.

#### **I. Definition of Permanent Supportive Housing**

According to the Corporation for Supportive Housing (CSH), a national nonprofit organization that supports communities in creating strategies and housing to prevent and end homelessness, permanent supportive housing is affordable housing for very low income individuals and families that is linked to a range of support services that enables tenants to live independently without a time limit on residency. Studies have shown it is a cost effective and successful alternative to emergency services or institutional settings.<sup>1</sup>

CSH defines a supportive housing unit as a unit:

- That is available to, and intended for, a person or family whose head of household is homeless or at risk of homelessness and experiencing mental illness, other chronic health conditions including substance abuse issues, and/or multiple barriers to employment and housing stability;
- Where the tenant pays no more than 30-50 percent of household income towards rent, ideally less than 30 percent;
- Where the tenant has access to a flexible array of comprehensive services, including medical and wellness, mental health, substance use management and recovery, vocational

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<sup>1</sup> Permanent Supportive Housing Program and Financial Model report completed by the Corporation for Supportive Housing (CSH), ([www.atc-reentryroundtable.org/CSH/CSHAustinTravisCountyModel.pdf](http://www.atc-reentryroundtable.org/CSH/CSHAustinTravisCountyModel.pdf))

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 that sets no limits on a person's length of tenancy as long as he or she abides by the conditions of the lease or agreement; and
- Where there is a partnership with ongoing communication between the tenant and his/her supportive services providers, property owner/manager, and/or housing subsidy programs.

PSH is typically tailored to those residents who are hardest to serve and who often consume a disproportionate share of community resources. For example, it can help to stabilize people with psychiatric disabilities, people living with addiction(s), formerly homeless people, frail seniors/families, young people aging out of foster care, those leaving correctional facilities, and persons living with HIV/AIDS. Research proves that PSH is a highly effective intervention strategy for those who face two or more of these challenges.

Such results include:

- More than 80 percent of residents stay housed for at least one year<sup>2</sup>
- Incarceration rates are reduced by 50%<sup>3</sup>
- Emergency room visits decrease by 50%<sup>4</sup>
- Emergency detoxification services decrease by 85%,<sup>5</sup> and

These results demonstrate that serving the chronic homeless makes good business sense. In communities that adopt a rigorous PSH effort, savings from service reductions in police, Emergency Medical Services, and emergency room usage are often tapped to fund PSH .

## **II. Background for Creating Community Goal**

### ***Stakeholder Groups/Data Collection***

Austin's housing and homeless service providers connect and overlap through numerous coalitions and stakeholder groups. Currently, there are 11 planning bodies that focus part or all of their work on housing in Austin/Travis County, with more than 110 different organizations involved in these planning groups.<sup>6</sup> The Ending Community Homelessness Coalition (ECHO) ([www.caction.org/homeless](http://www.caction.org/homeless)) coordinates the annual Continuum of Care (CoC) application to HUD and conducts the city's annual point-in-time homeless count. As a part of the 10 Year Plan to End Homelessness released in May 2010, ECHO plans to

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<sup>2</sup> *Supportive Housing and Its Impact on the Public Health Crisis of Homelessness*, CSH, May 2000

<sup>3</sup> *Making a Difference: Interim Status Report of the McKinney Research Demonstration Program for Homeless Mentally Ill Adults*, 1994.

<sup>4</sup> *The Effectiveness of Permanent Supportive Housing in Maine: A Review of Costs Associated with the Second Year of Permanent Supportive Housing for Formerly Homeless Adults With Disabilities*. Melody Mondello, Thomas McLaughlin, and Jon Bradley, October 2009.

<sup>5</sup> *Analysis of the Anishinabe Wakaigun*, September 1996-March 1998. See also *Denver Housing First Collaborative: Cost Benefit Analysis and Program Outcomes Report*. Jennifer Perlman and John Parvensky, Colorado Coalition for the Homeless, December 2006.

<sup>6</sup> Austin/Travis County Corporation for Supportive Housing Texas Re-Entry Initiative Report (January 2010), ([www.caction.org/rrt\\_new/about/history/CSHReentryInfo07Sept2009.pdf](http://www.caction.org/rrt_new/about/history/CSHReentryInfo07Sept2009.pdf))

incorporate in 2010 as a 501©3 coordinating entity with a redesigned governing structure. ECHO has provided leadership for permanent supportive housing by prioritizing PSH in its CoC guidelines, advocating for approximately \$2 million in local Texas Homeless Housing and Services Program (HHSP) resources to be used for PSH, and releasing community plans and reports such as the Solutions for Homeless Chronic Alcoholics in Austin report (2009).

Other local groups have provided critical data and advocacy surrounding specific populations of homeless and near-homeless, such as the Community Action Network ([www.caction.org](http://www.caction.org)); the Mayor's Mental Health Task Force Monitoring Committee (MMHTFMC) ([www.mmhtfmc.org](http://www.mmhtfmc.org)); and the Austin/Travis County Re-entry Roundtable ([www.atcreentryroundtable.org](http://www.atcreentryroundtable.org)). The Austin/Travis County Texas Re-Entry Initiative Report (2010), conducted by the Corporation for Supportive Housing, recommended supporting an array of approaches across the housing continuum with an emphasis on permanent supportive housing. The report also focused on the high number of vulnerable homeless individuals who are frequent users of multiple public services, such as correctional/criminal justice facilities, hospitals, police/EMS intervention, and mental health facilities.

The Comprehensive Housing Market Study, commissioned by the City of Austin in 2009, identified very low-income renters as one of the most underserved populations. The report found that there is a tremendous need for rental housing affordable to those earning 0-30% of the area's median family income—just one in 6 renters earning less than \$20,000 can find affordable housing in Austin.<sup>7</sup> This translates to a gap of almost 40,000 rental units for this population. The Austin Housing Market Study also drew attention to other pressing community needs, such as assistance for first time home buyers, repairs for low-income owners and rental projects that serve residents with higher incomes who are still priced out of Austin's housing market.

Building on these findings, ECHO, MMHTFMC, and the Austin/Travis County Re-entry Roundtable contracted with the Corporation for Supportive Housing to assess Austin's needs for permanent housing for individuals and families and to produce a permanent supportive housing programmatic and financial model. In February 2010, CSH released its seminal report, identifying an overall need of 1,889 permanent supportive housing units and recommending the creation of 350 new PSH units within four years.

A broad spectrum of groups highlighted the need to address the critical issue of the neediest in Austin, including neighborhood residents and businesses. The Austin Neighborhoods Council passed a resolution on February 24, 2010, supporting the use of the remaining G.O. housing bonds *“with special preference given to projects providing housing for the homeless that is dispersed throughout Austin and available to all groups including women and families.”* The Downtown Austin Alliance supports supportive housing for the downtown chronic homeless individuals who habitually circulate through the systems of social services, law enforcement, and community court.<sup>8</sup>

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<sup>7</sup> City of Austin Comprehensive Housing Market Study. The full report can be found at [www.ci.austin.tx.us/housing/apr08chms.htm](http://www.ci.austin.tx.us/housing/apr08chms.htm)

<sup>8</sup> Downtown Austin Alliance Report: Business Improvement District Involvement with Affordable Housing (August 2009)

### ***Comparative Research***

Members of the Austin City Council explored models for addressing homelessness, through research and visits with homeless providers, community leaders, and elected officials in Miami, Phoenix, Dallas and San Antonio. For instance, due to a concerted joint effort of the public, private and nonprofit sectors, Miami achieved a remarkable 70 percent decrease in its on-the-street homeless population from 2000 to 2008.<sup>9</sup> Some cities chose to consolidate housing, programs and services in one “campus” setting (Phoenix, San Antonio). The site visits highlighted key elements of successful strategies that fundamentally changed a community’s approach to – and success rate addressing – homelessness. These include:

1. The importance of strong leadership from the private sector, including a “champion” to raise awareness and funding;
2. Alignment from officials (City, County, regional) to support a coordinated effort among regional governing bodies;
3. Dedicating ongoing revenues for operational and services;
4. Flexibility from housing and service providers to improve coordination, increase services and reduce duplication of efforts; and
5. The need to raise public awareness and commitment for ending homelessness.

### ***A City Investment***

In November 2009, the City’s Neighborhood Housing and Community Development Office (NHCD) announced the successful commitment of 75 percent of \$55 million in General Obligation (G.O.) bond funds approved by voters in 2006. Program guidelines allocated 60% of the G.O. bond funding (\$33 million) for rental projects and 40% (\$22 million) for homeownership projects. In three years, these funds have helped create almost 1,800 apartments and homes for low income residents. This includes 827 apartments in three developments financed with Low Income Housing Tax Credits in 2009 alone –an unprecedented award by the Texas Department of Housing and Community Affairs (TDHCA). The Council, through its affordable housing affiliate, Austin Housing Finance Corporation, also committed G.O. bond funding to each of the three applications. The Mayor and Mayor Pro Tem testified before the TDHCA Board in support of all three Austin applicants. These actions highlighted the City’s aggressive approach to secure affordable rental housing for the working poor – reversing the trend of Austin receiving no tax credit awards for several years.

By the first quarter of FY2009-10, \$33 million of the G.O. bond funds earmarked for rental housing and \$9 million of the G.O. bond funds dedicated to homeownership projects were committed. In November, NHCD staff turned to the Community Development Commission, the City’s policy oversight board for the G.O. bond housing program, to discuss options and make recommendations to Council on next steps for the remaining \$13 million. In the meantime, the staff paused from accepting applications for rental or ownership funding to ensure transparency and fairness for all potential applicants until the Austin City Council gave direction on next steps. The CDC discussed options and potential priorities at its monthly meetings through March 2010, and held a public hearing on January

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<sup>9</sup> From Miami-Dade County Homeless Trust’s 10 Year Plan 2008 Update, p. 8. URL: <http://www.miamidade.gov/Homeless/library/TenYearPlan2008UpdateJanuary20UMPresentation.pdf>.

7, 2010. Staff hosted a focus group with housing finance program users on February 3, 2010. The desired outcome from these stakeholder opportunities was to ensure Council received public input prior to making a policy recommendation on a strategic plan for the remaining G.O. bond funds.

The Austin City Council held a public hearing on February 25, 2010. While stakeholders voiced diverse perspectives throughout the public input process, parties recognized that exponential demands for affordable housing cannot be met with existing resources. The Austin City Council accepted the CSH recommendation and passed Resolution No. 20100325-053 on March 25, 2010, directing the City Manager to develop a plan to prioritize permanent supportive housing that could include both local and federal funding sources administered by NHCD.<sup>10</sup>

### **III. A 350-Unit Goal**

The Permanent Supportive Housing Program and Financial Model report completed by the Corporation for Supportive Housing (CSH)<sup>11</sup> outlines a strategy for the creation of permanent supportive housing units in Austin, as well as a numerical goal of 350 units created in four years. Of the 350 total units, the report recommended that 260 units be new construction/rehabilitated units, and 90 be leased units.

The CSH analysis paid special attention to several vulnerable subpopulations: mentally ill, re-entry/criminal justice, families, and youth/youth aging out of foster care. The report recommends that 310 of the 350 units be utilized for single adults, of which 225 would be set aside for the chronically homeless with criminal justice interaction, 75 for the chronically homeless frequent shelter users, and 10 for young adults aging out of foster care. 30 of the 350 units would be dedicated for families (10 for youth aging out of foster care with children). The remaining 10 units would be set aside for unaccompanied youth. Across all subpopulations, CSH recommended that 300 of the units be intended for residents with mental health service needs, including 150 with co-occurring disorders.

Exhibit 3.1 Housing for Persons Experiencing Homelessness outlines the current inventory of housing for homeless persons in Austin, including shelter beds, transitional housing units, and permanent housing units.

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<sup>10</sup> Resolution No. 20100325-053 passed March 25, 2010 by Austin City Council. URL: <http://www.ci.austin.tx.us/edims/document.cfm?id=135328>.

<sup>11</sup> For access to the full report, visit [www.atc-reentryroundtable.org/CSH/CSHAustinTravisCountyModel.pdf](http://www.atc-reentryroundtable.org/CSH/CSHAustinTravisCountyModel.pdf)

### Exhibit 3.1

## Housing for Persons Experiencing Homelessness

Emergency shelters	Beds	Transitional housing	Beds	Permanent supportive housing	Beds
Foundation for the Homeless	30	ATCMHMR		HACA	
Front Steps		<i>Project Recovery</i>	12	<i>Shelter Plus Care (1 YR)</i>	60
ARCH	175	<i>Alameda House</i>	10	<i>Shelter Plus Care (5YR)</i>	24
<i>Recuperative Care</i>	6	Blackland CDC	20	HATC	
LifeWorks	20	Caritas of Austin		<i>Shelter Plus Care (1 YR)</i>	68
SafePlace	90	<i>Re-entry Program</i>	20	<i>Shelter Plus Care (5 YR)</i>	8
Salvation Army		<i>MyPlace</i>	20	Foundation Communities	
<i>Women's &amp; Children's Shelter</i>	68	Community Partnership for the Homeless	32	<i>Spring Terrace</i>	120
<i>Family Dorm</i>	65	Family ElderCare		<i>Garden Terrace</i>	65
<i>Men's Dorm</i>	109	<i>Elder Shelter</i>	8	<i>Skyline Terrace</i>	40
<i>Men's Worker's Dorm</i>	30	<i>AHFC Transitional Housing</i>	15	ATCMHMR – Safe Haven	16
<i>Turning Point</i>	41	Front Steps	7	Caritas of Austin	
<i>Women's Worker's Dorm</i>	14	Lifeworks		<i>Spring Terrace</i>	20
Casa Marianella		<i>SHP</i>	38	<i>MyHome*</i>	32
<i>Adult Shelter</i>	31	<i>Trans. Living Program</i>	16	<i>MyHome Too*</i>	31
<i>Posada Esperanza</i>	40	<i>Young Moms and Babies</i>	12	Community Partnership for the	
Total	719	Push-Up Foundation	20	Homeless – Glen Oaks Corner	18
		SafePlace	128	Front Steps – First Steps at	
		Salvation Army	162	<i>Garden Terrace</i>	10
		VinCare Services	42	Total	512
		Total	562		

\*denotes projects under development.

Source: City of Austin 2009 Continuum of Care Application.

## IV. Implementation

Austin's Housing Continuum is a tool for classifying housing needs and for educating the community on affordable housing solutions.<sup>12</sup> The City funds programs and services along the continuum and collaborates with partners that reinforce the housing continuum through their programs and services. The community has identified permanent supportive housing as a current gap in the continuum. Thus, the current housing continuum priority is to examine creative options, versatile financial structures and best practice models in order to tailor a PSH strategy for Austin. Future needs may dictate alternate housing priorities.

As the CSH report shows, a PSH model can offer Austin a means to increase the number of chronically homeless served, reduce the burdens they bring to other policy areas, and enable nonprofit service providers to reduce barriers, increase efficiency, and save tax dollars.

Key partners in this strategy must include funders, governmental entities and service providers in the following areas, as well as others identified throughout the stakeholder process:

- Affordable Housing (e.g. housing authorities, non-profit and private housing developers)
- Health and Human Services (e.g. City/County, homeless service providers)
- Health Care (e.g. Central Health [Travis County Healthcare District], hospital operators)
- Mental/Behavioral/Developmental Health (e.g. A/TC Integral Care)

<sup>12</sup> See Chapter 1 of the 2010-11 Action Plan (page 17).

- Criminal Justice/Correctional System (e.g. City/County)
  - Private sector (business community, leaders)
  - Regional entities (area municipalities benefiting from Austin's quality homeless programs)
- NHCD, the Austin-Travis County Health and Human Services Department (ATCHHSD), and community stakeholders have begun and will continue discussions in order to prioritize and implement the PSH initiative. A key step will be to acquire professional consulting services with expertise in permanent supportive housing in order to assist immediately through the stakeholder process. A series of public meetings in Fall 2010 will help define key elements of the initiative. Potential elements may include:

*Community-Wide Leadership.* In the comparative research conducted, one key factor of success was the ongoing oversight and coordination by a committee of community champions – in San Antonio it started with the Mayor's appointment of a Council Member and a Fortune 500 Chief Executive Officer who brought together diverse elements of the community to raise more than \$90 million for the Haven for Hope campus, which opened in April 2010. In Dallas, efforts to create a permanent supportive housing strategy were spearheaded by a local business leader. These diverse community leaders brought new ideas, new approaches and initiative to ending homelessness; they also brought indisputable credibility which proved invaluable in fundraising efforts.

*Preferred Housing Styles.* The CSH report describes a variety of models to meet the goal: single site/single purpose, single site/mixed tenancy, master-leased market units, scattered site apartments, and single-family homes. While existing permanent supportive housing units in Austin have historically relied on a master leasing strategy, all of these models could be expanded with sufficient planning and coordination. It is not envisioned that the majority of the 350 units would be concentrated on one site, or even in one geographic area using one type of housing. In order to achieve the goal, all models must be explored.

*Linking Capital, Operating and Services.* Creating permanent supportive housing is complicated because funding for housing development, rental subsidies, and services must be coordinated from the start. Applications for financing for capital investments do not generally include operating expenses or funds for services, and rent for these clients must be so low – \$0 to \$300 per month – that the permanent supportive housing units cannot typically support any mortgage debt. Thus, linking affordable housing developers, homeless service providers, and sources of long-term operating subsidy is a critical component of the implementation plan.

### ***Short-Term Implementation***

Achieving the Council's goal of 350 new PSH units by 2014 will require a concerted community effort and focused inter-agency cooperation. Given the diversity and breadth of stakeholders who will be impacted, staff recommends a proposal in the FY 2010-11 budget to move forward on the initiative while preparing for a more rigorous discussion that may lead to additional funding in the next budget cycle. The proposed FY 2010-11 budget designates \$2 million in General Obligation bonds to initiate the PSH strategy. The funding award will be a competitive process with priority given to those entities that serve the chronically homeless. It is anticipated that awards would be made in Spring 2011 to more than one



partner to avoid concentrating hard-to-serve clients in a single facility. ATCHHSD has begun efforts to identify service monies to accommodate increased operational needs.

The process timeline will include stakeholder meetings in Fall 2010 to outline key elements of the plan. While the City's 2010 Continuum of Care (CoC) application is slated to be submitted prior to the stakeholder meetings, every effort will be made to ensure that coordination occurs between the City and CoC applicants.

NHCD staff seeks input from the public and potential partners on the PSH strategy through the Action Plan public comment process. Seeking input during the Action Plan process allows for expedited creation of additional PSH units by avoiding delays related to real estate development and construction. Programs and services related to PSH are already underway in neighborhoods throughout the City. This short-term activity will create momentum and lead to long-term implementation initiatives.

### ***Long-Term Implementation***

The City of Austin anticipates that a strategy to identify funding partners and engage a diverse cross-section of stakeholders will be a part of a longer-term process to ensure responsiveness to Council's policy direction. Success in achieving the 350-unit goal will rely on strategic partnerships with other governmental entities including Travis County, the Housing Authority of the City of Austin (HACA) and the Housing Authority of Travis County (HATC), Central Health (Travis County Healthcare District), Austin/Travis County Integral Care, as well as private and non-profit service providers.

In FY 2010-11, the City of Austin will explore opportunities to identify an entity with expertise in permanent supportive housing development and implementation. Contracting with this entity through a multi-year contract could continue short-term strategies in motion, as well as facilitate a spectrum of actions by which the 350-unit goal can be achieved. The City of Austin, through its annual Action Plan, will ensure multiple opportunities for stakeholder input along the way to achieve the permanent supportive housing goal.