Report

To the

Honorable M. Jodi Rell, Governor
State of Connecticut

From the

Interagency Council on Supportive Housing and Homelessness

Co-Chairs:

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Office of Policy and Management

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Office for Workforce Competitiveness

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I. Background

In recognition of the significant impact of homelessness on Connecticut residents and to improve the state's ability to prevent homelessness and help homeless individuals obtain and maintain themselves in permanent housing, Executive Order #34 was issued on April 7, 2004 establishing an Interagency Council on Supportive Housing and Homelessness.

The Council is composed of the commissioners of the Departments of Social Services, Economic and Community Development, Mental Health and Addiction Services, Public Health, Correction, Children and Families, and Veterans Affairs, the Secretary of the Office of Policy and Management, the Director of the Office for Workforce Competitiveness and the Executive Director of the Connecticut Housing Finance Authority. Governor Rell designated two members of the Council to serve as co-chairs: Marc Ryan, Secretary of the Office of Policy and Management, and Mary Ann Hanley, Director of the Office for Workforce Competitiveness.

The mission of the Council is to develop and implement strategies and solutions to address the problem of homelessness, including the development of supportive housing options and other measures designed to:

1. Reduce the number of Connecticut individuals and families that experience homelessness;
2. Reduce the inappropriate use of emergency health care, shelter, chemical dependency, corrections, foster care, and similar services; and
3. Improve the health, employability, self-sufficiency, and other social outcomes for individuals and families experiencing homelessness.

The duties of the Council are twofold. The major priority of the Council has been to develop a plan for the development of an additional 900 – 1,000 units of permanent, supportive housing. The new supportive housing effort will build on past and current statewide initiatives to enable residents to obtain and keep permanent housing, increase their job skills and income, and achieve family stability.

A secondary focus of the Council has been to identify other policy reforms, programs and expansions to less homelessness in the state. The Council recommendations contained in this report are actions to:

- Remove barriers to effective discharge planning from state-operated or financed institutions such as hospitals and correctional facilities; and
- Expand the supply of affordable housing as a means to prevent and respond to homelessness among very low income individuals and families.

The Council met three times in 2004 to develop a supportive housing plan and additional policy reforms for Governor Rell's consideration. This document represents the Council's first report to the Governor.

II. Findings

A general definition of "homeless" is set forth in the federal Stewart B. McKinney Homeless Assistance Act (42 USC §11302). According to the McKinney Act, the term "homeless" or "homeless individual" or "homeless person" includes:

(1) an individual who lacks a fixed, regular, and adequate nighttime residence; and

(2) an individual who has a primary nighttime residence that is

(A) a supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);

(B) an institution that provides a temporary residence for individuals intended to be institutionalized; or

(C) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Under the McKinney Act, the term "homeless" or "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to an Act of Congress or a state law or individuals who are "doubled up" with family or friends in overcrowded conditions.

The federal definition points out the one thing that unifies all homeless persons—the lack of a fixed residence—but it does nothing to describe the diversity in the homeless population, the causes of homelessness nor the costs, both fiscal and social, of homelessness. Connecticut's homeless are men, women, and children who reflect the many faces of the state's population as a whole. They are single individuals and they are entire families. They live everywhere, from the state's largest cities to its rural areas. They become homeless for a wide variety of reasons and remain homeless for vastly differing lengths of time. One person may be homeless for just a few nights, while another may be homeless for years at a time.

The causes of homelessness are as varied as the homeless themselves. Homelessness is associated with extreme poverty, but additional factors include demographic (race, education, and marital status), "childhood experiences", mental health, criminal, and substance abuse characteristics. (Burt, 2001). The majority of people experience an episode of homelessness because of a lack of financial resources due to:

- Low Income – they are unemployed, underemployed or working low wage jobs;
- High Housing Costs which consume too much of the family income; and
- Unexpected events which trigger a downward spiral – e.g. loss of a job, injury or illness, loss of spouse, costly car breakdown, etc.

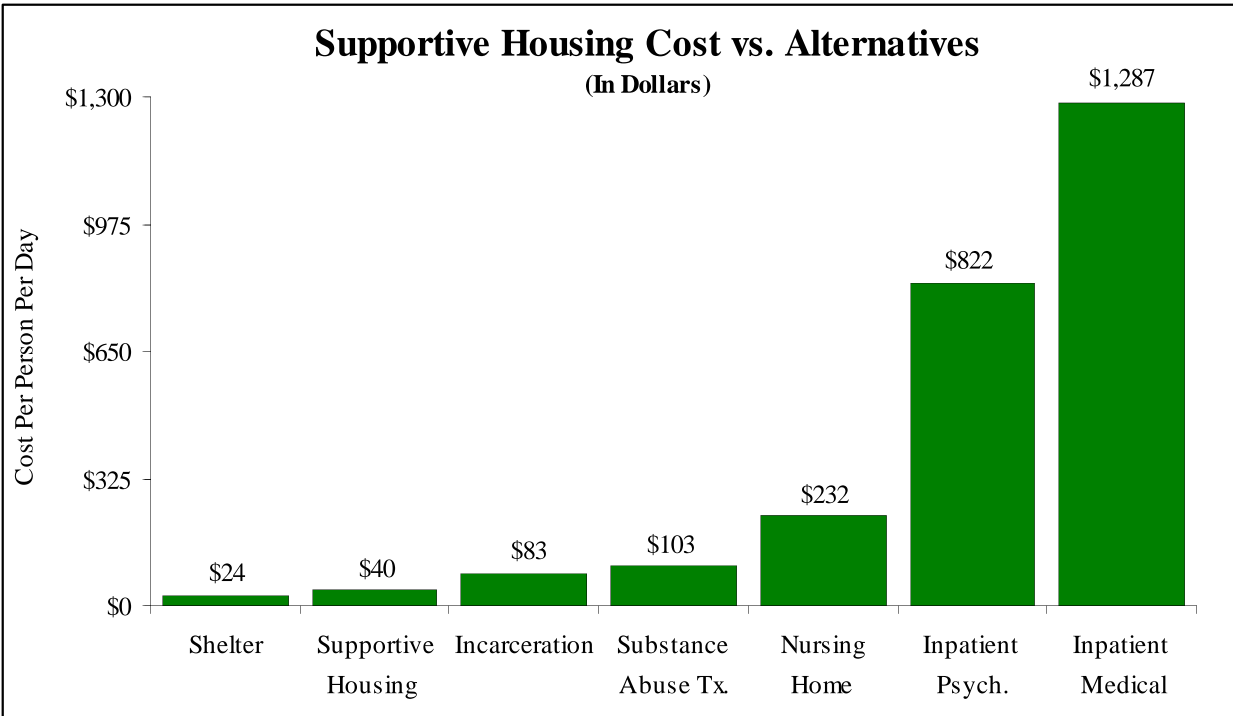
In addition, many people experience serious life issues that can lead to long-term homelessness, such as mental illness, substance abuse, and physical disability or illness.

According to data extrapolated from the 2000 census, 33,000 people in Connecticut experience homelessness over a twelve month period and 13,000 of these are children. In 2003, approximately 17,000 people used the state-funded emergency shelters in Connecticut. Of these, 12,371 (74%) were single adults, 1,638 (10%) were parents with children, and 2,784 (17%) were children. Of the families in the shelters, 90% were single parent families. In 2003, 35% of shelter clients were white, 38% were African American, and 24% were Hispanic. Approximately 15% of sheltered clients were employed. According to the Department of Social Services, the single most significant factor cited by sheltered clients as the primary reason for loss of their housing is eviction by family or friends. This statistic suggests that there are a sizeable number of individuals and families "doubled up" with family or friends, who are not counted among the homeless, but are at significant risk for homelessness.

Nationally, it is estimated that 20% of people experiencing homelessness at any given time are homeless for at least a year or more, or experience repeated episodes of homelessness. Currently, close to 3,000 Connecticut households have been homeless at least a year or more, or experience repeated episodes of homelessness. Most of the men, women, youth and families who are homeless for long periods have chronic health problems or other substantial barriers to housing stability, such as domestic violence, trauma, or histories of out-of-home placements. They can spend years moving from streets to shelters and back again, shuttling from one relative's home to another or cycling through treatment programs, hospital emergency rooms, correctional facilities and other expensive institutional settings.

The number of adults and families facing long-term homelessness is increasing, and is expected to double over the next ten years as hospitals, treatment programs and correctional facilities are unable to find suitable placements for people leaving their systems; as increasing numbers of displaced youth "age out" of foster care and State facilities; as families with multiple challenges reach and exceed time limits on welfare benefits; and as the cost of housing in Connecticut continues to rise. Emergency shelters in the state report substantial increases in the numbers of men, women and children seeking shelter, and a significant increase in the number of times people are being turned away.

The cost of not acting is high. Long-term homelessness is expensive. Its cost is most acutely felt by the overburdened health and mental health systems. A recent study found that hospitalized homeless people stay an average of more than four days longer than other inpatients, and that almost half of medical hospitalizations of homeless people were directly attributable to their homeless condition and therefore preventable.[i] Conversely, a Connecticut study found that formerly homeless tenants of supportive housing had reduced their use of Medicaid-reimbursed inpatient medical care by 71% after moving into supportive apartments.[ii] This is a significant savings: in Connecticut, inpatient psychiatric care costs an average of $822 a day, and medical hospitalizations for people with AIDS average over $1,290 per day.[iii] Recent studies have also found that homeless persons are three times more likely to use hospital emergency rooms than the general population, and are at higher risk for emergency department services because of their poor health and elevated rates of injuries.[iv] Conversely, a San Francisco study found that placing homeless people in supportive housing reduced their emergency room visits by more than half. [v] And finally, a comprehensive study of almost 5,000 homeless adults with mental illness in New York found that their use of hospitals, psychiatric centers, outpatient clinics, correctional facilities, and emergency shelters cost the public over $40,000 per person per year.



For children, chronic homelessness can have a particularly devastating effect. The American Academy of Pediatrics has found that homeless children are more likely than other children to experience trauma-related injuries, developmental delays, and chronic disease.[vi] Disruptions in education and the effects of living in stressful, chaotic environments can have long-standing effects. Homeless children's academic performance is hampered both by their poor cognitive development and by the circumstances of their homelessness, such as constant mobility. Homeless children are more likely to score poorly on math and reading tests, and are more likely to be held back a year in school. Homeless children are also seven times more likely than other children to be placed in foster care.[vii] Children who experience homelessness, foster care or extended stays in institutional settings often return to homelessness as adults.[viii] Supportive housing, and the other recommendations contained in this report, offers the chance to address the needs of children who are homeless now, and to prevent their return to homelessness once they become adults.

III. Recommendations

To reduce the number of Connecticut residents that experience homelessness, the Council makes recommendations in three broad categories:

- Expand affordable and permanent supportive housing
- Enhance coordination and integration of services
- Enhance data collection and implementation of best practices

• Expand Affordable and Permanent Supportive Housing

Based on its research and findings, the Council recommends the expansion of both affordable housing as well as permanent supportive housing as the most effective way to reduce homelessness.

Affordable Housing

The lack of housing affordable to people with very low incomes is one cause of homelessness. Increasing the availability of affordable housing and investing in the improvement of low income housing stock will help reduce and prevent homelessness.

Many families and individuals who use homeless shelters report a lack of adequate income to pay for housing as a primary reason for their homelessness. Other families and individuals are doubled up with family or friends, living a transient existence due to inability to purchase a home or afford rent for a decent apartment. For housing to be considered affordable, a household should pay not more than 30% of its gross income for housing costs. For very low income households (those making less than 30% of Area Median Income or AMI), it is very difficult to rent an apartment in Connecticut. In a report issued in March, 2004, the National Low Income Housing Coalition reports that Connecticut faces a shortfall of nearly 60,000 units of housing affordable and available to people below 30% of AMI.

Connecticut is a high cost housing state and has a high proportion of older housing stock, some of which is in need of maintenance. The housing wage is $18 per hour; that is the hourly amount a worker must earn to afford the Fair Market Rent of an average two bedroom apartment in Connecticut. Fair Market Rents for two bedroom apartments range from $797 per month in New London to $1,493 per month in Stamford. For some families having two full-time wage earners is not sufficient to cover housing costs; for single parent households, the demands of child care or limited transportation options may limit the primary wage earner from working full-time on a permanent basis.

The recently released 2003 American Community Survey (ACS is the US Census update) estimates that 143,580 households in Connecticut are paying 35% or more of their household income in gross rent. The ACS indicates that 45% of all renters in Connecticut are paying more than 30% of their income on housing and that 29% of homeowners with mortgages are paying more than 30% of their income for housing. This mismatch between household income and housing costs can be addressed by lowering the housing costs and increasing the income of low wage households.

Rental subsidies that are paid directly to a private landlord are one means of addressing affordability for households. Another method is to build or rehabilitate housing that is dedicated to serving low income households. Public funding in the form of an operating or capital subsidy is typically required to insure that housing is affordable.

Addressing housing affordability requires an understanding and appreciation of housing as a core component of economic development policy as well as social welfare policy. State planning and policy development must consider how the investment it makes and the incentives it offers will stimulate other public and private investment toward the goal of improving existing low income housing and increasing the availability of housing for low income households.

The Council recommends that the state consider the following four options to serve households at 50% and below of median income:

1. **Examine preservation of existing housing units that serve low income people.**

   The nearly 5,000 units of state moderate housing built forty years ago currently house very low income households. The State can invest in the preservation and updating of this housing stock to assure no net loss of units while improving the neighborhoods and communities where this housing is located. There are also thousands of affordable housing units that have been financed with federal public subsidy where rents allow a household to pay not more than 30% of income for housing costs. Options include capital investment to repair and maintain this housing and extending federal assistance contracts.

2. **Increase the availability of state and federal rental subsidies**

   Despite the success Connecticut has had in increasing federal rental subsidies through specialized programs such as Shelter Plus Care, Family Reunification and Welfare-to-Work vouchers, we still have thousands of people who consistently seek access to Section 8 programs and remain on waiting lists at their local housing authorities or on the state housing authority list maintained by DSS. The state should continue to aggressively seek any new federal rental subsidies for CT and advocate with the federal government to prevent cuts to Section 8 and other federal housing subsidy programs. The state could consider expansion and/or increased flexibility of state rental assistance. The average annual cost for a housing subsidy is $8,400.

3. **Rehabilitate or build affordable rental housing**

   In some communities in Connecticut (e.g. Fairfield County), the availability of rental housing stock is very tight, making it impossible to find low rents and making rental subsidies virtually impossible to use. Developing housing that is affordable to very low income households requires a subsidy to fill the gap between the cost of the housing and household's ability to pay 30% of their income. The lower the income of the population to be served, the larger the subsidy must be. Often a public subsidy can leverage private or other public subsidy. Current affordable housing development in Connecticut relies on federal HOME funds, Low Income Housing Tax Credits, G.O. bonds or private grants for the subsidy. The amount available for gap financing is inadequate to meet the demand. The

dependability of a source of gap subsidy and the willingness to efficiently use the subsidy to create attractive affordable housing will stimulate new activity in affordable housing development. Expending $20 million annually in gap financing from the State could leverage five times that amount from private and other public sources and produce or rehabilitate hundreds of units.

4. **Increase homeownership opportunities**

   Homeownership for low income families increases stability and lowers the likelihood of homelessness. Programs targeting low income families for first-time home buying in targeted areas should be expanded.

Supportive Housing

Supportive housing combines affordable rental housing with individualized health, support and employment services. Supportive housing looks like every other type of housing because it is like other housing. People living in supportive housing have their own apartments, enter into rental agreements and pay their own rent, just as in other rental housing. The difference is that they can access, at their option, support services – such as the help of a case manager, help in building independent living skills, and connections to community treatment and employment services – designed to address their individual needs.

Supportive housing has as its primary purpose assisting the individual or family to live independently in the community and to meet the obligations of tenancy. The length of stay is up to the individual or family – there is no time limitation as long as the tenant is in lease compliance. While participation in services is encouraged, it is not a condition of tenancy. Housing affordability is ensured either through a rent subsidy or by setting rents at affordable levels. Where tenancy is mixed in a single site, all tenants may have access to the on-site service supports, regardless of whether or not they have an identified special need.

Over the past ten years, Connecticut has been a leader in pioneering and refining the supportive housing model. Since 1993, over one thousand supportive housing units have been created statewide through the demonstration program and subsequent Pilots Initiative using collaborative, multi-agency partnerships that have tapped the combined talents and resources of government, philanthropy, nonprofit organizations, and the private sector. Connecticut towns that have welcomed supportive housing have seen people who were homeless for years become contributing members of their communities. Their use of expensive emergency services has gone down. Once-blighted buildings have become the anchors of rehabilitated blocks in newly vibrant neighborhoods. This success has created a diverse consensus championing supportive housing in Connecticut, including elected officials, government administrators, healthcare and consumer advocates, and even once-skeptical neighborhood groups who have seen how supportive housing has strengthened their communities.

Placement into supportive housing reduced the individual's use of emergency services so much that it paid for all but 5% of the costs of building, operating and providing services in a unit of

supportive housing.[ix] Simply put, it costs about the same to provide supportive housing as it does to leave someone with a chronic illness homeless – with much better results.

Supportive housing has proven to be a flexible, cost-effective solution to chronic homelessness that, at sufficient scale, can reduce gridlock within the mental health system, relieve overcrowded hospital emergency rooms and community shelters, prevent homeless children from becoming homeless adults, and serve as a foundation for a recovery-oriented behavioral healthcare system. The key to achieving these goals is creating enough supportive apartments statewide to meet current and future needs.

The solution lies in a deliberate and sustained increase in the supply of supportive housing[x]. This paper outlines a plan for expanding supportive housing by 1,000 units over the next three years to address long-term homelessness among three critical populations: families with multiple barriers to housing and employment stability; young adults who are homeless or transitioning from youth systems; and adults with serious mental illness and/or chronic chemical dependency, especially those who are frequent users of emergency shelters.

Connecticut has laid a solid foundation for taking supportive housing to scale. The State is presently implementing the Supportive Housing Pilots Initiative, which is creating close to 700 supportive apartments in twenty communities. Because of this effort and the Connecticut Supportive Housing Demonstration Program that preceded it, Connecticut now has a statewide infrastructure of nonprofits experienced in supportive housing creation, an effective, established process for interagency collaboration in supportive housing finance, and skills in leveraging substantial Federal and private investment in supportive housing development. In also has a foundation of well-operated supportive housing projects in a variety of towns and cities that demonstrate the housing's effectiveness and positive impact at the community level. We can now build on these assets to launch the next generation of supportive housing in Connecticut.

5. **Create 1,000 units of affordable, service-supported rental housing over the next three years (FY2006-FY2008).**

   At least 350 of these apartments would serve families and 650 would serve single adults, including 50 young adults (a further description of the target populations for the housing appears in the next section). To ensure a mixed tenancy, approximately 60% (600) of the housing units will be targeted to families and individuals facing long-term homelessness. The remaining 40% will target other households who need affordable rental housing. A detailed plan of action for the next step to increase supportive housing is provided in the following section of the report.

• Enhance coordination and integration of services

The Council focused its attending on identifying and recommending remediation action to remove barriers to effective discharge planning from state-operated or financed institutions such as hospitals and correctional facilities. The Council makes one recommendation in this area.

6. **Suspend, rather than terminate, eligibility of public assistance recipients residing in correctional facilities or mental health facilities**

In order to provide more immediate access to benefits, the Department of Social Services (DSS) proposes to change its policies and systems to provide for a one-year suspension of the Medicaid and SAGA medical assistance eligibility of recipients who are incarcerated or admitted to a public mental health facility. Federal Medicaid law provides that residents of such facilities are not eligible for federal financial participation. It has been DSS's policy to terminate the benefits of such individuals and require that they reapply upon release or discharge. The reapplication process can take up to 90 days.

Under the proposed policy change, rather than discontinuing benefits, DSS will temporarily suspend eligibility for up to one year. If the inmate or mental health facility patient is released within this period, benefits will be immediately reinstated, subject only to an abbreviated redetermination process. They will not be required to file a new application and be subject to application processing delays.

This process is consistent with that used by the Social Security Administration for Supplemental Security Income (SSI) benefits. It does require amendments to DSS regulations and changes to its Eligibility Management System (EMS) before it can be implemented. Consideration is being given to applying the same process to cash assistance programs (State Supplement, Temporary Family Assistance, and SAGA cash assistance).

- ## Enhance data collection and implementation of best practices

7. **Continue to support the development and implementation of the Homeless Management Information System.**

The Homeless Management Information System (HMIS) is a computerized data collection application that facilitates the collection of information on homeless individuals and families using residential or other homeless assistance services and stores that data in an electronic format.[xi] The Connecticut Coalition to End Homelessness is coordinating the development and implementation of the statewide HMIS. The project has been underway since the summer of 2001 and is funded by grants from the state Department of Social Services, the U.S. Department of Housing and Urban Development, and the Hartford Foundation for Public Giving.

Because the HMIS has the capacity to integrate data from all homeless service providers in the state and to capture basic descriptive information on every person served, it is a valuable resource for the state. It can be used to:

a. Better understand the characteristics of homeless persons in the state, including their demographic characteristics, patterns of homelessness, and use of services;
b. Improve the delivery of housing and services to specific sub-populations such as veterans or persons experiencing chronic homelessness; and
c. Assess and document the state's progress in reducing homelessness.

The state should continue to support the development and implementation of the Homeless Management Information System through DSS funding.

IV. The Next Step to Increase Supportive Housing in Connecticut

SUMMARY

Purpose of the Next Step initiative: To end long-term homelessness and foster improved health, self-reliance and employment among three critical populations:

- Families with multiple barriers to housing and employment stability;
- Adults in recovery from serious mental illness and/or chemical dependency, especially those who are repeatedly or persistently homeless;
- Young Adults, age 18-23, who are homeless or who are transitioning from youth systems and are at risk of homelessness.

Goal of the Next Step: Create 1,000 units of affordable, service-supported rental housing over the next three years: 350 apartments for families and 650 for single adults, including 50 for young adults.

Housing approach:

- 700 of the 1,000 supportive housing units will be created through property development (rehabilitation of existing buildings or new construction). This includes all 350 units for families and 350 units for adults. The housing units will be spread among 25-40 projects developed statewide by experienced, community-based organizations.

  Larger housing developments will have a mixed tenancy. Integration of people with special needs with people who do not have such needs prevents stigma and is the preferred approach by local neighborhoods and consumers. Of the 700 development units, 350 will target households with special needs, and 350 will target other households who need affordable rental housing.

- The remaining 300 supportive housing units will use existing, privately owned apartments. Nonprofit providers will provide rent subsidies and tenant support services to residents of these units.

Highlights of the initiative:

- Builds on Connecticut's successful track record in supportive housing production.
- Extends the best practices of supportive housing to families and young adults.
- Targets people who frequently use crisis and emergency services with a more stable, cost-effective option.
- Creates new linkages with the Connecticut Department of Labor in Connecticut's One-Stop Career Centers.
- Employs an established, effective process of State interagency collaboration.
- Partners with seasoned community-based nonprofits to create and operate the housing, and supports their work with focused technical assistance and predevelopment resources.
- Maximizes the use of Federal mainstream resources for support services funding, and uses these resources and State funds to leverage Federal, philanthropic, and corporate investment for rent subsidies, predevelopment financing, and capital.

Over the past ten years, Connecticut has been a leader in pioneering and refining the supportive housing model. Since 1993, 1,700 supportive housing units have been created statewide, most of them through collaborative, multi-agency partnerships that have tapped the combined talents and resources of government, philanthropy, nonprofit organizations, and the private sector. Connecticut towns that have welcomed supportive housing have seen people who were homeless for years become contributing members of their communities. Their use of expensive emergency

services has gone down. Once-blighted buildings have become the anchors of rehabilitated blocks in newly vibrant neighborhoods. This success has created a diverse consensus championing supportive housing in Connecticut, including elected officials, government administrators, healthcare and consumer advocates, and even once-skeptical neighborhood groups who have seen how supportive housing has strengthened their communities.

Supportive housing has proven to be a flexible, cost-effective solution to chronic homelessness that, at sufficient scale, can reduce gridlock within the mental health system, relieve overcrowded hospital emergency rooms and community shelters, prevent homeless children from becoming homeless adults, and serve as a foundation for a recovery-oriented behavioral healthcare system. The key to achieving these goals is creating enough supportive apartments statewide to meet current and future needs.

Currently, close to 3,000 Connecticut households have been homeless at least a year or more, or experience repeated episodes of homelessness. Most of the men, women, youth and families who are homeless for long periods have chronic health problems or other substantial barriers to housing stability, such as domestic violence, trauma, or histories of out-of-home placements. They can spend years moving from streets to shelters and back again, shuttling from one relative's home to another or cycling through treatment programs, hospital emergency rooms, correctional facilities and other expensive institutional settings.

The number of adults and families facing long-term homelessness is increasing, and is expected to double over the next ten years as hospitals, treatment programs and correctional facilities are unable to find suitable placements for people leaving their systems; as increasing numbers of displaced youth "age out" of foster care and State facilities; as families with multiple challenges reach and exceed time limits on welfare benefits; and as the cost of housing in Connecticut continues to rise. Emergency shelters in the state report substantial increases in the numbers of men, women and children seeking shelter, and an 81% increase in the number of times people are being turned away.

The solution lies in a deliberate and sustained increase in the supply of supportive housing[xii]. This paper outlines a plan for expanding supportive housing by 1,000 units over the next three years to address long-term homelessness among three critical populations: families with multiple barriers to housing and employment stability; young adults who are homeless or transitioning from youth systems; and adults with serious mental illness and/or chronic chemical dependency, especially those who are frequent users of emergency shelters.

The cost of *not* taking this course of action is high. Long-term homelessness is expensive. Its cost is most acutely felt by the overburdened health and mental health systems. A recent study found that hospitalized homeless people stay an average of more than four days longer than other inpatients, and that almost half of medical hospitalizations of homeless people were directly attributable to their homeless condition and therefore preventable.[xiii] Conversely, a Connecticut study found that formerly homeless tenants of supportive housing had reduced their use of Medicaid-reimbursed inpatient medical care by 71% after moving into supportive apartments.[xiv] This is a significant savings: in Connecticut, inpatient psychiatric care costs an average of $822 a day, and medical hospitalizations for people with AIDS average over $1,290 per day.[xv] Recent studies have also found that homeless persons are three times more likely to use hospital emergency rooms than the general population, and are at higher risk for emergency department services because of their poor health and elevated rates of injuries.[xvi] Conversely, a San Francisco study found that placing homeless people in supportive housing reduced their emergency room visits by more than half. [xvii] And finally, a comprehensive study of almost 5,000 homeless adults with mental illness in New York found that their use of hospitals, psychiatric centers, outpatient clinics, correctional facilities, and emergency shelters cost the public over $40,000 per person per year. Placement into supportive housing reduced the individual's use of emergency services so much that it paid for all but 5% of the costs of building, operating and providing services in a unit of supportive

housing.[xviii] **Simply put, it costs about the same to provide supportive housing as it does to leave someone with a chronic illness homeless – with much better results.**

For children, chronic homelessness can have a particularly devastating effect. The American Academy of Pediatrics has found that homeless children are more likely than other children to experience trauma-related injuries, developmental delays, and chronic disease.[xix] Disruptions in education and the effects of living in stressful, chaotic environments can have long-standing effects. Homeless children's academic performance is hampered both by their poor cognitive development and by the circumstances of their homelessness, such as constant mobility. Homeless children are more likely to score poorly on math and reading tests, and are more likely to be held back a year in school. Homeless children are also seven times more likely than other children to be placed in foster care.[xx] Children who experience homelessness, foster care or extended stays in institutional settings often return to homelessness as adults.[xxi] Supportive housing offers the chance to address the needs of children who are homeless now, and to prevent their return to homelessness once they become adults.

Connecticut has laid a solid foundation for taking supportive housing to scale. The State is presently implementing the Supportive Housing Pilots Initiative, which is creating close to 700 supportive apartments in twenty communities. Because of this effort and the Connecticut Supportive Housing Demonstration Program that preceded it, Connecticut now has a statewide infrastructure of nonprofits experienced in supportive housing creation, an effective, established process for interagency collaboration in supportive housing finance, and skills in leveraging substantial Federal and private investment in supportive housing development. In also has a foundation of well-operated supportive housing projects in a variety of towns and cities that demonstrate the housing's effectiveness and positive impact at the community level. We can now build on these assets to launch the next generation of supportive housing in Connecticut.

Overview of the plan to expand supportive housing

This "roadmap" for the next step in expanding supportive housing in Connecticut is divided into five parts:

- Program goals
- Target populations and supportive housing approaches
- Program implementation
- Funding
- Implementation Timeline

These sections are followed by appendices that describe in more detail the supportive housing concepts for families, transitioning young adults, and adults with behavioral health challenges.

Program goals

The goal of this next phase of supportive housing is the creation of 1,000 units of affordable, service-supported rental housing over the next three years (FY2006-FY2008). At least 350 of these apartments would serve families and 650 would serve single adults, including 50 young adults (a further description of the target populations for the housing appears in the next section). To ensure a mixed tenancy, approximately 60% (600) of the housing units will be targeted to families and individuals facing long-term homelessness. The remaining 40% will target other households who need affordable rental housing.

The initiative will be guided by the following principles:

- **All residents of the housing will have access to the services they need to:**
    - retain permanent housing
    - access and retain meaningful employment, and increase their skills and income
    - access public and early childhood education
    - sustain good health
    - make connections to the larger community
    - achieve greater self-reliance

- **The housing will be created through new development and by using existing units** where access by the target population and affordability are ensured.

- **Larger development projects units will have a mixed tenancy (projects over 12 units for families, over 20 units for single adults).** Integration of people with special needs with people who do not have such needs prevents stigma and is the preferred approach by local neighborhoods and by consumers of the housing.

- **Housing units created will be affordable** to the target population, meet housing quality standards, be accessible to transportation, and provide for the safety and security of the tenants.

- **Communities will be engaged in the planning and creation of the housing**. The housing approach will reflect local priorities for affordable or supportive housing.

- **Resident participation** in the management and operation of the housing will be an inherent component of all new units, to the greatest extent possible.

What is Supportive Housing?

Supportive housing combines affordable rental housing with individualized health, support and employment services. Supportive housing looks like every other type of housing because it is like other housing. People living in supportive housing have their own apartments, enter into rental agreements and pay their own rent, just as in other rental housing. The difference is that they can access, at their option, support services – such as the help of a case manager, help in building independent living skills, and connections to community treatment and employment services – designed to address their individual needs.

Supportive housing has as its primary purpose assisting the individual or family to live independently in the community and to meet the obligations of tenancy. The length of stay is up to the individual or family – there is no time limitation as long as the tenant is in lease compliance. While participation in services is encouraged, it is not a condition of tenancy. Housing affordability is ensured either through a rent subsidy or by setting rents at affordable levels. Where tenancy is mixed in a single site, all tenants may have access to the on-site service supports, regardless of whether or not they have an identified special need.

Target Populations and Supportive Housing Approaches

The initiative will serve the following populations:

Families

The focus of this first component of the supportive housing initiative is families who are repeatedly homeless or at risk of repeated homelessness because they face multiple barriers to stability in their housing and employment. Often, these are families with a history of DCF involvement and who are at risk of child removal or foster care placement. They are typically single-parent households, without family or social networks to rely on for help, where the mother has a history of psychiatric illness, has been physically or sexually abused, and/or has a substance addiction. Oftentimes, the mother is young, may demonstrate limited functioning in relation to childrearing and housekeeping, and has a history of foster care herself.

Connecticut's experience in providing permanent supportive housing for families is more limited than that for single adults. Currently, there are only close to 130 permanent supportive housing units targeted to families (either in place or under development). However, family supportive housing initiatives in other states such as New York, Minnesota, and California provide useful models that can be applied in Connecticut. In addition, programs such as Project Safe, which focuses on wrap-around supports for at-risk families, and DCF's Supportive Housing for Families, which provides housing and transitional supports for parents reuniting with their children, provide lessons for supporting the holistic needs of families.

Most of the existing family supportive housing in Connecticut uses existing scattered apartments. This next initiative will focus exclusively on the development of new units, for two reasons: 1) in many areas of the state, there is a severe shortage of decent rental housing units large enough to accommodate families needing 3 and 4-bedroom apartments; and 2) new development allows for site-based supports for both parents and children, including peer supports, recreational and educational activities, and possibly child care.

The goal is to create 350 family supportive housing units over the next three years. Of the total units, at least 150 (43%) would serve target families and the remainder would house other families in need of decent, affordable rental housing. The housing would be in single sites or cluster developments ranging in size from 8-25 apartments.

Although Connecticut is scheduled to draw down its entire TANF block grant funding based on existing expenditures, this initiative may not be a viable claim in the short-term, but because the service supports are eligible for reimbursement under TANF, it may provide an opportunity in the future for Connecticut to make use of Federal mainstream resources in ways that end homelessness among vulnerable families, help preserve family unity, and reduce the risk that their children will become homeless as adults.

A more detailed description of the family supportive housing component, called "Fostering Families", appears in Appendix A.

Adults and Young Adults

The adult component expands the Supportive Housing Pilots Initiative, led by the Department of Mental Health and Addiction Services, by an additional 650 units, of which 450 would serve individuals with serious mental illness and/or chronic chemical dependency who are homeless or at risk of homelessness. The remaining 150 units will target other households who need affordable rental housing, including young adults, age 18-23, who are homeless or transitioning from youth systems.

A description of the Supportive Housing Pilots Initiative as it currently exists is attached as Appendix B.
The adult component will especially target single adults who are frequent or long-term users of emergency shelters. At any one time, close to half of the beds and resources of community emergency shelters are dedicated to serving this population, even though they comprise only 10-20% of homeless adults served by the shelters over the course of a year. They are also typically the "high-end" users of crisis and inpatient service systems. As municipalities struggle to respond to increasing homelessness and the impacts on the community's quality of life, the gridlock and overcrowding within the shelters has become a paramount concern.

Serving this population within housing, however, requires a deep understanding of their needs and solid skills and experience in assertive engagement and in providing permanent supportive housing. It also will require clear strategies for ensuring that the needs of individuals with chronic health needs are addressed. Individuals with behavioral health disorders who are persistently homeless frequently have chronic medical conditions (including HIV/AIDS, diabetes, liver disease, tuberculosis, bronchitis/emphysema, and Hepatitis B and C), and these conditions may have gone untreated.

This initiative also provides an opportunity for Connecticut to make use of mainstream resources. The service supports for persons with mental illness are potentially reimbursable under the Medicaid rehab and targeted case management options at DMHAS.

The supportive housing units for adults will be created in two ways: 1) through the leasing of 300 scattered, existing apartments, all of which would serve target adults; and 2) through the development of 350 housing units through acquisition, new construction or rehabilitation, of which 150 (40%) would serve target adults and the remainder would serve other adults and families needing decent, affordable housing, including young adults who are homeless or transitioning from youth systems.

For the existing housing portion, special emphasis will be placed on the creation of partnerships between service agencies and local housing authorities.

The development projects would take a variety of forms, from single-building projects with on-site supports, to development of scattered, smaller buildings. At least 25% of each project's housing units must be reserved for occupancy by the target population (a higher percentage will apply in scattered site projects).

<u>**Young Adults Supportive Housing Integration Project:**</u> Within the adult component, the Next Step will target 50 new or existing supportive housing units to young men and women, age 18-23, who are homeless or "aging out" of youth systems (foster care or DCF/DHHS-funded residential facilities) and who are in need of service-enriched housing to transition into independent living. These are typically young men and women who have been abused or neglected, and do not have family or social networks on which to rely for help. While many have emotional or cognitive disorders, these disorders are often not considered severe enough to qualify them for services within the DMHAS or DMR systems.

The young adults would be integrated into development projects for adults. It is estimated that half of the youth would be eligible for DMHAS services but would still require transition services for 12-24 months. These aftercare services would help to ease their transition into permanent housing and independence. The other half would require more intensive services since they are not eligible for services from any of the existing systems. These intensive case management services will assist the youth with accessing appropriate community services to meet their needs. They will also guide and assist clients with educational and vocational training, health maintenance, securing and maintaining employment, obtaining essential life documents, and developing and complying with a budget.

The goal of creating supportive housing for this young adult population is to break the cycle of homelessness at its inception and prevent their entry into the homeless, adult corrections, and crisis systems. A more detailed description of the Young Adults Supportive Housing Integration Project appears in Appendix C.

Although Connecticut is scheduled to draw down its entire TANF block grant funding based on existing expenditures, services for young adults are potentially reimbursable under TANF in the future even though it would not be a viable claim in the short-term.

Increasing Supportive Housing in Connecticut: the Next Step

Target: Families, Adults and Young Adults who are homeless or at risk of homelessness

Supportive housing goal: 1,000 housing units, of which 650 (65%) are for targeted households and 350 (35%) are for other families and individuals needing safe, affordable housing.

Housing approach: Development of 700 new units in 25-40 projects
Leasing of 300 existing units

Families

Target: Families who are homeless or at risk of homelessness

Supportive housing goal: 350 units of which 150 are for target families

Housing approach: Development (14-25 projects of 8-25 units each)

Service funding: $2.1 million, DSS

Operating: 200 Section 8 subsidies; project-based operating subsidy thru DSS for 150 units serving target families

Capital: CHFA-issued tax-exempt bonds, with State payment of debt service

Adults

Target: Adults with mental illness and/or chemical dependency who are homeless or at risk, esp. long-term shelter users

Supportive housing goal: 650 units of which 450 are for target adults.

Housing approach: Development (350 units, 12-15 projects) and Leasing (300 units)

Service funding: $4.5 million, DMHAS

Operating - Leasing: 200 HUD Shelter Plus Care (TRA), 100 tenant-based RAP

Operating – Development: project-based operating subsidy through DSS for 250 units; plus 50-100 project-based subsidies through HUD Section 811 or local housing authorities

Capital: CHFA-issued tax-exempt bonds, with State payment of debt service

Young Adults Supportive Housing Integration Project

Target: Young adults ages 18-23 who are homeless or aging out of the DCF system and are at risk of homelessness

Supportive housing goal: 50 units for target young adults within new (through Adult component) or existing supportive housing

Housing approach: Referrals to new and existing supportive housing developments

Aftercare service funding: $350,000, DCF

Program Implementation

The next step in supportive housing creation will employ the same model of State leadership, interagency collaboration, and leveraging of private sector and Federal resources that has been used so effectively in Connecticut's prior supportive housing initiatives. Implementation of the program will be through the following steps.

1. **Establish an Interagency Council on Supportive Housing and Homelessness and establish State interagency working group *(achieved).*** The purpose of the Council and its working group is to facilitate interagency coordination and collaborative efforts; to ensure that the supportive housing program stays on track and on schedule and meets its intended goals; and to expedite the review and commitment of funds designated for the Program. Lead: OPM

2. **Identify resources.** A discussion of proposed sources of funding appears in the next section. Decisions on funding would need to be made in time for the preparation of budget options in the fall of 2004. Lead: Interagency Council.

3. **Develop a memorandum of understanding** between the members of the Interagency Council to delineate their respective roles, responsibilities, and commitments under the Program, and agreements on program structure and outcomes. Lead: Interagency Council.

4. **Issue one or more requests for qualifications for project sponsors** to identify and select private nonprofit organizations with the requisite experience and ability to develop, operate and provide services in supportive housing for the target populations. Lead: Interagency Council.

5. **Launch a technical assistance program** focused on the development of skills and expertise among the nonprofit community in the development, operation and service provision of supportive housing for families, chronically homeless adults and young adults. Lead: Corporation for Supportive Housing, working in tandem with member agencies of the Interagency Council.

6. **Develop a predevelopment financing pool** to enable nonprofits to cover project development costs in advance of construction. Lead: Corporation for Supportive Housing, working with philanthropy, corporate sector.

7. **Commit State resources.** Lead: Governor, legislature.

8. **Issue Request for Proposals** for committed State capital, operating and service funding. RFP would be issued to nonprofit project sponsors selected through the RFQ process. Lead: CHFA

9. **Leverage Federal and private resources.** Lead: project sponsors, member agencies of the Interagency Council.

10. **Develop the housing.** Lead: project sponsors.

11. **Operate the housing, provide supports to tenants.** Lead: project sponsors.

Tools for Implementation

Employment

For the families, adults and young adults who are the focus of this initiative, welfare reform and traditional employment programs have had little record of success. Most face significant barriers to their employability, such as chronic health conditions, housing instability, histories of institutionalization or incarceration, illiteracy, lack of independent living skills, or limited job skills. However, individuals facing multiple barriers to employment can become productive members of the labor force if they have the right set of tools and supports with which to get work, keep work, and advance in work. National demonstration projects have shown that this "tool kit" must include employment and training opportunities as well as stable, affordable housing and access to flexible, comprehensive services – particularly case management – if successful employment outcomes are to be sustained. For this reason, the supportive housing environment provides an ideal setting for employment supports and job advancement strategies.

Through a partnership with the Governor's Office for Workforce Competitiveness and the Connecticut Department of Labor, the next step in supportive housing creation will incorporate strategies to create economic opportunity for families, adults and young adults who have multiple barriers to employment. Recommendations under this plan are as follows:

- **Increase ease of access to existing employment and training programs by assigning a Connecticut Department of Labor point person housed at targeted "one stops" who would work with supportive housing providers in the region.** The DOL point person will facilitate navigation of the regional workforce system by the providers and their tenants, and help to forge partnerships between supportive housing providers and key employment and training providers. The goal will be to build a strong connection by supportive housing providers to services offered by both the one-stop system and the Bureau of Rehabilitation Services, and strong relationships with the agencies providing these services.

- **Build upon Connecticut's system of Regional Workforce Investment Boards to facilitate coordination and access to employment and training programs in their regions**.

- **Ensure that supportive housing sites also have an employment point person**. The service funding levels assume that larger projects will have at least a part time employment specialist.

- **Build the skills of supportive housing providers by offering them access to DOL's training academy courses on employment counseling and related subjects.** For providers working with target families, create specialized training on determining when and how to effectively engage the parent around work. The Corporation for Supportive Housing will coordinate with OWC and DOL in designing this.

- **Forge strong connections to training, education and literacy programs, and rethink "success".** The employment supports must also go further than job placement and must also address job readiness – including remedial and basic skills education, development of work experience, and job retention. Performance measures in evaluating the success of an employment strategy for people with multiple barriers cannot look the same as those used in a strategy targeted to people without such barriers. Progress must be measured in smaller steps, over longer periods of transition.

- **Establish incentives for the Connecticut Department of Labor and the One-Stops to take the risk to work with people with multiple barriers.** Identify flexible dollars that can be used to cover the cost of paid internships with employers and reward One Stops for incremental successes in moving individuals toward full-time employment.

It is also recommended that relevant representatives of the Interagency Council workgroup discuss these ideas with the regional workforce investment boards to secure their feedback and ideas. Implementation strategies could vary on a

region-by-region basis. It is also recommended that the State advocate for changes needed at the Federal level in their grant performance standards, which provide disincentives for one stop centers to work with people with multiple barriers to employment.

<u>Child Care and Early Childhood Education</u>
For families in this initiative, access to quality child care and early childhood education opportunities are critical to employment and educational success. To help ensure such opportunities, the following are recommended:

- In larger projects, consider building pre-school/daycare care space within the project. The facility could also include spaces for children from families in the neighborhood. A helpful resource may be the Connecticut Children's Investment Partnership through the Local Initiatives Support Corporation.

- Encourage sponsors of family projects to establish relationships early on in the project planning with childcare and early childhood education providers within the community to secure designated "slots" for children from the supportive housing project.

<u>Predevelopment and Technical Assistance</u>

The time period between now and the commitment of State resources will be dedicated to working with the project sponsors to help them refine their project strategies and increase their supportive housing skills (Technical Assistance), and to develop a financing pool to cover essential predevelopment activities necessary for project sponsors to secure public financing (Predevelopment Pool). All of this work will enable the project sponsors to "hit the ground running" with the development of their projects once resources are committed, and will therefore help to ensure that housing units come on line as quickly as possible.

<u>Technical Assistance.</u> The Corporation for Supportive Housing will take the lead in providing trainings, informational resources, and direct planning work with project sponsors. CSH will coordinate with and involve the State agencies, HUD and CHFA in designing and implementing this technical assistance work. In particular, CHFA will work with CSH to develop clear, concise materials on the application and underwriting process and timeframe, underwriting standards, and expectations for developers and for CHFA.

Through CSH's work, project sponsors and their partners will receive help in defining their projects' goals and designing their housing and service approaches in ways that are responsive to the needs and preferences of the households to be served and that mesh with community priorities and funding requirements. The outcome of this technical assistance process will be comprehensive, achievable project plans. CSH's One Step Beyond Supportive Housing Development Institute will provide intensive, in-depth technical assistance to 8-10 project teams during 2005. Eight additional teams are "graduating" from the Institute in the Fall of 2004 and will receive follow-up support from CSH.

CSH's technical assistance work will be funded through a partnership between national and Connecticut philanthropy and the State, similar to the Pilots Initiative.

<u>Predevelopment.</u> Project sponsors must incur significant costs in the early stages of project development in order to secure State and CHFA financing. As it has done in the past, the Corporation for Supportive Housing will take the lead in developing a predevelopment funding pool with grants from philanthropy, the corporate sector, and possibly from DECD. From this pool, CSH will make 0% project initiation loans to cover the cost of architectural design work, environmental and engineering assessments, preparation of financing applications, legal and accounting, and other essential work. The pool will operate statewide.

Once sites are approved and CHFA underwriting has advanced, CSH will make or coordinate acquisition and predevelopment loans to qualified project sponsors to cover additional development costs. Sources of funding for these

later stage loans include CSH's national loan pool (capitalized by Fannie Mae), LISC, CHIF, the CDFI Alliance, and local community loan funds.

Funding

The funding plan for the next step in supportive housing creation builds on Connecticut's experience in creatively combining resources. It also draws on the experience of other states in effectively using alternative resources to finance supportive housing.

The funding plan employs four funding strategies:

- **Target existing resources.** Other states have successfully used existing public resources to help finance the "supports" in supportive housing. Among these are Temporary Assistance for Needy Families (TANF) – although Connecticut cannot claim any more under TANF in the short term; Medicaid options, including the rehabilitation option and targeted case management option; and State and Federal employment and job training funds.

- **Use State funds to leverage Federal dollars.** Many Federal programs, such as HUD's Shelter Plus Care and Supportive Housing Program, require a commitment of matching funds before they can be awarded. Over the past 10 years, the State of Connecticut has leveraged over $20 million in Federal rent subsidies through these programs by providing these matching dollars. Millions of additional Federal rent and capital subsidies can be leveraged with a dedication of State funding for supportive services.

- **Use State and Federal dollars to leverage private investment.** Corporations and private philanthropy are more likely to invest in housing efforts when the public sector takes a leadership role in committing and coordinating public resources. State funding for supportive housing has leveraged over $30 million in corporate and philanthropic investments thus far.

- **Authorize new spending at the state level.** Beyond existing and Federal resources, State investment will be required. This new spending will supplement and leverage funds from these other sources. It will also create flexibility in funding, so that the housing can serve all of the families and individuals who need to be reached. Resources could come from the state general fund, general obligation bonds, or from the housing finance authority.

Using these four strategies, the funding plan is conceived as follows:

<u>Supportive Services Funding</u>

The level of funding required for supportive services is based on both Connecticut and national experience in successfully serving chronically homeless families and adults with disabilities in supportive housing. The core of the supportive services is intensive case management. The preferred caseload is one case manager to every 5-8 families, and one case manager to every 7-12 adults. Other funded supportive services may include training of clients in independent living skills, conflict resolution, employment readiness and retention supports, peer mentoring, and after-school activities (for families).

The average service costs are as follows:

- For target families, a minimum of $14,000 per family per annum
- For adults, a minimum of $10,000 per person per annum

These costs assume service delivery by provide nonprofit organizations under contract with the State. An illustration of typical service costs in supportive housing is attached in Appendix D.
Based on these cost assumptions, the following annual levels of service funding would be required:

1. **Adults and Young Adults**

Pilots Initiative Expansion: 450 adults x $10,000 (DMHAS) = $4,500,000

Young Adult Aftercare Services (12-24 months/client - DCF): $350,000

25 young adults x $4,000 =	$ 100,000
25 young adults x $10,000 =	250,000
Total	$ 350,000

Sources: Basic service supports for the Adults component would be funded by DMHAS through additional appropriation to the "Housing Supports and Services" line item.

Case management services to Medicaid-eligible adults could potentially be eligible for reimbursement under targeted case management or a new rehabilitation option.

To ease the transition of at-risk young adults transitioning from homelessness or the DCF system, DCF would fund Aftercare services to each of the 50 young adults during their challenging first one to two years in the housing. These services would be in addition to those provided by the supportive housing project. The Aftercare will work to ensure that the individual has formed a relationship with at least one responsible, trustworthy adult (ideally a mentor) who can provide consistent emotional support, and help the tenant to develop other natural supports within the community. These costs are potentially reimbursable under TANF, although not in the short term as Connecticut is scheduled to draw down the entire block grant based on existing expenditures. The Aftercare services and referrals of young adults to the housing would be provided by community-based nonprofit organizations that provide services to youth and young adults and who have developed a strong relationship with one or more community-based supportive housing providers participating in this Next Step initiative. The cost of aftercare services for youth who are eligible for DMHAS services is $4,000 per year. The cost of those who are not eligible is $10,000 per year. After 12-24 months, the young adults would have permanent housing and the appropriate supports to live without these additional resources.

Lead agency-Adults: The lead agency for the adults component is DMHAS. Because this initiative represents a significant addition to its supportive housing program, DMHAS will use 5% of the funding ($225,000 per year) to cover costs related to coordination of its housing programs and to monitoring for quality assurance of the services provided by its contractors and fidelity to the program model.

Lead agency - Young Adults Aftercare: DCF is the lead agency for the young adult aftercare services.

Timing: DMHAS-funded services begin once a development project enters construction or, in the case of existing housing, once rental subsidies are secured. Given this timing, commencement of service funding would be phased in over three years beginning late in FY06.

The breakdown of DMHAS service dollars by housing type is as follows:

300 units created through leasing: 300 x $10,000	$3,000,000
350 units created through development (150 target population): 150 x $10,000 =	$1,500,000
Total	$4,500,000

DCF Aftercare services begin at the point of occupancy of the housing; for existing supportive housing developments this would begin in FY06; for new developments, in FY07 and FY08.

2. **Families: 150 families x $14,000 (DSS) = $2,100,000**

- Source: Service supports for the families component, called "Fostering Families," would be funded by DSS – although DSS, DCF and DMHAS will collaborate on policy matters affecting this funding. The funding would be based on a new appropriation of $2.1 million to DSS (under a new program line item "Supportive Housing"). These services could be claimed as TANF eligible expenditures although not in the short term as Connecticut is scheduled to draw down the entire block grant based on existing expenditures.

Lead agency: The lead agency for the service funding for Fostering Families is DSS. Because DSS encompasses the broadest population, this arrangement would ensure that target families who do not meet strict DMHAS or DCF eligibility criteria could still be served by the initiative. DSS, DCF and DMHAS would jointly select and oversee a statewide nonprofit fiduciary organization that understands the needs of families, intensive case management services, and services to families in housing. The fiduciary would subcontract with project sponsors (selected by the agencies through an RFQ) for the actual service delivery. The fiduciary would be responsible for quality assurance of the services provided by its subcontractors and fidelity to the program model. The per family cost includes $1,000 per year for administrative costs for oversight and monitoring of the program through this administrative entity.

Timing: Services begin once a development project enters construction. Given this timing, commencement of service funding would be phased in over three years beginning in late FY06.

Employment Funding (DOL) $65,000

As described on page 9, DOL would recruit a point person within the department who would facilitate linkages and forge partnerships between supportive housing providers, regional "one stops", and other key employment and training providers. The cost of this position is estimated at $65,000/year. .

Operating Funding

Adults and families to be served by the housing will have incomes below 50% of area median income, most of them less than 25% of median. Many will qualify for SSI, although not all. Because of the limited incomes of the target populations, project-based rental subsidies[xxii] or operating reserves are necessary to support the operating costs of the housing.

Leasing subsidies

For each unit created through leasing of existing housing, a rent subsidy is necessary to cover the difference between what the tenant can afford to pay (30% of his/her income) and the market rent of the apartment. Since all of the units created through leasing will serve adults with specific disabilities (mental illness and/or substance addiction), the rent subsidy source must allow for the flexibility to serve this target population. Two of the HUD McKinney-Vento programs (Shelter Plus Care, Supportive Housing Program) allow for this flexibility. With service funding commitments from DMHAS, providers will be able to meet the matching dollar requirements of these programs. HUD holds annual application rounds for these subsidies, and competition for resources is high. It is estimated that seven of the twelve continuums of care will be able to secure 13-15 new Mckinney-Vento subsidies each year in each of two years, for a total of 200 vouchers. The remaining 100 tenant-based rental assistance vouchers would be provided through a new supportive housing allocation to the state Rental Assistance Program.

Rent subsidy strategy for units created through Leasing:

200 HUD Shelter Plus Care or SHP rental subsidies ($725/mo. ave. subsidy)	Annual value:	$1,740,000
100 State Rental Assistance Program (RAP) certificates ($765*/mo. ave. subsidy)	Annual value:	$ 918,000

Additional vouchers targeted to people with disabilities potentially could be secured through local housing authorities through HUD's Mainstream program. While these subsidies cannot be targeted to people with specific disabilities, they should be considered if McKinney-Vento subsidies are unavailable.

*State Rental Assistance Program figures include approximately $40/unit cost for subsidy administration. Monthly figures shown are based on 2005 costs.

Project-based operating subsidies

For development projects, rent subsidies are needed to cover the difference between what the tenant can afford to pay (30% of income) and the cost of operating the housing (utilities, insurance, maintenance and repair, etc.). Of the 700 units created through development, 150 will be targeted to adults with specific disabilities, 150 to homeless families, and up to 50 for young adults. The remaining units will target other households with incomes at or below 100% of area median income. The mixed nature of the tenancy requires a mix of subsidy resources that are "project-based", meaning the subsidies are tied to the apartments.

This plan recommends that DSS "project-base" 200 Section 8 subsidies, similar to the Supportive Housing Pilots Initiative. DSS is allowed by HUD to project-based up to 20% of their 5,800 Section 8 vouchers; this program would bring the number of project-based vouchers to 7%. These vouchers would subsidize 200 of the 350 family units.

For the other 150 units for families, and for 250 of the 350 units targeted to adults, the State would establish a project-based Supportive Housing Operating Subsidy through DSS. As part of its project asset management responsibilities, CHFA would administer the subsidy allocation to each project on DSS's behalf. This operating subsidy would allow for flexibility in serving people with specific disabilities who would most benefit from the supportive services provided at the housing. This targeting is difficult under current Section 8 program regulations.

Subsidy sources for the remaining 100 adult units: 1) The State service funding can be used to leverage capital and operating support through the HUD Section 811 program. Nonprofits can apply for funding annually through the Section 811 program for small projects serving people with disabilities. 2) Additional rent subsidies can be obtained through project-based Section 8 subsidies available through some housing authorities. 2) In mixed income projects in strong markets, rent subsidies may not be needed for units serving higher income individuals.

Rent subsidy strategy for units created through Development

Supportive Housing Operating Subsidy (DSS) Annual value: $3,360,000

Based on 400 units @ $700/mo. ave. subsidy, including administration
Monthly figure is based on 2005 costs.

Plus:
200 project-based HUD Section 8 vouchers ($700/mo. ave. subsidy) Annual value:` $1,680,000

50-100 project-based subsidies through HUD Section 811 program and through local housing authorities ($700/mo ave. subsidy) Annual value $ 840,000

Legislation authorizing the new Supportive Housing Operating Subsidy would need to specify that tenants would pay 30% of their income toward rent (as opposed to the 40% now in place under the RAP program). This would ensure that tenants within the same project are treated equally, regardless of whether the source of the subsidy on their apartment is from Section 8 or the DSS Supportive Housing Operating Subsidy.

Capital Funding

This plan proposes an innovative approach to financing the development costs of the housing that relieves pressure on the State bonding cap, allows for private investment in the projects, and eliminates the complexity inherent in patching together numerous sources of capital. Under the plan, CHFA would issue tax-exempt, 501(c)(3) bonds to finance the projects. The debt service on these bonds would be covered by the State. This is similar to the model used to finance DMR group homes. Debt service payments to CHFA would be made through the State Treasurer's office.

This format offers a new, efficient and direct single source of funding that allows for streamlined project funding structures. It allows projects to move forward through development and into operations unburdened of the need to coordinate compliance with the timing and program requirements of multiple existing state and federal funding sources which can prove burdensome for many supportive housing transactions. Additionally, this model allows these funding sources to remain available to address other priorities, including the redevelopment of state public housing such as Corbin and Pinnacle Heights in New Britain and others in Stamford and Hartford, urban neighborhood redevelopment and expanding affordable rental housing opportunities in areas where such choices are limited.

The total estimated development costs of the 700 units to be developed under the Next Step Initiative is approximately $126 million, based on current average construction, acquisition and development costs in Connecticut. Debt service on CHFA-issued bonds to fund these costs is estimated below. Two options are presented: In Option A, the State would make equal debt service payments each year over a thirty-year term. In Option B, the State would pay down on the bond's principal in equal amounts each year over a twenty-year term. The amount of the State's debt service payment initially would be higher than Option A, but would decrease gradually each year as the principal in drawn down.

Option A – Level Debt Service
30 year bonds, level debt service payments, 6% interest
Debt service on CHFA-issued 501©(3) bonds totaling $126,000,000 = $9,100,000 (FY08)

Option B – Level Principal
20 year bonds, payments of debt service with level principal, 5% interest
Debt service on CHFA-issued 501©(3) bonds totaling $126,000,000 = $12,465,000 (FY08)

Lead agency: The lead agency for the capital financing would be CHFA. Debt service payments would be made to CHFA through the State Treasurer's office.

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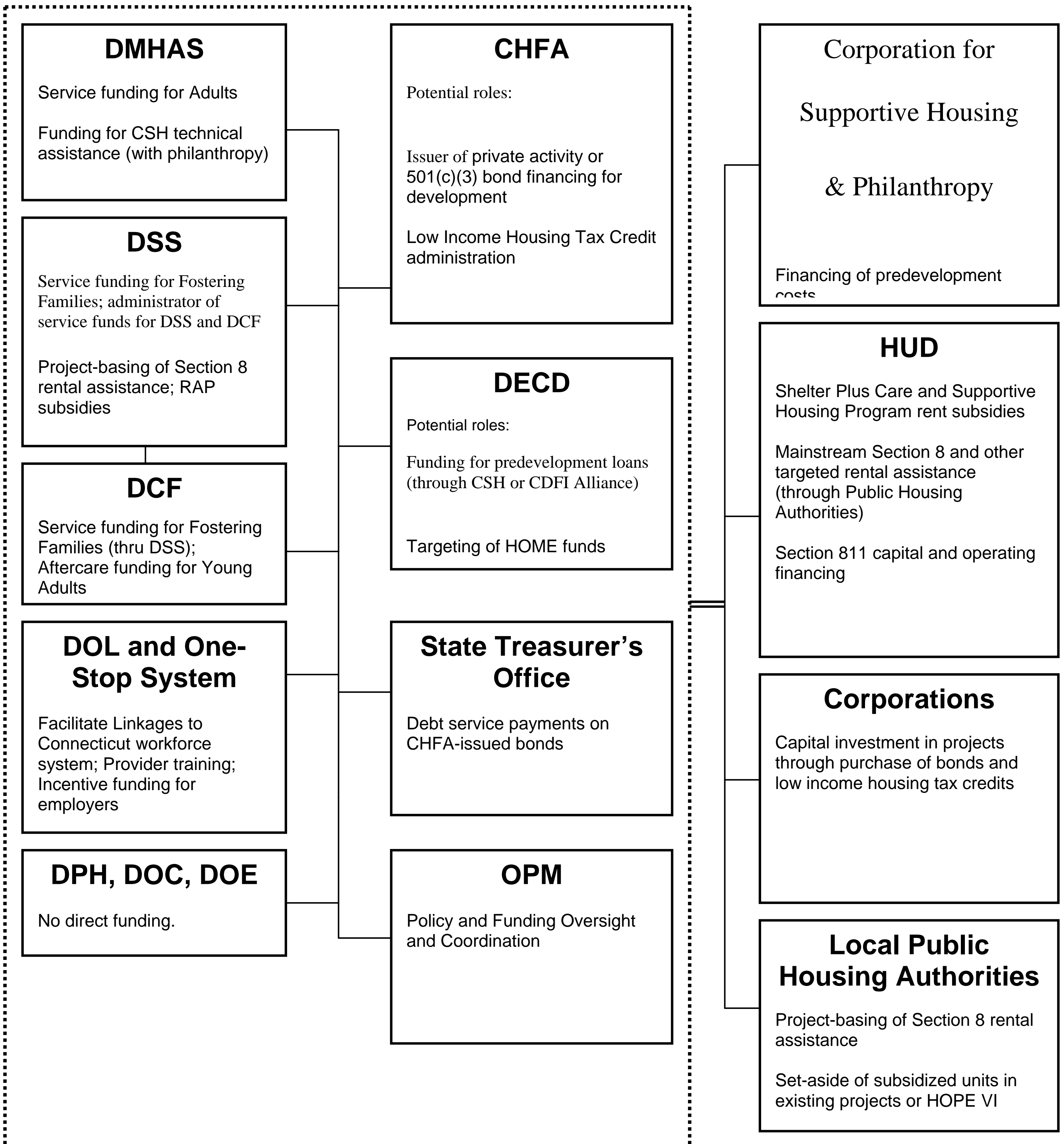
Timing: Debt service payments would begin once projects are ready to enter construction and bonds are issued. Given this timing, commencement of debt service funding would be phased in over three years beginning in FY06.

Option C – Multiple Source Funding

The alternative funding plan for this supportive housing is to continue to fund such supportive housing through combining multiple sources, including state capital funds, various federal housing programs, low cost mortgage funding through the Connecticut Housing Finance Authority, as well as significant allocations of Low Income Housing Tax Credits. Based on prior experience under the Supportive Housing Pilots Initiative, the Next Step initiative funded in this manner could require up to about $44 million in State capital funds, $30 million in low cost mortgage finance through CHFA as well as about $48 million in Low Income Housing Tax Credit equity. With regard the CHFA's low cost mortgage finance and Low Income Housing Tax Credit funding available, these requirements could claim fifty percent or more of the funding available for all housing priorities at the point of commitment.

Increasing Supportive Housing in Connecticut: the Next Step

Potential Agency Roles in Funding



Supportive Housing 2005-2007 Timeline 11/30/2004

Next Step Initiative

Calender Year 2005 | *Calender Year 2006* | *Calendar Year 2007*

Fiscal Year 05 | Fiscal Year 06 | Fiscal Year 07 | Fiscal Year 08

Sep-04 Oct-04 Nov-04 Dec-04 Jan-05 Feb-05 Mar-05 Apr-05 May-05 Jun-05 Jul-05 Aug-05 Sep-05 Oct-05 Nov-05 Dec-05 Jan-06 Feb-06 Mar-06 Apr-06 May-06 Jun-06 Jul-06 Aug-06 Sep-06 Oct-06 Nov-06 Dec-06 Jan-07 Feb-07 Mar-07 Apr-07 May-07 Jun-07 Jul-07 Aug-07 Sep-07 Oct-07 Nov-07 Dec-07 Jan-08 Feb-08 Mar-08 Apr-08 May-08 Jun-08

Next Step Initiative Implementation

Identify resources.

Develop memorandum of understanding.

Issue one or more requests for qualifications.

Launch a technical assistance program. — *ongoing*

Develop a predevelopment financing pool. — *predevelopment financing*

Commit State resources.

Issue RFP to prequalified orgs*

Leverage Federal and private resources

Project Sponsors develop the housing

Predevelopment — *groups plan projects* — *groups plan and develop projects* — *groups develop projects*

Construction

Tenants in the housing

Development projects

Existing housing

**prequalified through RFQ*

Supportive Housing 2005-2007 Timeline

11/30/2004

Next Step Initiative

	Calender Year 2005	Calender Year 2006	Calendar Year 2007	
	Fiscal Year 05	Fiscal Year 06	Fiscal Year 07	Fiscal Year 08
	Sep-04, Oct-04, Nov-04, Dec-04, Jan-05, Feb-05, Mar-05, Apr-05, May-05, Jun-05	Jul-05, Aug-05, Sep-05, Oct-05, Nov-05, Dec-05, Jan-06, Feb-06, Mar-06, Apr-06, May-06, Jun-06	Jul-06, Aug-06, Sep-06, Oct-06, Nov-06, Dec-06, Jan-07, Feb-07, Mar-07, Apr-07, May-07, Jun-07	Jul-07, Aug-07, Sep-07, Oct-07, Nov-07, Dec-07, Jan-08, Feb-08, Mar-08, Apr-08, May-08, Jun-08
Projected Timing of Service Funding				
Existing Housing (DMHAS)		150 clients (Jan-06 – Jun-06)	225 clients	**300 clients**
change from previous year:			*increase of 75 clients*	*increase of 75 clients*
Adults Development Projects (DMHAS)		75 clients (Apr-06 – Jun-06)	75 clients	150 clients
change from previous year:			*no increase from FY06*	*increase of 75 clients*
Young Adults Aftercare (DCF)		20 clients (Aug-05 – Jun-06)	30 clients	**50 clients**
change from previous year:			*increase of 10 clients*	*increase of 20 clients*
Family Development Projects (DSS/DCF)		50 clients (Apr-06 – Jun-06)	50 clients	150 clients
change from previous year:			*no increase from FY06*	*increase of 100 clients*
Projected Timing of State Rent Subsidies				
Tenant-based RAP (existing housing)		50 subsidies (Jan-06 – Jun-06)	75 subsidies	**100 subsidies**
change from previous year:			*increase of 25 subsidies*	*increase of 25 subsidies*
Supportive Housing Operating Subsidy (development projects)		200 subs (Apr-06 – Jun-06)	200 subsidies	400 subsidies
change from previous year:			*no increase from FY06*	*increase of 200 subsidies*
Project-based Section 8 (development)		100 subs (Apr-06 – Jun-06)	100 subsidies	200 subsidies
change from previous year:			*no increase from FY06*	*increase of100 subsidies*
Projected Timing of State debt service payments		300 units (Apr-06 – Jun-06)	300 units	700 units
change from previous year:			*no increase from FY06*	*increase of 400 units*

Funding Amounts (Estimated - DRAFT)	Fiscal Year 06	Fiscal Year 07	Fiscal Year 08	
<u>State Service Funding (Estimated)</u>				
DMHAS (Adults)	$ 937,500	$ 3,000,000	$ 4,500,000	
DSS (Families)	$ 175,000	$ 700,000	$ 2,100,000	
DCF (Young Adults Aftercare)	$ 140,000	$ 250,000	$ 350,000	
<u>State Supportive Housing Rental Assistance (Estimated)</u>				
DSS - Tenant-based RAP	$ 229,500	$ 715,500	$ 990,000	*3.9% increase in mkt rents*
DSS - Supportive Housing Operating Subsidy (project-based)	$ 420,000	$ 1,680,000	$ 3,360,000	
<u>State Debt Service on CHFA-issued bonds (Estimated)</u>				
Option A: level debt service, 30 yr bonds, 6%	$ 975,000	$ 3,900,000	$ 9,100,000	
Option B: level principal, 20 yr bonds, 5%	$ 1,350,000	$ 5,400,000	$12,465,000	

Appendix A
Fostering Families
A Concept for Developing Supportive Housing for Families in Connecticut

Statement of Need:

According to data from the Connecticut Coalition to End Homelessness, there were 1,489 homeless families with 2,783 minor children receiving services in homeless shelters in Connecticut in the past year. It is estimated that as many as three times that number were actually homeless, but were turned away from shelters because they were operating at full capacity.

Given adequate resources and time, most people who become homeless can find their way into a permanent home on their own. For some, however, homelessness is intertwined with chronic health problems, lack of education, poverty, unemployment, substance addictions, and poor independent living skills. These individuals and families can cycle in and out of homelessness for years, accessing services only in reaction to crisis situations, or not at all. They may return repeatedly to emergency shelters simply because they lack other resources to maintain a stable, permanent living situation.

For children, chronic homelessness can have particularly devastating effect. The American Academy of Pediatrics has found that homeless children are more likely than other children to experience trauma-related injuries, developmental delays and chronic disease. Disruptions in education and the effects of living in stressful, chaotic environments can create permanent barriers to success. Homelessness also frequently breaks up families as a result of restrictive shelter policies or due to placement of children into foster care.

The personal and societal costs of homelessness are well documented. Providing emergency shelter to a homeless family in Connecticut costs $20,000-$30,000, 3 to 4 times more than the cost of federally funded permanent housing. Studies repeatedly show that homelessness adversely affects family stability, individuals' mental health and children's ability to learn.

As we enter the eighth year of welfare reform, many vulnerable families are approaching or exceeding their limits under the Temporary Assistance for Needy Families (TANF) program. Early findings suggest that although more families are moving from welfare to work, many of them are faring poorly due to low wages and inadequate work supports. The National Low Income Housing Coalition's 2003 report, "Out of Reach," found that a worker in Connecticut would need to earn $18 per hour to afford the average two-bedroom apartment. Yet, only a small fraction of welfare recipients' new jobs pay above-poverty wages. The combined result of loss of benefits, low wages, and/or unstable employment will force many TANF recipients to struggle to get basic medical care, food, and housing. In the absence of targeted services, families with special needs may be at significant and increasing risk for homelessness.

The *Hartford Courant* reported on October 19, 2002 that, "shelters around the state are bursting with some of society's youngest citizens, and most anticipate having to turn away more children than ever. Social service budget cuts have shrunk programs, and no one's adding shelter beds. As the economy continues to dip, families with a tenuous hold on housing are shaken loose into homelessness." Unless they receive the affordable housing, education and supports they need to move to stability and self-sufficiency, homeless families and young adults aging out of foster care are likely to become the next generation of chronically homeless individuals.

The Solution: Supportive Housing for Families:

Supportive housing is a practical, proven and cost-effective solution to the problem of chronic, long-term homelessness. There are two main components to supportive housing. First, it provides safe and secure rental housing that is affordable to people with very low incomes, offers independent apartment units (as opposed to congregate or group living), and is permanent, with occupancy continued as long as the tenant complies with the terms of his or her lease. The other key feature is the provision of support services by skilled staff at or very near the housing site that are

designed to be flexible and responsive to the needs of the individual. By providing permanent, affordable housing in conjunction with services that deal with individualized health, support and employment needs, the supportive housing model addresses homelessness at its root causes.

The State of Connecticut's experience in the Supportive Housing Demonstration Program illustrates how supportive housing breaks the cycle of homelessness. The Demonstration created 281 units of affordable, service-enriched rental housing for homeless people and at-risk individuals in nine developments across the state. An independent evaluation conducted in 2002 found that supportive housing under the Demonstration Program created positive outcomes for tenants while decreasing their use of acute and expensive health care services. Tenants decreased inpatient services by 71%, and increased their usage of less expensive ongoing and preventive health care services. Eighty-nine percent (89%) of residents reported becoming more independent, two-thirds were either employed or in education and training programs, and 90% said they performed activities of daily living "very well" or "ok." Likewise, supportive housing has had a positive effect on the local economy. Property values in the neighborhoods surrounding the supportive housing have increased or remained steady since the housing was built, and all projects are financially stable. Development of the nine properties yielded $72 million in direct and indirect economic and fiscal benefits to Connecticut communities.

The state of Connecticut is presently implementing the second generation of supportive housing, the Supportive Housing Pilots Initiative. Spearheaded by the Department of Mental Health and Addiction Services (DMHAS), the goal of the Pilots Initiatives is to create 650 supportive housing units within the state over a four-year period through leasing of approximately 350 scattered, existing apartments and development of 300 new housing units through acquisition and rehabilitation or new construction. While one of the largest state investments in supportive housing in the nation, it is expected that only about 80 of the units created through Pilots will serve families.

<u>Fostering Families – an Initiative to Address the Needs of Families in Connecticut</u>:

The Fostering Families Initiative proposes to build on past success to address the housing and service needs of families who are experience chronic, long-term homeless or who are at risk of homelessness. The Initiative would replicate the successful model pioneered under the Supportive Housing Demonstration Program and the Pilots Initiative to create new supportive housing units designed specifically to meet the unique needs of families. Through an extraordinary collaboration between the Office of Policy and Management (OPM), the Departments of Social Services (DSS), Children and Families (DCF), Mental Health and Addiction Services (DMHAS), Economic and Community Development (DECD), the Connecticut Housing Finance Authority (CHFA), the Corporation for Supportive Housing and the philanthropic community, financial resources for housing and services would be made available through a coordinated, "one-stop" Request for Proposals. Funding for predevelopment expenses and technical assistance would also be available as-needed, creating a comprehensive financing package that is an efficient, proven means to create hundreds of units of supportive housing across the state.

A. <u>Guiding Principals</u>:

- <u>Children grow best in their own families</u>: families should receive the support they need to make informed decisions and raise their children at home;
- <u>Supports should be family-centered</u>: services must be designed to meet the complex and changing needs of the whole family (parents and children), delivered in a culturally-competent manner;
- <u>Housing must be permanent and integrated</u>: When combined with natural supports, connection with the broader community, and new resources, permanent affordable housing is the key to stability.

B. <u>Program Goals</u>: Combine permanent, affordable housing with the services homeless families need to increase stability, reduce dependence on public programs and obtain meaningful employment through production of 350 units in 14-25 developments (in the range of 8-25 units). To ensure integration with the broader community, a minimum of 150 of the units developed would serve target families.

C. Target Families:

- Homeless families, especially those that are chronically homeless;
- Families who are at risk of homelessness, including those who are living doubled up* with other families;
- Families with multiple barriers to employment and housing stability, such as cognitive limitations, history of trauma, mental illness and/or substance abuse;
- Families at risk of exceeding, and those that have exceeded, their TANF assistance time limit;
- Families at risk of or with out of home placement; and/or
- Families that are reuniting after out of home placement.

*"The McKinney-Vento Homeless Assistance Act (Subtitle B-Education for Homeless Children and Youth) defines "homeless children and youth" as including "children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason."

D. Eligibility: The eligible population must be families:

- Who are eligible under the Federal Temporary Assistance for Need Families (TANF) Program; and
- Whose participation in such a program would not constitute "assistance" under the federal TANF regulations.

E. Program Design:

- Services: Services must be individually designed and comprehensive enough to support both adults and children, promoting self-sufficiency, family stability and/or employability. Providers will need to demonstrate successful case management experience with both adults and children, and will be encouraged to use creative, cost-effective approaches to their program plan.
  1. Every plan must provide family-focused support, that is, support that addresses children's needs, parents' needs and the needs of the family as a whole; and
  2. Every plan must provide support, training and socialization in family life skills that addresses the everyday demands of running a household and maintaining a home that promotes the healthy and safe development of children and adults; and
  3. Every plan must include a plan for promoting positive relationships and a sense community among adults, children and families as a whole.

- All services must:
  - Be located on or very near the site;
  - Be available as needed and for as long as needed;
  - Flexibly meet the individual needs of families and youth;
  - Facilitate employment and development of work skills;
  - Facilitate development of independent living skills, including family life management and parenting;
  - Promote socialization and integration, including peer support, mentoring, and collaboration with educational institutions and available community resources.

1. Minimum Service Design Requirements:
   a. Services should include but not be limited to clinical case management, concrete assistance, and individual, group and family support and counseling.
   b. Services should be designed to maintain the integrity of families threatened by psychosocial and physiological stressors, including but not limited to mental illness, substance abuse or addiction, family violence, cognitive limitations, neglect and homelessness.

c. Service teams must include, at minimum, a clinical case manager and family support specialist and leverage existing resources in the broader community, e.g. volunteers, school-based services, health and behavioral health services;
d. Service plans should incorporate opportunities for building relationships, community and natural supports;
e. Services must be available during non-traditional hours, e.g. after-school, evenings and weekends;
f. Service plans should pay particular attention to cultural and ethnic background, personal and family history, and to maximizing individual strengths and skills.

2. Service Delivery Components:
   a. Employability enhancement and retention, including literacy;
   b. Parenting education:
      - Child development and behavioral management and child supervision,
      - Children's educational needs at home and school,
      - Children's medical and behavioral health,
      - Children's socialization and recreation;
   c. Child-focused interventions including involvement in and advocacy for:
      - Education,
      - Health,
      - Behavioral health,
   d. Household management:
      - Nutrition and meal-planning,
      - Shopping,
      - Hygiene,
      - Housework,
      - Family scheduling;
   e. Family Life:
      - Creating and maintaining a safe environment,
      - Promoting stable family relationships,
      - Family preservation, reunification and stabilization;
   f. Agreements with community-based providers to provide access to behavioral health, substance abuse and medical services for parents, children and families;
   g. Promotion of independence and self-reliance;
   h. Opportunities for informal mentoring, modeling, community building and recreation;
   i. Prevention of teen pregnancy and out of wedlock pregnancy, including counseling.

- Housing Types: Acknowledging that there is no one "perfect" housing model for families in the community, the Fostering Families Initiative will encourage development of an array of housing types. However, all units developed must be permanent housing, where continued occupancy is not contingent upon receipt of services, emphasizing design that:

  - Maximizes integration with other families and the broader community;
  - Accommodates a range of family configurations;
  - Is in close proximity to needed services, such as transportation, schools, shopping and recreational facilities;
  - Is of good quality and provides for the safety and security of the residents;
  - Includes common areas and space for on-site services and recreation; and
  - In single site and cluster developments, at least 25% and no more than 50% of the units will be designed and reserved for target families.

  Eligible projects should consist of a minimum of 8 and a maximum of 25 housing units that provide living and sleeping space for families with children that include bathing, toilet and kitchen facilities within the same unit. Examples of housing models include, but are not limited to, the following:

- New housing construction or substantial rehabilitation of units at a single site, incorporating community space, on-site service space, and integrating target families with other families in need of permanent, affordable housing;
- Clustered or scattered leasing of existing, privately-owned housing units and providing supportive services and rental subsidies to target families living in those units;
- Conversion of a number of units in an existing affordable housing development to incorporate targeted families and providing services to all residents;
- Purchase and rehabilitation of multiple properties scattered in close proximity to one another where services are provided on-site and where residents have access to community facilities and other community-based services.

Where tenancy is mixed in a single site, sponsors should provide access to on-site services for all tenants, regardless of whether they have identified special needs, and encourage these other tenants to take advantage of the services offered. The purpose in doing so it to create a more stable tenancy overall and decrease any stigma associated with receiving services.

F. Implementation: Building on the unique collaborations established through the Supportive Housing Pilots Initiative and the Behavioral Health Partnership, Fostering Families would be jointly administered through a Memorandum of Understanding that sets forth administrative oversight, financial resources, and the technical assistance needed to ensure the quality of the housing provided.

G. Outcomes: Organizations participating in the program will be expected to measure and report on the following outcomes for participating families:

- Preserve family unity or, if separated, reunite families;
- Increase safety within families;
- Maintain and increase housing stability;
- Increase self-support and independence;
- Promote healthy, secure and enriched child development;

Each program will annually review its structure and intensity of services to assess whether the number of families served requires adjustment.

Conclusion:

The present systems for serving homeless families can be fragmented, creating obstacles to receiving the array of services needed to achieve self-sufficiency. The Fostering Families Initiative can break through the barriers to success. Family supportive housing can build the capacity of parents to nurture and care for their children while they access the type and level services they need to become more stable, independent and productive members of society.

Appendix B
Connecticut Supportive Housing Pilots Initiative

The Supportive Housing Pilots Initiative is a collaborative program designed to create affordable housing and support services for people affected by mental illness or chemical dependency who are facing homelessness. Supportive housing combines decent, safe, affordable apartments with individualized health, support and employment services. It is a proven, effective means of reintegrating families and individuals with chronic health challenges into the community by addressing their basic needs for housing and on-going support. Research has demonstrated that supportive housing significantly decreases its residents' usage of expensive inpatient and emergency room care.

The initial goal of the Supportive Housing Pilots Initiative is to create 650 supportive housing units within Connecticut over a four-year period. The Connecticut legislature authorized the Pilots Initiative under Public Act No. 01-8 of the 2001 June Special Session, based on recommendations by the Governor's Blue Ribbon Commission on Mental Health.

The Supportive Housing Pilots Initiative is spearheaded by the Department of Mental Health and Addiction Services (DMHAS), working in collaboration with the Office of Policy and Management, the Connecticut Housing Finance Authority (CHFA), the Departments of Social Services (DSS) and Economic and Community Development (DECD), and the Corporation for Supportive Housing (CSH), a national, nonprofit intermediary. In January 2002, these six agencies completed a Memorandum of Understanding (MOU) for the Pilots Initiative. The MOU secures interagency agreement on the roles, responsibilities and commitments of the six agencies to the Pilots program, and outlines the process for the funding of the housing projects.

Who is being served?

The primary target population for the Pilots Initiative is individuals and families where the head of household:

- has severe and prolonged mental illness and/or chronic chemical dependency,
- is homeless or at risk of homelessness, and
- has an income at or below 50% of the area median income at the time of entering the housing[1].

Permanent housing developed under the program may also serve individuals and families without these special needs in order to create integrated housing settings. Once all the housing units are in operation, an estimated 570 persons with special needs will be served by the program at any one time.

What ford does the housing take?

The 650 dwelling units in the Pilots Initiative are being created in two ways:

- through leasing of close to 300 scattered, existing apartments (close to 200 of which are now in operation); and
- through the development of at least 350 housing units through acquisition, new construction or rehabilitation.

These housing efforts are being coordinated by over 40 community-based nonprofit organizations throughout the state. Most of the housing created through the Pilots Initiative is permanent, meaning that residents have their own apartments, enter into leases, and pay rent, as in other rental housing. Some of the housing is taking the form of transitional living programs, where residents focus on developing certain skills in advance of moving to permanent housing. In both cases, residents are able to access support services – such as the help of a case manager and connections to community treatment and employment services - designed to address their individual needs.

Housing created under the Supportive Housing Pilots Initiative varies in scale, density and configuration by community and target population. Housing units under the program must meet the following standards:

- Affordable - tenants will generally pay less than one third of their income for housing costs
- Good quality – the apartments must meet federal housing quality standards
- Accessible to transportation
- Safe and secure

[1] In 2001, 50% of median income for a family of four ranged from a low of $28,650 in the Norwich/New London area, to a high of $54,900 in the Stamford/Norwalk area.

Development projects (those involving the acquisition of property, construction, or rehabilitation) must meet additional criteria in order to qualify for Pilots capital financing. At least 25% of each project's housing units must be reserved for occupancy by persons with special needs. However, in single-site housing projects in excess of 20 units, no more than 50% of the housing units may be reserved for occupancy by persons with special needs. Units not reserved for people with special needs must be targeted to households whose income does not exceed 80% of the area median family income.

What form do the services take?
The core of the support services funded by DMHAS under the Pilots Initiative is case management, which provides a single point of accountability for coordination of services that are designed to offer the tenant support in living independently and establishing and maintaining residential stability. The preferred staff-to-client ratio is one full time case manager for every 7-15 clients. Other support services that may be funded through the program include outreach and engagement (to bring persons with special needs into the housing); social rehabilitation, peer mentoring and peer support; training of clients in independent living skills; employment readiness and job retention supports; recreation services; conflict mediation; advocacy in accessing legal services; and client support costs such as apartment furnishings.

How are the services financed?
DMHAS selected organizations to receive support service funding under the Pilots program in May 2000 through a request for qualifications process. DMHAS is contracting with providers selected under this RFQ in amounts based on a minimum of $9,000 per annum per client. Once all eligible housing units are in place, DMHAS expects to provide funding for services to approximately 570 clients.

How is the housing financed?

Existing apartments
The DMHAS service funding is the primary State funding resource for supportive housing units created through the leasing of existing apartments. DMHAS and local nonprofit organizations are using the DMHAS funding commitment as a match to apply for Federal rent subsidies through various programs such as HUD's Continuum of Care programs. In 2000 and 2001, State service funding leveraged over $11 million in HUD rent subsidies for Pilots housing units.

Newly developed housing
Several resources have been combined to finance the development of 300 new housing units through the Pilots Initiative. These resources are intended to work in tandem:

- Annual **service funding** through DMHAS;
- $32 million in **capital funds** through DMHAS' Community Mental Health Strategic Investment Fund, DECD bond funds, and CHFA reserves. All of these funds will be administered by CHFA. CHFA will use the funds to make grants, loans, or deferred loans to projects or to capitalize project operating reserves.
- Federal Section 8 **project-based rental assistance** through the Department of Social Services, supplemented by subsidies available through HUD Continuum of Care programs;
- $1 million in **predevelopment funding** from philanthropic sources through the Corporation for Supportive Housing;
- Special access to low interest loans, Federal low income housing tax credits, and State housing tax credits through CHFA.

Projects to be funded are being selected through a request for proposals (RFP), which was issued jointly by CHFA (for capital funding) and DSS (for Section 8 rent subsidies) on July 1, 2002 (see www.chfa.org). Per the RFP, CHFA is giving priority to applications for Pilots program capital funding from those applicants who were selected by DMHAS for service funding through its request for qualifications process[2], and their development partners[3].

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[2] The priority applies to nonprofit organizations selected by DMHAS through the RFQ process who have not as yet entered into a contract with DMHAS for the services that they propose to link to the newly developed housing.
[3] While development partners may be either nonprofit or for-profit entities experienced in the development of affordable housing, CSH predevelopment financing is only available to nonprofit entities.

Appendix C
Young Adults Supportive Housing Integration Project
A Concept for Integrating At-Risk Young Adults into Permanent Supportive Housing

Background and Statement of Need:

The causes of homelessness among youth fall into three separate, but related, categories: family problems, economic problems, and residential instability. Many homeless youth leave after years of physical or sexual abuse, due to strained relationships, addiction of a family member, or parental neglect. A study by the U.S. Department of Health and Human Services in 1995 found that more than half of the youth in shelters were told to leave by their parents, and nearly as many (46%) reported being physically or sexually abused. Other youth may become homeless as a result of family economic crises due to factors including lack of affordable housing, unemployment, and inadequate medical or welfare benefits.

Residential instability, including a history of foster care placement, is the third primary cause of homelessness among young adults. Starting in the late 1980's, the National Alliance to End Homelessness began noting that a disproportionate number of homeless people had a history of foster care. Some youth living in residential or institutional placements are homeless upon discharge, too old for foster care but lacking housing or income support, with no access to employment and training skills. A 1992 survey conducted for the National Association of Social Workers (NASW) reported that more than one in five young adults who arrived at shelters came directly from foster care and that more than one in four had been in foster care the previous year. The National Alliance to End Homelessness found in a 1995 study that people with a foster care history tend to be homeless at an earlier age and for a significantly longer period of time than others. Based on their research, these young people are likely to face a higher incidence of physical and mental health problems, a lack of support networks and independent living skills, and a higher incidence of drug and alcohol addiction. Further, there may be an intergenerational cycle of foster care and homelessness, as one study has concluded that homeless parents who grew up in foster placement were twice as likely as parents with no such history to have their children removed from their care (Homelessness: The Foster Care Connection, Institute for Children and Poverty, New York City, Vol. 2, Issue 1, 1992).

The complex familial, social and institutional conditions that combine to affect some children result in young adults who, upon reaching maturity, are unable to establish independent households or maintain residential stability, and who have limited economic and social supports. Preventing homelessness requires early intervention to offer an affordable, safe and supportive living environment that can provide some of the elements that are otherwise lacking in their lives.

The Department of Social Services reports that 1,945 young adults between the ages of 18 and 25 were served by the state's shelter network in 2003 – 15% of all adults served by the shelters. Each year, nearly 300 children age out of the care of the Department of Children and Families. A significant number of these have also been diagnosed with serious emotional disturbance, further complicating their transition to independent living. The Connecticut Department of Children and Families estimates that some 50 young adults transitioning from DCF care every year are in need of the stable housing and continued supports offered by supportive housing. Many others are at risk of homelessness without at least some support network on which to rely and the availability of affordable housing.

Proposal: Young Adults Supportive Housing Integration Project

Research confirms that at-risk youth, regardless of experiences in foster care, residential placement or on the streets, respond positively to support services that are attached to safe residential settings. Recognizing this, the Connecticut Department of Children and Families has put in place a continuum of residential options for youth in their care, ranging from group homes, to transitional living programs, to the Community Housing Assistance Program (CHAP).

CHAP places DCF-committed youth between the ages of 18 and 21 (and sometimes up to age 23) in independent apartments linked to case management services. When an individual is discharged from the program, they can then assume the lease on the apartment, assuming their income is sufficient to pay the rent. DCF has also instituted a short-term Aftercare program designed to develop mentor relationships and ongoing natural supports as young adults transition from DCF care.

The Next Step Initiative presents an opportunity to build on these programs to extend the residential continuum for at risk young adults to encompass permanent supportive housing. Under the Adult component of the Next Step Initiative, 50 of the housing units would be targeted to young adults transitioning from homelessness or youth systems such as foster care or residential facilities care. To ease their transition into permanent housing and independence, DCF would fund Aftercare services to each of the 50 young adults during their challenging first year in the housing. These services would be in addition to those provided by the supportive housing project. The Aftercare program will work to ensure that the individual has formed a relationship with at least one responsible, trustworthy adult (ideally a mentor) who can provide consistent emotional support, and help the tenant to develop other natural supports within the community. The Young Adults Supportive Housing Integration Project could be closely monitored and evaluated for effectiveness, providing value data and insight into the best practices for ensuring a smooth transition for at-risk young adults into independent supportive housing.

The individuals to be served through this initiative would be identified by community-based nonprofit organizations providing services to homeless and at-risk youth. DCF would issue an RFP to select such organizations, which would provide the Aftercare services. To be selected, an organization would need to demonstrate that it has formed close linkages with one or more supportive housing providers within the community (preferably, supportive housing providers funded, or to be funded, under the Supportive Housing Pilots Initiative). While a supportive housing provider cannot discriminate on the basis of age, the youth provider can work to ensure that young adults are referred to the project, assist clients with completion of application forms for tenancy, serve as a reference source, and assist the client with any appeals that may be needed to help them secure a place on the waiting list. Once the young adult enters the housing, the youth provider would then work closely with the client and the supportive housing provider to ensure a smooth transition into the housing during the critical first year.

The reasons for developing the Young Adults Supportive Housing Integration Program are two-fold: first, there is a significant overlap between the population of homeless single adults and at-risk young adults – that is, a client in one category today may be in the other category tomorrow. Moreover, homelessness presents an enormous cost to society. For the state and its localities, the economic burden of homelessness is felt in the health, criminal justices and shelter systems. By stabilizing these young adults, improving their developmental environment, and providing them with employment and life skills training, supportive housing can prevent their entry into homelessness and put them on the road to independent living.

A. <u>Guiding Principals of the Project</u>:

- <u>At-risk young adults need a nurturing environment to be successful</u>: Stable housing and services that improve life skills can offer young people the developmental environment they need to become contributing members of society;
- <u>Young adults benefit from programs that minimize institutional demands</u>: Programs must be designed to offer a continuum of services and be responsive to complex individual needs;
- <u>The cycle of homelessness can be broken by supporting children</u>: There is an over-representation of people with a foster care history in the homeless population; by providing supportive housing designed to address young adults aging out of foster care, we can prevent homelessness for them and their own children.

B. <u>Program Goals</u>: Over the long run, at risk young adults will benefit from much the same approach as has proven successful for adults: combining permanent, affordable housing with the services that young adults need to increase stability and gain skills needed to chart a constructive course of action for their lives. Education, training and access to employment opportunities are essential.

C. <u>Target Population for the Project</u>: Young adults aged 18-23 who are:

- Homeless or transitioning from youth systems such as foster care or residential programs and at risk of homelessness; and
- Would not be able to retain stable housing without tightly linked services.

D. Program Design: The housing units set-aside for young adults in this project would primarily be located within in supportive housing developments with on-site case management services (i.e., single-site projects), where there is the greatest potential for informal engagement of tenants by service staff. This could be new supportive housing developments created under the Next Step Initiative, or existing permanent supportive housing developments. Services at the housing must be individually designed and comprehensive enough to promote self-sufficiency, independent living skills and/or employability, and to address a range of needs that may include mental health and medical services. All approaches must include:

  - Secure and affordable housing;
  - An opportunity to learn and practice independent living skills, such as grooming, money management, shopping, cooking, communication skills, conflict resolution, parenting, employment skills;
  - Career counseling and guidance;
  - Continuing education;
  - Job-readiness training and occupational skills development;
  - Medical and dental care;
  - Access to behavioral health services (therapy, substance abuse treatment).

The Aftercare services provider, who would work in close collaboration with the supportive housing provider, would refer young adults to the housing.

Conclusion:

Investing in the short-term stability of transitioning young adults can reap great long-term rewards, reduce impact on healthcare and social service systems, and eventually break the cycle of homelessness. Supportive housing can provide a stable environment in which young adults can access to job training, health care and social services, and receive the consistent emotional support they need become self-sufficient and transition to true independence.

Appendix D

Increasing Supportive Housing in Connecticut: the Next Step

Basis for service cost assumptions

Families

Caseload is one case manager to every 5-8 families.

Assumed # of households in a typical housing project:	20	all families living in the housing
Assumed # of target families in a typical hsg project:	8	families who are long-term homeless or at risk of long-term homelessness living in the housing
	3	average number of persons per target family

Service costs for the project:

Cost		Cost Item
$ 33,000	1	Case manager
$ 9,500	0.25	Program Coordinator
$ 7,500	0.25	Housing coordinator and/or employment specialist
$ 9,000	0.3	Staff for after-school activities, enrichment and academic support programs
$ 59,000		Subtotal - Salaries
$ 14,750	25%	Fringe Benefits
$ 5,500		Rent, Utilities & Phone
$ 5,500		Supplies & Client Support
$ 2,500		Participant Travel
$ 500		Education and Training
$ 87,750		Subtotal - costs
$ 11,408	13%	Administrative Support
$ 99,158		Total Cost
$ 12,395		Annual Cost Per Target Family
868	7%	Program administration and monitoring (fiduciary)
13,262		Total annual cost per target family - 2002 dollars
14,070		Total annual cost per target family - 2004 dollars (assumes 3% annual inflation)
586		Total annual cost per member of target families
703		Total annual cost per household living in the project

Increasing Supportive Housing in Connecticut: the Next Step

Basis for service cost assumptions

Single Adults — ***Caseload is one case manager to every 7-12 clients.***

Assumed # of households in a typical housing project:		30	all persons living in the housing
Assumed # of target adults in a typical hsg project:		11	adults who are long-term homeless or at risk of long-term homelessness in the housing

Cost			Cost Item
$	33,000	1	Case manager
$	9,500	0.25	Program Coordinator
$	15,000	0.5	Housing coordinator and/or employment specialist
$	57,500		Subtotal - Salaries
$	14,375	25%	Fringe Benefits
$	5,500		Rent, Utilities & Phone
$	5,500		Supplies & Client Support
$	2,500		Participant Travel
$	500		Education and Training
$	85,875		Subtotal - costs
$	12,881	15%	Administrative Support
$	98,756		Total Cost
$	8,978		Annual Cost Per Target Adult
	449	5%	Program administration and monitoring
$	9,427		Total annual cost per target adult - 2002 dollars
$	**10,001**		Total annual cost per target adult - 2004 dollars (assumes 3% annual inflation)
$	333		Total annual cost per household living in the project

Assumptions for both family and adult cost estimates:

Caseloads are based on best practices within Connecticut and nationwide for supportive housing projects serving long-term homeless people with disabilities.

Costs shown represent averages for the state. Actual costs may be higher or lower depending on location within the state.

Costs assume service delivery by private nonprofit organizations under contract with the State.

"State agency admin" - covers the State agency's cost of ongoing quality assurance and monitoring of the service delivery.

Appendix E

List of Members
Interagency Council on Supportive Housing and Homelessness

Chairs:

Marc Ryan, Secretary, Office of Policy and Management
Mary Ann Hanley, Governor's Policy Advisor on Workforce Development, Office of Workforce Competitiveness

Members:

Brenda Sisco, Legislative Director, Office of the Governor
Darlene Dunbar, Commissioner, Department of Children and Families
Gary King, Executive Director, Connecticut Housing Finance Authority
J. Robert Galvin, Commissioner, Department of Public Health
James Abromaitis, Commissioner, Department of Economic and Community Development
Linda Schwartz, Commissioner, Department of Veterans Affairs
Pat Wilson-Coker, Commissioner, Department of Social Services
Theresa Lantz, Commissioner, Department of Correction
Thomas Kirk, Commissioner, Department of Mental Health and Addiction Services

Staff:

Anne Foley, Senior Policy Advisor, Office of Policy and Management

Endnotes

[i] Sharon A. Salit**,** M.A., et.al., “Hospitalization Costs Associated with Homelessness in New York City,” *New England Journal of Medicine*, Vol. 338:1734-1740, #24, June 1998.

[ii] Program Evaluation Report for Connecticut Supportive Housing Demonstration Program,1999 – obtainable through the Corporation for Supportive Housing

[iii] Average daily rate for inpatient hospitalization (for a person with HIV/AIDS): $1,287 (Yale New Haven Hospital, 2001); inpatient psychiatric care (State-operated facility): $1,089, inpatient psychiatric care (private facility): $554 (Department of Mental Health and Addiction Services, 2002);

[iv] Kushel MB, Vittinghoff E, Haas JS. Factors associated with the health care utilization of homeless persons. JAMA. 2001;285:200-206.

[v] Tony Proscio, *Supportive Housing and its Impact on the Public Health Crisis of Homelessness*, California, 2000.

[vi] American Academy of Pediatrics, “Health Needs of Homeless Children and Families,” October 1996.

[vii] *Homeless Children: America’s New Outcasts*, Better Homes Fund, 1999.

[viii] Nan Roman and Phyllis Wolfe, *Web of Failure: the Relationship Between Foster Care and Homelessness,* National Alliance to End Homelessness, 1995.

[ix] Dennis P. Culhane, et.al. “Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing.” *Housing Policy Debate*, Vol. 13, Issue 1, Fannie Mae Foundation, 2002

[x] This expansion continues until the point where natural turnover in the housing units is high enough that any person or family who needs the housing is able to access it. It is estimated that this “point” when long-term homelessness is eliminated in Connecticut is when 10,000 supportive housing units have been created. Based on successful supportive housing models here in Connecticut, this housing would appropriately mix apartments serving households facing long-term homelessness with other individuals and families who need affordable rental housing. Since May 2002, a working committee comprised of representatives of 18 Connecticut providers, funders and advocates of supportive housing have met regularly to outline a 10-year plan for the creation of these 10,000 supportive housing units.

[xi] Federal Register, Vol. 69, No. 146, Friday July 30, 2004

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[xx] *Homeless Children: America’s New Outcasts*, Better Homes Fund, 1999.

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[xxi] Nan Roman and Phyllis Wolfe, *Web of Failure: the Relationship Between Foster Care and Homelessness,* National Alliance to End Homelessness, 1995.

[xxii] Project-based rent subsidies are scarce. Only four Federally-administered programs currently exist to provide such subsidies, and competition for these resources – especially in Connecticut's larger cities – is extreme. The majority of these funds are dedicated to renew the financing of existing projects. However, HUD does allow local housing authorities (of which DSS is one) to "project-base" up to 20% of their existing Section 8 vouchers. DSS has committed 200 project-based vouchers for Pilots Initiative projects currently under development.