

## Utilizing Housing as a Platform for Improving Quality of Life

A growing body of evidence points to the role housing plays as an essential platform for human and community development. In particular, findings from studies on homelessness conducted beginning in the late 1990s gave rise to evidence-based programs for the chronically homeless that were proven to be more cost effective than the shelter system. More recently, scholars have focused on housing stability as an important ingredient for children's success in school. Building on these lessons, HUD is launching efforts to connect housing to services that improve the quality of life for people and communities. In fiscal year 2011, the Department will partner with the Department of Health and Human Services (HHS) and the Department of Education (DoE) on special initiatives to connect housing and services for homeless families and individuals, while also looking for other opportunities to improve the quality of life for low and moderate income households.

### *Connects formerly homeless tenants of HUD-housing to mainstream supportive services programs*

The Department requests \$85 million for incremental voucher assistance for the new *Housing and Services for Homeless Persons Demonstration*. This demonstration is premised on the Administration's firm belief targeted programs alone cannot end homelessness. Mainstream housing, health, and human service programs will have to be more fully engaged to prevent future homelessness and significantly reduce the number of families and individuals who are currently homeless. Two separate initiatives will be funded in an effort to demonstrate how mainstream programs can be aligned to significantly impact homelessness.

One initiative will focus on individuals with special needs who are homeless or at risk of homelessness. This initiative is designed to model ways that resources across two federal agencies can be brought to bear to address the housing and service needs of this vulnerable population. Recently released data from HUD's Annual Homeless Assessment Report (AHAR), points to the fact that over 42% of the homeless population living in shelters in 2008 (October 2007-September 2008), had a disabling condition. The primary goal is to offer a clear alternative to the only choice some persons with disabilities currently have, which is to move to an institutional setting inappropriate to the level of their needs or wishes, or to become homeless.

In recent years, a significant body of research has emerged suggesting the potential of housing to improve health outcomes of residents and reduce their high-cost use of publicly funded health and social services. The key to the success of the supportive housing approach in meeting the needs of homeless persons with special needs is access to affordable housing (often through a tenant based or project based subsidy) and, on a voluntary basis, to the array of human services needed to stabilize families and individuals in their housing.

This HUD-HHS demonstration would combine Housing Choice Vouchers with health, behavioral health and other support services to move and maintain up to 4,000 chronically homeless individuals with mental and substance use disorders into permanent supportive housing. The demonstration will target low income, single, childless adults who are homeless and who are already enrolled in Medicaid through coverage expansion under 1115 waivers or state only initiatives. Eligible individuals will receive a housing voucher through public housing agencies (PHAs) to provide subsidized access to permanent housing and health and behavioral health services through their existing Medicaid eligibility. In addition, HHS is seeking \$16 million in their fiscal year 2011 budget request to provide wraparound funding through grants administered by the Substance Abuse and Mental Health Services Administration to promote housing stability and improvements in health outcomes for this population.

HUD and HHS will jointly design the competitive process and conduct and evaluation to determine: (1) the cost savings in the healthcare and housing systems of the proposed approach, (2) the efficacy of replication, and (3) the appropriate cost-sharing among federal agencies for underwriting services that increase housing stability and improve health and other outcomes.

Another initiative will establish a mechanism for HUD, HHS and DoE programs to be more fully engaged in stabilizing homeless families, ultimately resulting in reducing the costs associated with poor school performance and poverty. This initiative strategically targets these resources to: (1) identify families who are homeless or at risk of homelessness, (2) intervene with the appropriate array of housing assistance, income supports, and services to ensure that the family does not fall into the shelter system or onto the street (or if already homeless that the family is stably housed and does not return to homelessness), and (3) provide the tools necessary to assist the family to build on its resources to escape poverty and reach its highest possible level of economic security and self-sufficiency.

Recently released data from HUD's Annual Homeless Assessment Report (AHAR) shows a sharp 9% increase in homeless families with children living in shelters (from 473,542 to 516,724) between 2007 and 2008. Research has shown that homeless families that receive a housing subsidy are far more likely to remain housed than their counterparts who do not receive a voucher. Research also suggests that stable housing has a large positive impact for children – when children are not forced to move from place to place and school-to-school, they are more likely to succeed academically.

HUD will make available a minimum of 6,000 Housing Choice Vouchers on a competitive basis and jointly design the competitive process with HHS and DoE. Winning proposals will have to show that the new vouchers are being targeted to communities with high concentrations of homeless families. With guidance from HHS, states will need to demonstrate how they will integrate HUD housing assistance with other supports – including TANF--these families will need to stabilize their housing situation, foster healthy child development, and prepare for, find, and retain employment. HHS will provide guidance to state TANF agencies and other relevant programs to explain this initiative and their role in both the application for the vouchers and the implementation of the program. DoE will assist with identifying at-risk families with children through their network of school based homelessness liaisons, and providing basic academic and related supports for the children. Locally, applicants will need to show that they have designed a well-coordinated

and collaborative program with the TANF agency, the local public schools, and other community partners (e.g., Head Start, child welfare, substance abuse treatment, etc.).

***Modernizes the 202 and 811 Supportive Housing Programs for the Elderly and Disabled***

As the Department begins the process of restructuring its rental assistance programs, it must also ensure that its programs providing capital grants and rental assistance sized to actual costs to operate a project ('budget-based' or 'operating cost-based') are well designed for the world of housing finance in the 21st century. Beyond public housing, the most prominent examples of such funding streams are the Section 202 and 811 programs, which couple housing and services for the nation's poor elderly and disabled, respectively.

These programs have a distinguished and interconnected history. The 202 program is the Department's oldest active production program, predating the establishment of the agency itself. Indeed, examining the various financing strategies the Department, and its predecessors, have used during the program's half-century of operation is tantamount to a course in post-war affordable housing rental policy. Meanwhile, the 811 program, modeled on 202, was established in 1990 to assist the Department in redressing one of its greatest missteps, combining elderly and disabled public housing into dual-population projects that proved operationally unsustainable. To date, 202 has produced 400,000 units of permanent supportive housing for the elderly and 811 has produced 30,000 units for the disabled.

They are, however, in need of modernization. Simply put, 202 and 811 currently exhibit some of the worst elements of two different approaches to housing finance: project sponsors no longer receive enough funding per grant for the 202 and 811 programs to be a "one-stop shop" to capitalize and sustain a project, yet they are subject to bureaucratic oversight commensurate with such a model. This regulatory structure also makes it difficult for project sponsors to work with other financing streams, such as low income housing tax credits, even as the average grant size requires accessing other capital sources. As a result, project development is slowed and, coupled with outdated geographic allocation formulae, limited resources are spread too thin to reach scale at either the project or national programmatic levels. In 2009, the 202 program produced only 3,049 units with an average project size of 44 units and the 811 program produced only 661 units with an average project size of 10 units.

Accordingly, HUD requests a suspension of funding for Section 202 and 811 Capital Advance Grants in fiscal year 2011 in order to redesign them to better target the resources to meet the current housing and supportive service needs of frail elderly and disabled very low-income households. The redesigned programs will maximize HUD's financial contribution through enhanced leveraging requirements and will also encourage or require partnerships with HHS and other services funding streams to create housing that, while not medically licensed, still effectively meets the needs of very low-income elderly and disabled populations unable to live fully independently. The program reforms for both 202 and 811 will include the following: 1) new requirements to establish demand to ensure meaningful impact of dollars awarded; 2) raised threshold for sponsor eligibility to ensure the award of funds only to organizations with unique competency to achieve the program goals; 3) streamlined processing to speed development timeframes; 4) broader benefits of program dollars achieved by providing All-inclusive Care for the Elderly/All Services in One Location

(PACE) model services to 202 project residents and the larger community, and integrating 811 programs within larger mixed finance, mixed use projects.

<b>Utilizing Housing As a Platform to Deliver Effective Support Services</b>			
(\$ in millions)			
	<b>2010</b>	<b>2011</b>	<b>Difference</b>
	<b>Enacted</b>	<b>Request</b>	<b>2011 vs 2010</b>
Housing and Services for Homeless Demonstration	.....	\$85 a/	\$85
<b>Section 202 Housing for the Elderly</b>			
Expansion - Capital Advance and Project Rental Assistance Contracts (PRAC)	\$582.0	.....	(\$582.0)
PRAC Renewals and Amendments	\$93.0	\$183.7	\$243.0
Service Coordinators/Congregate Housing Service Program	\$90.0	\$90.0	.....
Conversion to Assisted Living/Emergency Repairs	\$40.0	.....	(\$40.0)
Planning Grant	\$20.0	.....	(\$20.0)
<i>Total, Section 202</i>	<b>\$825.0</b>	<b>\$273.7</b>	<b>(\$551.3)</b>
<b>Section 811 Housing for Persons with Disabilities</b>			
Expansion - Capital Advance and Project Rental Assistance Contracts (PRAC)	\$186.0	.....	(\$186.0)
PRAC Renewals and Amendments	\$26.9	\$90.0	\$63.1
PIH Amendment/Renewal of Mainstream Vouchers - TBRA	\$87.1	.....	(\$87.1)
<i>Total, Section 811</i>	<b>\$300.0</b>	<b>\$90.0</b>	<b>(\$210.0)</b>
a/ New demonstration proposed for 2011 under Tenant-Based Rental Assistance account.			