



Case Studies of Successful State Approaches to Creating Integrated Supportive Housing

While no state has yet implemented the new Section 811 Project Rental Assistance (PRA) option authorized in The Melville Act¹, TAC has worked with several states - including North Carolina, Louisiana, Pennsylvania, New Mexico, and Massachusetts - that have designed and implemented cost-effective systems-level initiatives to create integrated supportive housing for people with disabilities. These states' approaches include several key features² that led to the supportive housing innovations in the Melville Act.

North Carolina's Targeting Plan Program

The Section 811 PRA option within the Melville Act was modeled in part on North Carolina's state-sponsored supportive housing program. Since 2002, the North Carolina Housing Finance Agency (NCHFA) and the state's Department of Health and Human Services (DHHS) have partnered³ to create quality, affordable apartments for persons with disabilities linked with community-based services using the NCHFA's Low Income Housing Tax Credit (LIHTC) program.

Through its Qualified Allocation Plan (QAP), NCHFA requires that all LIHTC developers have a Targeting Plan whereby 10% percent of the total units in a project must be set aside as permanent supportive housing (PSH). The state created a state-appropriated operating assistance program - the Key Operating Assistance - to provide project-based rental assistance to ensure the affordability of the Targeted Units.

Nearly 2,500 units - including accessible units - have been created and made available across the state to the DHHS target population - specifically extremely low-income households with disabilities including frail elders and persons who have been homeless.

DHHS created a network of Local Lead Agencies (LLAs) by designating an existing nonprofit agency (generally the Local Management Entity for DHHS's mental health, substance abuse, and developmental disability system) in each region of the state to provide the LLA outreach, referral and unit tracking capacity and infrastructure. While the designated LLA also provides services to one or more disability subpopulations, the Targeted Units must be made available to qualified applicants with all types of disabilities. As a result, to be designated as an LLA, the nonprofit must

¹ "The Melville Act" is the Frank Melville Supportive Housing Investment Act of 2010, which amends Section 811 of the Cranston-Gonzalez National Affordable Housing Act to improve the program under such section for supportive housing for persons with disabilities.

² See <http://811resourcecenter.tacinc.org/case-studies/supportive-housing-innovations>

³ DHHS also oversees the state Medicaid Agency. NC's PSH program has never been formally linked to the state's Medicaid program although many people served by the program are receiving Medicaid-financed services and supports. This partnership is not formalized through a written agreement but through written policies available on the NCHFA website. <http://www.nchfa.com/Forms/Forms/Rental/KPProgramProcedures.pdf>; <http://www.nchfa.com/Forms/Forms/Rental/TargetingManualTCPLP.pdf>

agree to represent the local services system for all people with disabilities for Targeted Units created within its jurisdiction. The LLA also agrees to act as a provider, and/or coordinator, and/or referral agent to ensure that all people referred to Targeted Units are linked to community-based services and supports to sustain their tenancy.

The LLA serves as a “single point of contact” to connect the supportive services system to the owners of PSH units. The LLA, on behalf of the state, has a formal relationship with all owners of Targeted Units through a Memorandum of Understanding (MOU) for each property.

In the MOU, Local Lead Agencies agree to the following:

- Act as liaison between property management and Targeted Unit tenants’ referral agencies to address issues with tenancy should they arise.
- Facilitate access to an array of supportive services for Targeted Unit tenants offered by participating human services agencies. These services shall be available to tenants on an as-needed basis, and receipt of these or any other services shall not be a condition of tenancy.
- Facilitate communication with property management, referral agencies and DHHS by designating, and maintaining in the event of staff turnover, named individuals as the primary contact and as the back-up contact on matters related to Targeted Units.

Agencies fulfilling the LLA role must assist property management and participating referral agencies to address the needs of Targeted Unit tenants regardless of tenants’ disability type.

As the Targeting Program has evolved so has the role of the LLAs. Initially, they were responsible not only to facilitate access to supportive services when issues arose during tenancy, but also to manage the Targeted Unit referral process. LLAs accepted and prescreened referrals for Targeted Unit eligibility, established and maintained waitlists for Targeted Units, and assisted property management in filling units with individuals from those waitlists.

In fall of 2007, DHHS convened a statewide meeting of LLAs. During the meeting, LLAs expressed concern over the growing demands of managing the referral process for a rapidly expanding program. After the statewide meeting, NCHFA and DHHS determined that a new referral management process would be needed for long-term program sustainability. DHHS has since taken responsibility for managing the referral process for developments with Targeted Units and LLAs have shifted their attention to helping ensure successful tenancy for Targeted Unit residents.

Louisiana’s 3,000 Unit PSH Initiative

Six months after Hurricanes Katrina and Rita devastated the Louisiana Gulf Coast region, the state created the Louisiana Permanent Supportive Housing (PSH) Program. This initiative was one component of the U.S. Department of Housing and Urban Development (HUD) approved hurricane recovery *Road Home Plan*, which was also voted by the Louisiana State Legislature and signed by the Governor. This initiative has federal funding to create a total of 3,000 scattered-site PSH units across the entire Louisiana Gulf Opportunity (GO) Zone.

In Louisiana, there is a formal Cooperative Agreement⁴ between the Louisiana Division of Administration Office of Community Development/Disaster Recovery (OCD) and the Louisiana Department of Health and Hospitals (DHH), which oversees the state Medicaid program.

Several dimensions of Louisiana's PSH program replicate the North Carolina approach and the Section 811 PRA option with the Melville Act. Approximately 1,100 of the 3,000 PSH units are being created through the federal Low Income Housing Tax Credit (LIHTC) program administered by the Louisiana Housing Finance Agency (LHFA). Developers/owners seeking GO Zone LIHTCs from LHFA were required to set-aside 5% of the units in every LIHTC project as PSH. These units have project-based rental subsidies provided by Congress through the Section 8 Housing Choice Voucher program.

The remaining 1,900 units will be provided in scattered-site rental housing properties funded with either project-based Housing Choice Vouchers or McKinney-Vento tenant-, project- and sponsor-based Shelter Plus Care (S+C) rental subsidies.

As of August 2011, Louisiana had leased over two-thirds of the 3,000 PSH units. However, because of issues with LIHTC syndication and other typical pre-development delays, the program may not be fully leased until 2015.

A pioneering feature of the Louisiana PSH program is that it is designed to serve a cross-disability population that was defined in the *Road Home Plan*. Through a six month planning process, state agency staff (DHH, OCD, and LHFA) – working with PSH advocates – further defined the target population for the program as “extremely low-income households with disabilities determined by DHH to be in need of PSH”. In addition to these threshold criteria, eligible households could receive a program preference for meeting one of the following additional criteria:⁵

- Homeless or chronically homeless as defined by HUD;
- At risk of homelessness as defined by DHH;
- Inappropriately institutionalized as defined by DHH;
- At risk of institutionalization as defined by DHH.

Louisiana DHH is a sub-recipient of \$72.7 million in federal Community Development Block Grant (CDBG) funding provided by Congress as a part of the *Road Home Plan* to initially fund the supportive services component of the PSH program. These funds provide voluntary, flexible, community-based supportive services to PSH tenants through a best practice mobile Housing Support Team (HST) model. HSTs provide housing-related services and ensure linkages to other community-based services financed by Medicaid and state appropriations. DHH is currently developing a permanent services financing strategy that will include Medicaid financing for certain HST services, which will replace the federal CDBG funding.

To conduct outreach and referral activities, and to track the availability of PSH units, DHH designated six Local Lead Agencies (LLAs) that operate regionally across the GO Zone. The majority

⁴Most program policies that define the target population, outreach, referral and unit tracking methods, and access to supportive services – are provided in an array of other DHH program documents.

⁵ These target population criteria have been formalized in PSH Tenant Selection Guidelines published by Louisiana DHH. See also http://www.doa.louisiana.gov/CDBG/dr/DR_PSH-PHA.htm.

of the DHH-designated LLAs are existing quasi-public Human Service Districts authorized by Louisiana statute to facilitate the provision of services and supports to people in the public mental health, substance abuse, and development disabilities systems. To be designated as an LLA, they are required to conduct all PSH activities through a collaborative approach that involves all disability agencies and providers within their LLA region. Louisiana's network of LLAs: conduct outreach to identify households eligible for PSH; develop and maintain waiting lists for PSH; enter into agreements with LIHTC owners of PSH units and track these units; and pre-screen, prioritize, and refer eligible households for available PSH units. The LLAs also contract with local service providers for over 25 HSTs, each of which consists of 6-8 professional and paraprofessional staff who deliver critical pre-tenancy and housing support and stabilization services to PSH households.

The State of Pennsylvania

Pennsylvania has established several different state-level partnerships to develop permanent supportive housing programs. Beginning in 2007, the state's Department of Public Welfare's (DPW) Office of Mental Health and Substance Abuse Services (OMHSAS) began partnering with the Pennsylvania Housing Finance Agency (PHFA) to develop supportive housing for Medicaid eligible populations including people with serious mental illnesses and co-occurring substance use disorders. Components of the partnership include capital investment in affordable housing projects in exchange for a limited number of units set aside as supportive housing and a project-based operating assistance program which matches OMHSAS clients with permanent rental housing funded with federal Low Income Housing Tax Credits (LIHTCs). Under the OMHSAS initiatives, county agencies have invested over \$86 million to serve an estimated 3,300 consumers. Funds are allocated to capital, rental assistance, supportive services, contingency funds and clearinghouses for referrals. Using \$33 million in capital funds alone, counties expect to develop 523 supportive housing units with an estimated 23% (118) of these units already in place.⁶

PHFA has also partnered with the Office of Long Term Living's Nursing Home Transition Program to use HOME Tenant-based Rental Assistance funds as bridge subsidies until participants receive a permanent Housing Choice Voucher from a participating housing authority.

Overarching all of these efforts, the PHFA is establishing a pipeline of LIHTC units targeted to extremely low-income households including people with disabilities. DPW is working closely with PHFA on this initiative. Starting with its 2011 Qualified Allocation Plan (QAP), PHFA has required LIHTC-funded developments to set aside 10% of the units for households at or below 20% of Area Median Income (AMI) including DPW target populations. The target population is defined as people with disabilities - including elders with disabilities - who are at risk of or who are currently living in institutional settings including but not limited to nursing facilities, mental health institutions, personal care home facilities or facilities for people with developmental disabilities; people with disabilities who are homeless or at risk of homelessness; adults with autism who require ongoing support to live successfully in the community; and youth aging out of the foster care system who require ongoing support services to live successfully in the community.

DPW is partnering with PHFA on creating arrangements for DPW to designate a Local Lead Agency (LLA) in each of the Commonwealth's 67 counties to manage applicant referrals, tracking of unit availability, and to serve as a single point of contact for developers and owners, assisting in problem resolution to sustain tenancies as needed. All households referred by the LLA must be eligible for

⁶ These figures represent funding through March 2011.

comprehensive community-based services funded through one of DPW's priority populations programs included but not limited to persons receiving services in Pennsylvania's Health Choices Behavioral Health carve-out under a 1915(b) waiver, and persons being discharged from long-term living facilities such as nursing homes or developmental centers.

The State of New Mexico

The New Mexico Mortgage Finance Authority (MFA) and the New Mexico Department of Human Services (DHS) and their Behavioral Health Managed Care Partner, Optum Health, have worked in partnership to formalize policies in the state's 2009, 2010 and 2011 Low Income Housing Tax Credit (LIHTC) program to create permanent supportive housing units. To date, New Mexico has commitments from LIHTC developers for approximately 145 of these units.

In New Mexico, the target population is "Special Needs Households" – which includes people with serious mental illness, addictive disorders, developmental disabilities, physical, sensory or cognitive disability (after age 22), disability caused by chronic illness, age related disability, or a homeless individual or family (regardless of disability).

The program is administered through seven Local Lead Agencies (LLAs) who are selected by Optum to provide referrals to housing and services for eligible populations. Since the New Mexico MFA does not currently have access to project-based subsidies to ensure affordability for people with the lowest incomes, projects have been successful in independently identifying project- or tenant-based Housing Choice Vouchers to help make rents affordable to households at 50% of Area Median Income (AMI) or below. The 2011 Qualified Allocation Plan (QAP) for LIHTCs provided 20 bonus points to developers that agreed to set 25% of the units at either 30% of AMI or at 30% of a Special Needs household's income.

The New Mexico program relies on the existing community-based service system to provide supportive services to people who are referred to supportive housing units within LIHTC properties. As a result, to be referred by the LLA, an eligible household must have access to appropriate supportive services that are either Medicaid or state-funded services. An agreement is entered into between the developer, property manager and LLA outlining referrals, wait list protocols, and timelines.

Massachusetts' Community Based Housing Program (CBH)

The Community Based Housing Program (CBH) was created as a state bond-financed housing program for people with disabilities. The CBH program is administered by the Massachusetts Department of Housing and Community Development (DHCD) in partnership with the Massachusetts Executive Office of Health and Human Services (EOHHS) which also oversees the state's Medicaid program. The legislation creating the CBH program stipulates collaboration between DHCD and the EOHHS.

The CBH Program target populations are identified as people with disabilities, including non-elderly adults as well as frail elders, who are in institutions or nursing facilities or at risk of institutionalization. The goals of this program as stated in the published CBH Guidelines are:

- **Integration:** Housing for people with disabilities should be designed to integrate people with disabilities into the community as fully as possible. In the most integrated, least

restrictive housing environment, support services should be available when necessary to help ensure a successful tenancy and lease compliance.

- **Maximum Control:** People with disabilities should have the maximum control possible in their housing choices and management.
- **Accessibility:** The state will seek to promote maximum visitability in all publicly funded housing. This will better ensure people with disabilities have access to integrated housing in all communities.

CBH provides funding to either nonprofit housing organizations or for-profit developers. Though CBH originally was limited to nonprofit developers, the legislation was amended to include for-profit developers in order to expand choice and access to affordable units in all communities. Since 2005, approximately 270 units were approved with 153 units occupied or in process of leasing up. Under the statute, CBH funds must be linked with “an enhance[ed] community-based services plan prepared by the Secretary of Health and Human services, in consultation with the Director of Housing and Community Development.” People referred for the program are receiving a broad array of community-based services and supports, including services funded through the state’s 1915(c) waiver program.

Unlike the other states’ approaches, in Massachusetts, the state, rather than a regional network of Local Lead Agencies (LLAs), plays an active role in the outreach and referral process, as well as in verifying eligibility for specific individuals as CBH units are leased. EOHHS has assigned the Massachusetts Rehabilitation Commission (MRC) to ‘manage’ this process and track all available CBH units. When a CBH unit becomes available, this agency notifies the 5-7 partner state agencies that manage the public systems providing services and supports to people with disabilities. MRC also notifies the state’s network of non-profit Independent Living Centers (ILCs) that are funded to go into nursing homes to help people transition to community-based living. These ILCs are also one component of the state’s fiscal agent system for the Personal Care Attendant (PCA) program.

CBH tenants bring their own individualized support services to the program. They have a range of services from self-directed Medicaid-funded PCA services to a comprehensive package of home and community-based services under the state’s Medicaid program. In 2011, CMS selected Massachusetts as a Money Follows the Person (MFP) Demonstration State. As a result, it is likely many of the tenants in new CBH or turnover units will be MFP participants eligible for Medicaid-funded community-based supports.