

# Affordable Housing Basics for Washington's Healthcare Stakeholders

James M. Yates

Senior Consultant

November 6, 2018

# Agenda

---

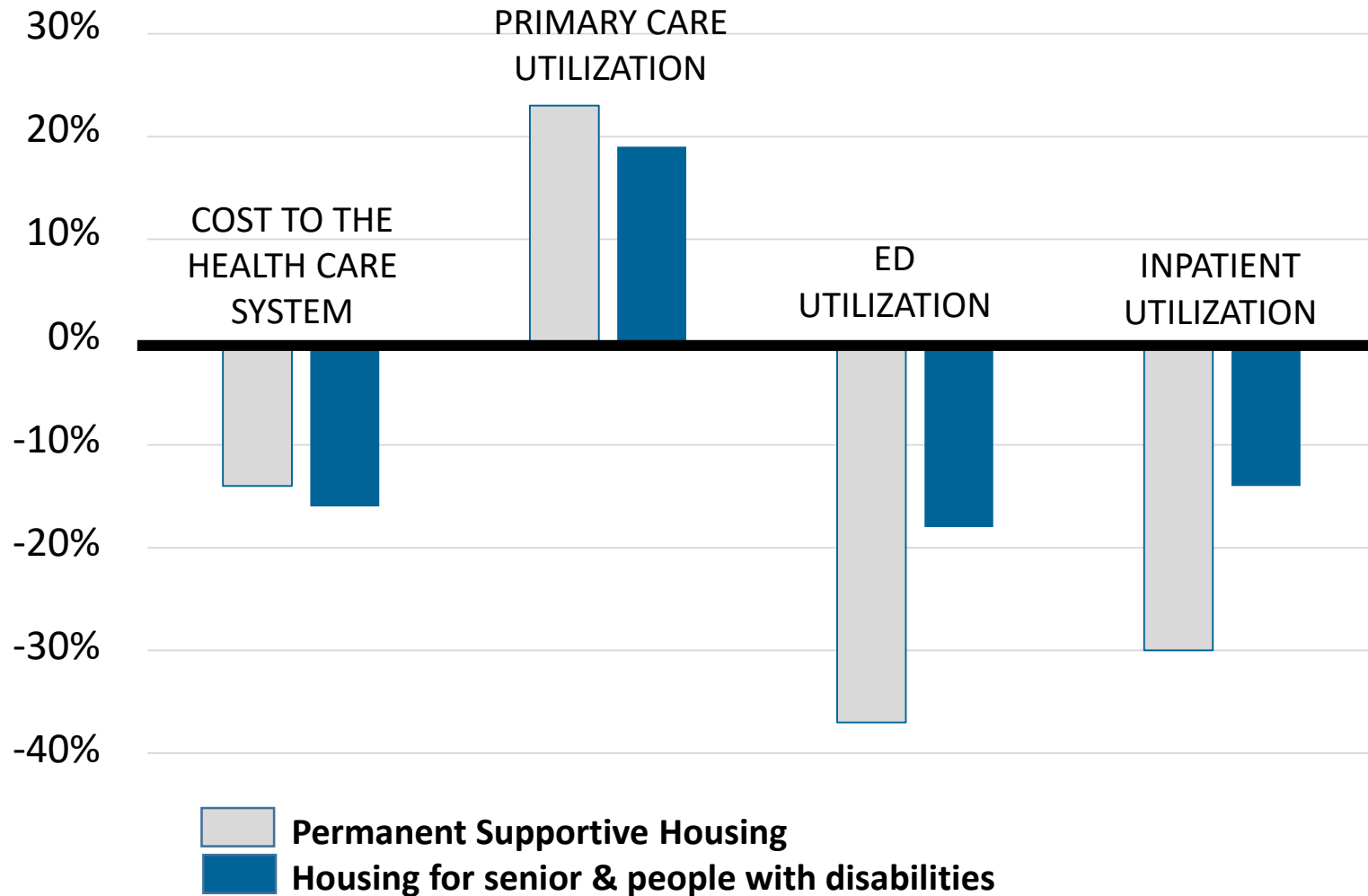
- The Return on Investment for Affordable Housing
- Affordable Housing and Permanent Supportive Housing Basics
- Review of Affordable Housing Partners and Funders
- Overview of Creating Affordable Housing/PSH
- Strategies to Create Successful Housing Partnerships

# Learning Objectives

---

- Purpose: Introduce how affordable housing (with a focus on Permanent Supportive Housing) is created and equip health care stakeholders with information so that they are able to develop effective partnerships with the affordable housing stakeholders
- Learning Objectives:
  - Understand what Affordable Housing and Permanent Supportive Housing (PSH) is and how it is created.
  - Improve knowledge of Affordable Housing Partners/Funders in Washington
  - Develop an appreciation of the affordable housing development process
  - Understand the range of housing partnership strategies

# The Impact of Housing on the Health Care System



# Supportive Housing Significantly Reduces Use of More Expensive Interventions

---

Emergency room visits declined by **57%**

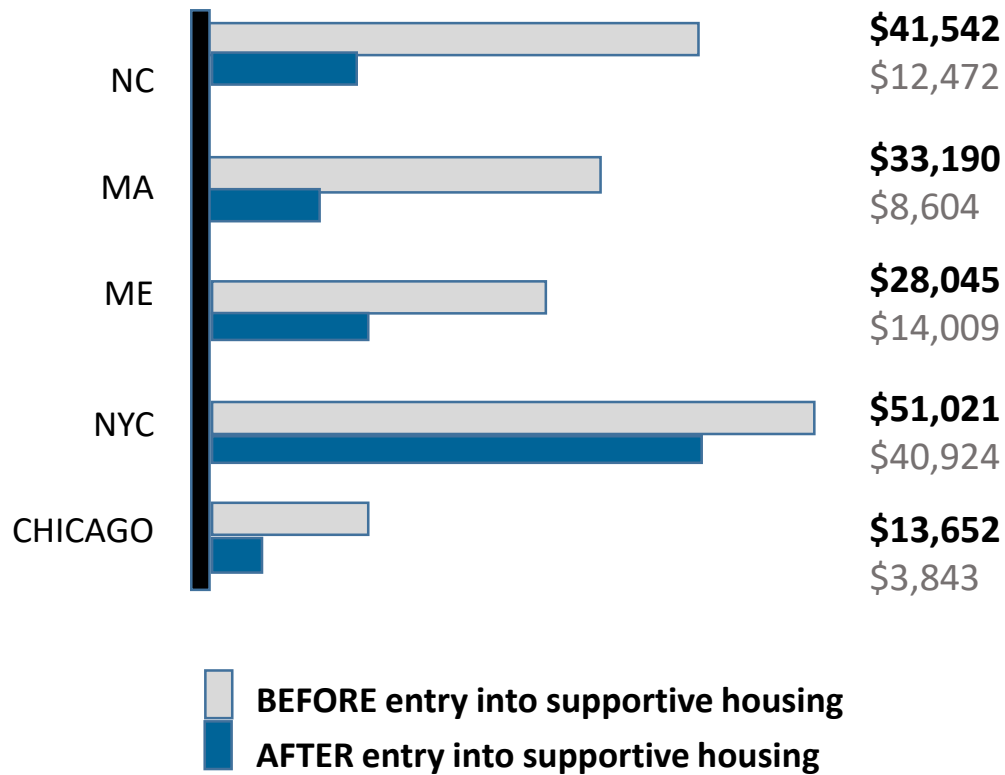
Emergency detoxification use declined by **87%**

Rate of incarceration declined by **52%**

**+83%** of individuals stay housed for at least 1 year

# Housing First Published Outcomes

Reductions in Utilization of Major Service  
Before & After Entry into Supportive Housing



# Evidence Supporting Permanent Supportive Housing

---

- The Center for Outcomes Research and Education conducted a study published in 2016 which evaluated 145 affordable housing properties of three different types in Portland - family housing, Permanent Supportive Housing, and housing for seniors and people with disabilities.
- The study found that costs to health care systems were lower for all groups after people moved into affordable housing:
  - 8% percent lower for families,
  - 14% lower for residents of PSH, and
  - 16% lower for seniors and persons with disabilities,
- Overall health care cost reductions were 12%.
- In addition, in the year after moving into affordable housing, the following findings were identified:
  - Outpatient primary care utilization had increased by 20%,
  - Emergency department use had fallen by 18%, and
  - Residents reported that access to care had improved by 40% and that the quality of care they received had improved by 38%.
- For more information on the Study's key results go to:

[Health in Housing, Exploring the Intersection Between Housing & Health Care](#)

# Evidence Supporting Permanent Supportive Housing

---

- Over the 20-month duration, *A Place to Start*, a PSH program of Virginia Supportive Housing found:
  - Consumer emergency room visits declined by 61%
  - Inpatient psychiatric hospitalizations decreased by 62%, and
  - Emergency room costs were reduced by 66 percent.
- An evaluation in San Francisco demonstrated that PSH significantly reduced the likelihood of hospitalization.
- An evaluation of New York/New York III, a major supportive housing initiative, demonstrated a 41% decrease in the likelihood of being admitted to a psychiatric inpatient unit (once placed in PSH).
- Moore Place, a PSH program in Charlotte, North Carolina, demonstrated a 79% reduction in inpatient bed days for individuals housed.
- After one year in Massachusetts' Home and Healthy for Good program, the total per person cost for these Medicaid funded services had fallen from \$37,390 to \$10,112.13.



# Plymouth Housing's (WA) Housing First Program's Results

---

- A nationally recognized a cost-effective, evidence-based, innovative solution to chronic homelessness. It's also the most compassionate approach.

## FOR THE COST OF...

**3 DAYS**

**3 MONTHS**

**1 YEAR**

**IN THE HOSPITAL**

**IN A KING COUNTY JAIL**

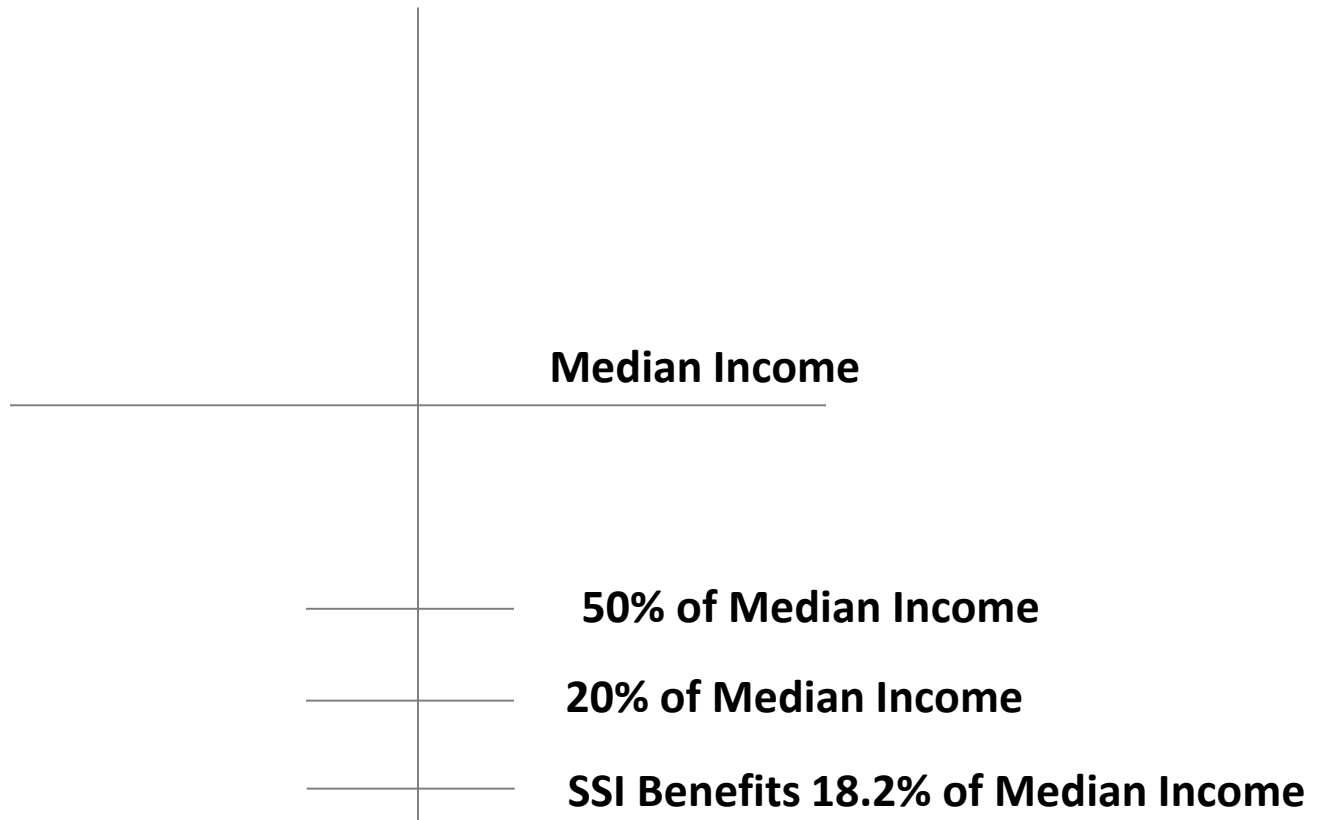
**OF TEMP SHELTER**

**...PLYMOUTH PROVIDES 365 DAYS OF HOUSING AND CRITICAL SUPPORT SERVICES.**

*\*Sources: City of Seattle; Linda Taylor-Manning (City of Seattle); Washington State Hospital Association.*

# Income of People with Disabilities on SSI

---



# Housing Crisis for People with Disabilities in Washington

---

- On average, in 2016, people with disabilities in Washington receiving SSI had to pay 123% of their income to rent a market rate one-bedroom unit
- The federal standard for affordability is 30% of income for housing costs
- In Washington, SSI income is only 18.2% of AMI.
- TAC's Priced Out Report provides data on each of WA's housing markets: [Priced Out: The Housing Crisis For People With Disabilities](#)

# Housing Affordability for People with Disabilities

---

- IF affordability is defined as paying no more than 30-40 percent of income towards housing costs
- THEN SSI recipients in Washington State should pay no more than \$225 - \$300 towards housing costs (including all utilities)
- SSI recipients need housing options with deep affordability

# Washington's Affordable Housing Crisis

---

- 15.2% of households in Washington are extremely rent burdened
- Housing affordability is a problem statewide but varies by region
- For extremely and very low income households, there is a deficit of 327,000 affordable and available units
- According to the Assoc. of Washington Housing Authorities (AWHA), since 2010 rent in Washington has gone up 64%, at the same time wages went up only 10%.

Washington State and local communities have developed resource coordination services to improve access to emergency housing resources:

- [Washington 2-1-1](#)
- [Coordinated Entry Access Points](#)

# Affordable Housing Basics

---

## Principles of Affordable Housing

- Expected that household pay 30% of their income toward housing costs
- Provide affordable rents (below the market) – generally based on income
- Income and eligibility criteria
- Housing often have tiers of affordability ranging from 20% to 80% of Area Median Income
- Households with Extremely Low Income (30% AMI) or below typically require ongoing rental assistance to fill the gap the tenant share of the rent and the operating costs
- “First Come, First Serve” marketing principle informs waiting list

## What are the Different Types

- Rental housing but can also include homeownership models
- Site based which is often times linked to development
- Rental Assistance (tenant-based, sponsor-based, project-based)

# Affordable Housing Basics

---

What is a Rent or Operating Subsidy?

Consumer's income = \$750 per month

30% of income = \$225 per month

Apartment rent = \$966 per month

- Consumer share = -\$225 per month

Subsidy = \$741 per month

Subsidy is paid by state or federal agency through a local housing provider such as a public housing authority

# Permanent Supportive Housing Basics

---

## Permanent Supportive Housing

- Decent, safe and affordable community-based permanent housing providing consumers with rights of tenancy under landlord/tenant law and linked to voluntary and flexible services designed to meet consumers needs and preferences

## Permanent Supportive Housing Core Principles

- Housing costs must be affordable to the tenant (generally defined as paying no more than 30% - 40% of income for housing costs)
- Choice and control over one's environment is essential
- Housing must be permanent as defined by landlord/tenant laws
- Services must be flexible and individualized
- Integration, personal control and autonomy



# Permanent Supportive Housing Basics

---

## Permanent Supportive Housing Models

- Single site models
  - Typically smaller in scale
  - Limited number of funding sources/not as complex
  - Normally one service population
  - Small scale apartment building
  - 50%/50% properties – homeless; workforce
- Scattered site
  - Allows tenant to choose rental unit in the community
  - Often Tenant based rental assistance
  - Master Leasing
- Clustered/Integrated Models
  - Larger in scale
  - PSH component within a larger affordable rental housing project
  - Complex Financing Structure
  - Opportunity to partner with a skilled developer
  - Most Integrative Model
  - Section 811 Project Rental Assistance/Section 8 Project Based Vouchers

# PSH - An Intervention to “Competing” Demands

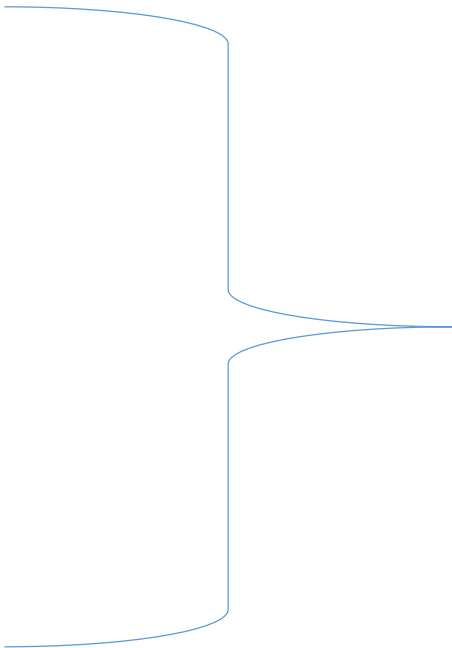
---

## Key Policy Issues

Disabilities  
Substance Use Disorders  
Homelessness  
Community Integration  
Health Integration  
High Utilizers  
Affordable Housing  
Corrections

## Intervention

Permanent  
Supportive  
Housing



# Consider a Housing Partner

---

- Housing Partners will:
  - Have access to funding or housing opportunities
  - Possess experience that will complement your skills
  - Sometimes partners may not be developers, but funders who share mission
- Housing Partners may include:
  - State Housing Agencies
  - Local Community Development Officials
  - Public Housing Authorities
  - Continuums of Care
  - Affordable Housing Developers
  - Foundations, Corporate Philanthropy

# Washington State Housing Finance Commission

---

- Washington's Housing Finance Agency (HFA)
- Administers the Low Income Housing Tax Credit Program (LIHTC or tax credits)
- The LIHTC program has been the main driver nationally of affordable rental housing over the past 20 years
- Traditionally supports the creation of affordable rental housing for household at 50% to 60% Area Median Income
- 9% Competitive Housing Tax Credit Policies (WA's Qualified Allocation Plan or QAP) which impacts how tax credits are awarded to affordable housing developers on an annual basis
- Key policy priorities and incentives include:
  - Creation of 30% and 40% AMI rental units
  - Supportive Housing for the Homeless or other Special Populations (including persons with disabilities)
  - Project Based rental assistance commitment (Section 8 PBV, Section 811 PRA)
- See link to [WSHFC's Housing Tax Credit Policies](#)

# WA Department of Commerce

---

- State's Community Development Office
- Conducts statewide affordable housing planning – recently conducted the Affordable Housing Needs Study (2015)
- Supports the Balance of State Continuum of Care as well as convenes the State's Homeless Councils
  - WA State Advisory Council on Homelessness (SACH)
  - Interagency Council on Homelessness (ICH)
- Administers a range of housing programs including:
  - Washington Housing Trust Fund
  - HOME partnership program – rental housing development and tenant-based rental assistance
  - National Housing Trust Fund
  - Section 811 Project-Based Rental Assistance (Section 811 PRA)
  - Emergency Solutions Grant (ESG)
  - Consolidated Homeless Grant (CHG)

# Local Community Development Agencies

---

- Control federal housing and community development resources
  - [Contact information](#)
  - Federal housing resources must be used to assist low- and very-low-income people
  - Includes people with incomes below 30% (ELI) of area median income
  - Includes people up to 80% of area median income
- There are 18 local communities in Washington State that receive HOME funds
- Key Federal Resources (HUD's formula driven programs)
  - HOME Investments Partnership Program (HOME)
  - Community Development Block Grant (CDBG)
  - Emergency Solutions Grant (ESG)
  - Housing Opportunities for Persons with AIDS (HOPWA)

# Public Housing Authorities

---

- A separate corporate public agency independent of local or state government
- Created through both federal and state laws
- Governed by an elected or appointed Board of Commissioners-Managed by Executive Director
- There are 35 PHAs in Washington State
- PHAs can administer:
  - Housing Choice Vouchers (Section 8) – 32 PHAs operate a Section 8 Program
  - Public Housing
  - Special Purpose Vouchers
    - Non-Elderly Disabled (NED) or Mainstream Vouchers
    - Family Unification Vouchers
    - VA Supportive Housing (VASH)
- [Database of vouchers](#) by state and PHA

# Continuums of Care

---

- Coordinated and comprehensive strategy to address homelessness
- CoC must constitute an entity to oversee system planning and coordinates response to HUD's annual funding competition
- Controls HUD's Continuum of Care homeless program resources in the community
- Emphasis on permanent housing and chronic homelessness
- Developing a Coordinated Entry system to coordinate access and prioritization of emergency and shelter resources
- Recent focus on system performance measures to improve accountability and measure progress
- There are 7 CoCs in Washington including the WA Balance of State CoC



# Affordable Housing Development Process

---

## The Steps in the Development Process

- **Set the Program Design**
- Select a Site
- Test Feasibility
- Design
- Financing
- Closing
- Construction
- Occupancy

# Complexities and Challenges with Creating Affordable Housing

---

## Common Challenges

- Addressing NIMBY/Building Community Support for Affordable Housing
- Lack of Rental or Operating Subsidies to make rents affordable
- Real Estate and Building Costs
- Lack of dedicated, ongoing tenancy supports

## How do you as a Healthcare Organization think about partnering?

- **Be clear to your partner what you need:**
  - Who do you want to house?
  - What are their incomes?
  - Type of Housing desired:
    - Bedroom size
    - Location
    - Proximity to services?
    - Integrated housing?
  - How many units? How long an affordability period?
- **Understand ways to leverage FCS Supportive Services and other Resources you bring to the table**
  - How can you leverage the tenancy supports from Foundational Community Supports (FCS) effectively?
  - In addition to FCS, how much funding do you have access to or can control? Is it one-time funding or recurring?
  - What can these funds be used for?
  - Can you use it to leverage additional housing funding?

# Strategies to Create Affordable Housing

---

- Facilitate **Access** to Existing Housing
  - Access Existing Vacant or Pipeline Units
  - Utilize rental assistance to secure affordability
  - Can be done quicker with rent subsidies and linkage to tenancy supports
  - Help with costs of search and moving
  - Does not create a permanent supply
- **Develop** Housing Units
  - In partnership with a Developer or State Agency by contributing either capital, expertise, advocacy.
  - Complex activity that takes time, expertise, multiple sources of funding
  - Creates supply of permanent supportive housing
  - Requires combining capital funding, operating subsidy, and access to supportive services through Medicaid and FCS

# Strategies to Help Access Affordable Housing

---

- Capital contribution to secure access to existing or pipeline housing
  - One time payment to ‘write down’ cost of housing or otherwise gain access to affordable housing
  - Could be state bond funds or grants to reduce debt, or
  - May be structured as a Capitalized Operating Cost Reserve to lower rent over time
  - Note: linking state capital subsidy through set-asides in QAP for PWDs helps access units
- Rental assistance
  - Pay the difference between what a household can afford and the cost of the rent
  - Can be long-term or short term
  - Amount of units and length of term will depend on amount of funding available
  - Could be used for “bridge” subsidies for short term until permanent rental assistance is obtained
- ‘Soft’ funds to help access housing
  - Moving costs
  - Security deposits
  - Transitional and stabilization services
- Housing Specialist or Navigator
  - Fund staff with housing market experience/background that focus on securing affordable housing for MCO beneficiaries and maintaining relationships with owners and property managers.

# Housing Development Strategies

---

- Offer predevelopment funding to cover some of the costs of starting a project such as an option on land or property, hiring an architect, etc.
- Provide developers with short term, low-interest loans to create affordable housing opportunities for FCS participants.
- Establish a capital fund for grants/deferred payment loans to fill gaps in the acquisition or rehabilitation of new affordable housing.
- FCS providers could invest individually or pool funds.
- Build the capacity of mainstream and/or mission-driven developers to develop PSH.

# Discussion

# Useful Affordable Housing Resources

---

- [State Funded Housing Assistance Programs](#)
- [Strategies to Assist People with Disabilities be Successful in the Housing Choice Voucher Program](#)
- [Rural Housing Toolkit](#)
- [Section 8 Made Simple](#)
- Financing Supportive Housing Guide (CSH): [Public Housing Toolkit for Supportive Housing \(CSH\)](#):
- [Piecing it All Together in Your Community: Playing the Housing Game](#)

# Background Slides



# Permanent Supportive Housing Basics

---

## Creating PSH – What does it Take?

- Affordable Housing Resources and Policies
  - Capital
  - Rental Assistance
- Service Supports Resources and Policies
  - Community-based Services
  - Tenancy Supports
- Infrastructure/Coordination Resources and Policies
  - Staffing
  - Referral System
  - Training and Technical Assistance

# Permanent Supportive Housing Basics

---

## Housing First Guiding Principles

- Safe & affordable housing
- Everyone is “housing ready”
- All people can achieve housing stability in permanent housing
- Housing /Services based on individual needs & preferences
- Housing = Improved quality of life, health, mental health
- Right to determination, dignity & respect
- Ending homelessness means prioritizing the most vulnerable households first.

# Local Community Development Agencies

---

## Consolidated Plan

- Must complete a Consolidated Plan to get the housing resources from HUD
- Five year “master plan” for federal housing funds
- Citizen participation and consultation with service providers required
- Recent changes to Con Plan requirements with new Continuum of Care and Emergency Shelter Grant program regulations
- Represents an opportunity to advocate for your FCS consumers

[Plans](#) online on the HUD Exchange or at local websites

# Local Community Development Agencies

---

Local capital affordable housing funding sources in Washington:

- [Seattle Housing Levy](#)
- [King County Veterans, Seniors, & Human Services Levy](#)
- [City of Vancouver Housing Levy](#)
- [City of Bellingham Housing Levy](#)
- [City of Ellensburg](#) has implemented the 2263 1/10 of 1% sales tax for affordable housing financing ([see authorizing RCW 82.14.530](#))
- [City of Olympia Home Fund](#) (2263 option)
- East King County Cities' ["A Regional Coalition for Housing" \(ARCH\) Housing Trust Fund](#)

# Other Housing Partners

---

- Affordable Housing Developers (non-profit and for profit)
- Federal Home Loan Bank
- US Department of Housing and Urban Development
- Affordable Housing and Fair Housing Advocates
  - [Washington Low Income Housing Alliance](#)
  - [King County Housing Development Consortium](#)
  - [Spokane Low Income Housing Consortium](#)
  - [Tacoma-Pierce County Affordable Housing Consortium](#)
  - [Housing Consortium of Everett and Snohomish County](#)
  - [A Way Home Washington](#) (focus on unaccompanied youth)
  - [Mockingbird Society](#) (focus on youth involved in child welfare system)
- Local Philanthropy who are engaged in housing:
  - [Gates Foundation](#)
  - [Campion Foundation](#)
  - [Building Changes](#)
  - [United Ways of the Pacific Northwest](#) (and its local affiliates)

# Permanent Supportive Housing Partnership

Critical Element	Source	Examples
Capital	<ul style="list-style-type: none"> <li>• HFA</li> <li>• State or Local govt.</li> <li>• Private foundation</li> </ul>	<ul style="list-style-type: none"> <li>• LIHTC</li> <li>• Bonds/ State Housing Trust</li> <li>• HOME/CDBG</li> <li>• Foundation Funds</li> <li>• NHTF</li> </ul>
Rent/Operating Subsidy	<ul style="list-style-type: none"> <li>• HUD</li> <li>• State or Local govts.</li> </ul>	<ul style="list-style-type: none"> <li>• Section 8 PBV</li> <li>• CoC Rental Assistance</li> <li>• Section 811 PRA</li> <li>• State Funds</li> <li>• State Housing Trust Funds</li> <li>• NHTF</li> </ul>
Support Services	<ul style="list-style-type: none"> <li>• State Medicaid Agency - FCS</li> <li>• State HHS Agency</li> </ul>	<ul style="list-style-type: none"> <li>• Foundational Community Supports (FCS)</li> <li>• Money Follows Person</li> <li>• Medicaid Home and Community-Based Service (HCBS) waivers</li> <li>• Medicaid Rehab option services</li> <li>• State-funded services</li> </ul>