

July 2007

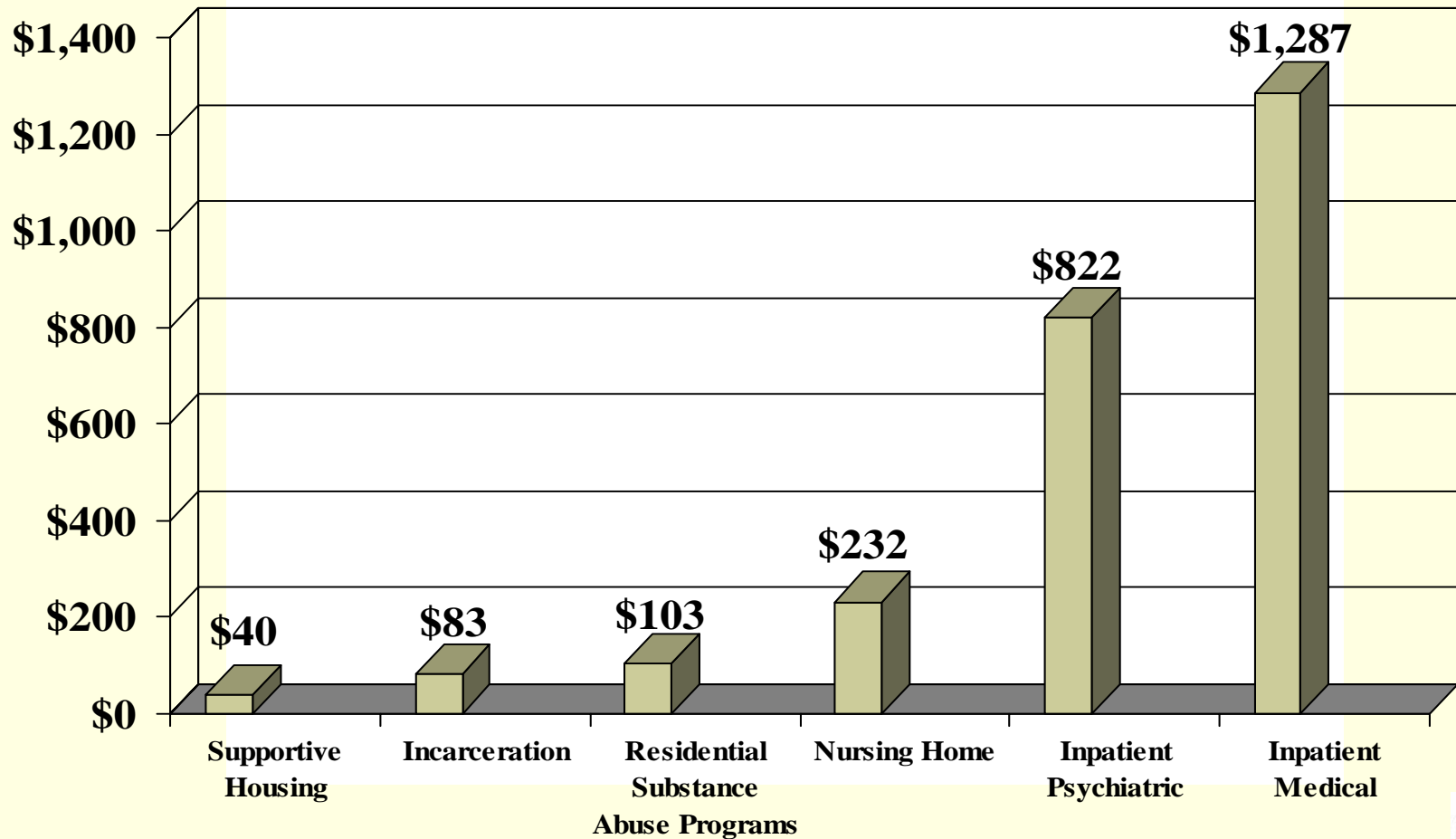
Supportive Housing

The Connecticut Collaboration



Interagency Council on Supportive Housing and Homelessness Report

Daily Costs to State of Alternatives to Supportive Housing vs. Costs to State of Supportive Housing



Supportive Housing Demonstration Program 1993-1998



Supportive Housing Demonstration Program

Background:

- By 1992, supportive housing had been tested, but not in mid- or smaller-sized cities. The “model” needed to be adapted to fit a state like Connecticut.
- The Melville Charitable Trust offered funding for the Corporation for Supportive Housing (CSH) to begin a supportive housing demonstration program in Connecticut.
- The idea was very unlikely due to a particularly difficult budget situation, so a public/private venture was an important selling point (i.e. taxpayers would not bear the whole cost).



Supportive Housing Demonstration Program

The Partners:

- Office of Policy and Management (OPM)
- Connecticut Housing Finance Authority (CHFA)
- Department of Mental Health and Addiction Services (DMHAS)
- Department of Economic and Community Development (DECD)
- Department of Social Services (DSS)
- Corporation for Supportive Housing (CSH)

The Goal:

- 300 units of supportive housing



Supportive Housing Demonstration Program -- The Money

Source	Amount	Administrator	Terms	Cost per Unit
<i>Pre-development</i> CSH	A line of credit up to \$100,000 per project to cover site acquisition, engineering, environmental, and other costs incurred prior to construction loan closing.	CSH	CSH repaid by project sponsors out of construction loans (for mortgageable costs) or equity investment proceeds (for non-mortgageable costs such as developers' fees).	
DECD	\$26 million in taxable bonding	CHFA	1% non-amortizing 30 year mortgages. Loan interest paid w/ rental income, or w/ operating reserves if rental income insufficient.	\$75,000 per unit (\$62,500 from DECD, \$12,500 from CHFA)
CHFA	\$4 million from Investment Trust Surplus Fund	CHFA	1% amortizing 30-year mortgages. Loan interest paid w/ rental income, or w/ operating reserves if rental income insufficient.	Same as above
<i>Rental Subsidies</i> - DMHAS / HUD	Total value of subsidies approx. \$8 million.	DMHAS	DMHAS secured and administered project-based rental subsidies for units reserved for people qualified under HUD's Shelter Plus Care Program.	



Supportive Housing Demonstration Program -- The Money

Source	Amount	Administrator	Terms	Cost per Unit
<i>Op. Reserves – Syndication through National Equity Fund (NEF)</i>	Approximately \$28 million, ranging from \$1.3 to \$3.2 million per project.	CSH	Each project created a fund to finance shortfalls in revenue by “selling” federal LIHTCs allocated to the projects. The tax credits were syndicated to yield a 15-year stream of investment income for corporate investors, who in turn provided cash to capitalize the operating reserves.	Equity investments can cover development costs above the \$75,000 per unit limit of the loan terms.
DSS	\$500,000 annually to DMHAS	DMHAS	Support on-site supportive services.	\$5,000 per unit for units reserved for persons with special needs. * This group expected to constitute 30-50% of tenants
DMHAS	\$1 million annually from its budget.	DMHAS	Support on-site supportive services.	\$2,500 per unit (pooled with DSS funding)



Supportive Housing Demonstration Program

Program Outcomes:

- 28 applicants responded to the RFQ. 10 organizations were selected to develop 12 projects.
- Sponsor allowed to either provide services or manage the property, but not both.
- 9 of the planned 12 supportive housing projects were built in 6 towns. 3 were not built due to local resistance.
- Each project ranged in size from 25-40 apartments.
- In total, 281 units were produced.
 - 193 were substantial rehabilitation
 - 88 were new construction
 - \$131,154 – average cost per unit



Examples of Demonstration Program Projects



Mary Seymour Place Apartments

Hartford



- *Developer:* My Sister's Place, Inc.
- *Social Service Provider:* My Sister's Place, Inc.
- *Number of Units:* 30
- *Financing includes* \$4.242 million provided by CHFA (\$375,000) and DECD (\$3.867 million)
- Four-story building newly constructed in 1996 features 30 1-BR apartment units



Liberty Commons Middletown



- *Developer:* The Connection, Inc.
- *Social Service Provider:* St. Vincent DePaul Place, Middletown, Inc.
- *Number of Units:* 40
- *Financing includes* \$3.0 million provided by CHFA (\$500,000) and DECD (\$2.5 million) mortgages
- Substantial rehabilitation of former landmark hotel
- Five-story building features 40 efficiency apartment units



Supportive Housing Demonstration Program -- Evaluation Report

A follow-up study prepared by Arthur Andersen LLP and the University of Pennsylvania Health System found:

- Neighborhood property values increased for seven of the nine projects in the study.
- The majority of neighbors and nearby business owners reported that their neighborhoods looked better or much better than before the projects were built.
- Development of the projects yielded \$71 million in direct and indirect economic and fiscal benefits to CT communities.
- Tenants decreased their utilization of restrictive and expensive health services.
- Two-thirds of tenants reported being employed or in education and training programs.



Supportive Housing Pilots Initiative

2001-2005



Supportive Housing Pilots Initiative

The Partners:

- Office of Policy and Management (OPM)
- Connecticut Housing Finance Authority (CHFA)
- Department of Mental Health and Addiction Services (DMHAS)
- Department of Economic and Community Development (DECD)
- Department of Social Services (DSS)
- Corporation for Supportive Housing (CSH)

The Goal:

- Create 650 units of supportive housing over 4 years.
 - 350 existing, scattered sites
 - 300 new development



Supportive Housing Pilots Initiative

Background:

- State creates Interagency Implementation Working Group to oversee administration of Initiative
 - Secretary of OPM, the Commissioners of DMHAS, DSS, and DECD, President of CHFA, and CSH.
- CHFA is lead agency for intake, review and underwriting of applications for capital financing.
- DMHAS lead agency for reviewing supportive services plans.



Supportive Housing Pilots Initiative

- In 1998, HUD and Melville Charitable Trust award grants to CSH to work with DMHAS to provide training and planning assistance to service providers over 18 months.
 - Over 200 participants in regional training sessions.
 - Monthly follow up meetings held for 13 collaborative provider workgroups.
- By 2000, each workgroup developed strategic plan for creating supportive housing.
 - Plans served as basis for groups' applications for service funding from DMHAS and for rental subsidies from HUD.
- DHMAS issues an RFQ that yields 45 service provider organizations.



Supportive Housing Pilots Initiative

The Money

Source	Amount	Administrator	Terms
<i>Pre-development - CSH</i>	\$1 million	CSH	Predevelopment capacity-building grants, project initiation loans, and loans to project sponsors and providers. Loans to be repaid from capital financing.
DECD	\$20 million in general obligation bonds, plus \$3 million in Prime Funds	CHFA	To be used for loans, deferred loans, grants and capitalization of project operating reserves.
CHFA	Approx. \$1.143 million from ITA and SB410 funds	CHFA	CHFA will provide loans on a project-by-project basis.
LIHTC – 9% Funds	\$2,271,058 million allocated, which equates to a \$20,321,071 equity raise	CHFA	CHFA will give Initiative projects a high priority under QAP. The National Equity Fund and Enterprise Social Investment Corporation were the Syndicators.
HTCC	\$2,481,998 was awarded to PILOTS projects	CHFA	CHFA will use set-aside for Initiative projects.
DMHAS	\$3 million in capital financing through the Community Mental Health Strategic Investment Fund	CHFA	To be used for loans, deferred loans, grants and capitalization of project operating reserves.



Supportive Housing Pilots Initiative

The Money

Source	Amount	Administrator	Terms	Cost per Unit
<i>Rental Subsidies</i> - DSS	200 Section 8 Project-based rental assistance vouchers	DSS	Available to permanent supportive housing projects receiving capital funding. May be limited to 20 units per housing project.	\$1,000 per assisted unit
<i>Op. Subsidies</i> - HUD	Over \$6 million awarded in rent and operating subsidies.			
DMHAS	\$4.5 million in supportive services funding annually.	DMHAS	Support on-site supportive services.	\$9,000 per person with special needs living in eligible housing units



Supportive Housing Pilots Initiative

Program Outcome:

- The Pilots Initiative had a goal of creating 650 units of Supportive Housing between 2001 and 2005; the first 350 units used a scattered site approach, leasing existing rental housing, and the remaining 300 units were to be rehabilitation or new development/ construction to be administered by CHFA.
- To date there are 15 projects in various stages financed under the Pilots Initiative, and 261 units are in various stages from planning to completion.
- The per unit development costs range from \$150,000 to \$300,000.



Supportive Housing Pilots Initiative

The capital funding is provided by CHFA investment trust funds of approximately \$1.143 million, DECD funds of \$20,000,000 from general obligation bond proceeds, \$3,000,000 from Prime funds, and \$2,481,1998 of equity proceeds via the State Housing Tax Credit Contribution Program.

- An additional \$3,000,000 from the Community Mental Health Strategy Board provided for a total of approximately \$27,100,000 in State funding.
- There were also equity proceeds of \$20,321,071 through the Federal Low-Income Housing Tax Credit (LIHTC) program via the National Equity Fund (NEF) and Enterprise Social Investment Corporation (ESIC). The supportive services funding was provided by DHMAS and the rent subsidies were provided by DSS.



Examples of Pilots Program Projects



Soromundi Commons Hartford



- *Developer:* YWCA of Hartford Region, Inc.
- *Social Service Provider:* Chrysalis Center
- *Number of Units:* 48
- *Financing includes* \$4.1 million CHFA mortgage
- Substantial rehabilitation of a YWCA building
- Eight-story development features 13 efficiency and thirty-five 1-Bedroom units



Valley Park Apartments Torrington



- *Developer:* Torrington Community Housing Corporation
- *Social Service Provider:* Charlotte Hungerford Hospital
- *Number of Units:* 13
- *Financing includes* \$3.264 million in CHFA mortgages
- Substantial rehabilitation of a former mixed use commercial / retail building
- Three-story development features seven 1-BR, four 2-BR and two 3-BR apartment units



Next Steps Initiative Round I and Round II



Next Steps Initiative Round I

- A Request for Proposals was released on March 28, 2006 with a response due date of June 26, 2006.
 - 18 development teams responded requesting a total of \$103 million in capital funding to produce 461 units of supportive housing
 - \$27 million in capital funding is available to produce up to 150 units
 - 8 development teams invited to proceed with their projects to produce 131 units of adult and family supportive housing in a wide geographic dispersion including the towns of Westport, Fairfield, Hamden, Milford and cities of Bridgeport, Hartford and New Haven



Next Steps Initiative Round I, cont.

- The successful public-private collaboration includes OPM, CHFA, DECD, DMHAS, DSS, and additionally DCF, along with Corporation for Supportive Housing. CHFA is the lead agency for intake, review and underwriting and will provide the capital funding. DSS is providing rental subsidies.
- Additionally, DSS is providing supportive service funding for 75 families with special needs, DMHAS is providing supportive service funding for 75 adults with special needs, and DCF is providing additional supportive service funding for 25 young adults with special needs aged 18 – 23.



Next Steps Initiative Round I, cont.

- The goal of the Next Steps Initiative is to create 500 units of supportive housing. As planned, 350 units will be created through development (new construction, or renovation of existing buildings) and 150 units will utilize existing housing. The RFP released on March 28, 2006 was for the first 150 units of new development.
- The Next Steps Initiative differs from the previous programs in that the developments will be financed from the proceeds of 501(c)(3) bonds.
- The Next Steps Supportive Housing Initiative limits the per-unit capital cost funded from bond proceeds from \$198,000 to \$297,000 depending upon the location of the development.
- There is a \$2,000,000 set-aside for supportive housing initiatives under the State Housing Tax Credit Contribution Program.



Example of Next Steps Round I Developments



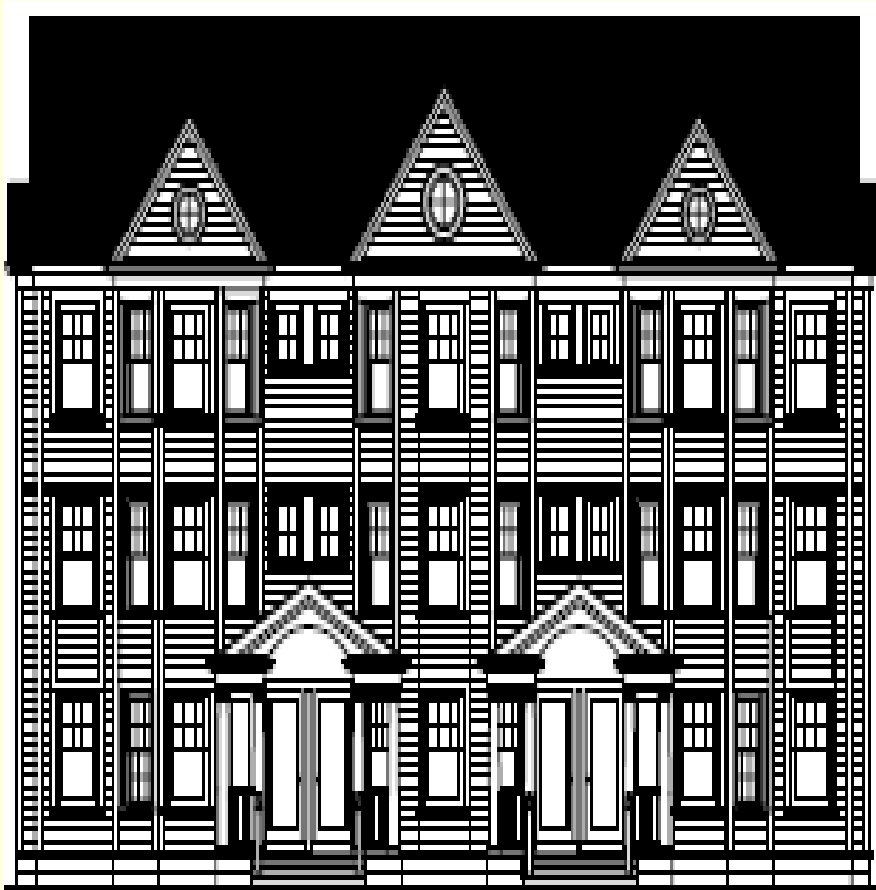
Jarvis Court Homes Fairfield



- *Owner/Developer:* Micah Housing, Incorporated
- *Service Provider:* Operation Hope, Inc.
- *Number of Units:* 8
- *Financing includes* \$1.6 million CHFA mortgage
- New Construction underway of four duplexes on adjacent lots to provide eight 3-BR units of supportive housing for families



Merton House Bridgeport



- *Developer:* Mutual Housing Association of Southwestern Connecticut, Inc.
- *Service Provider:* Catholic Charities of Fairfield County, Inc.
- *Number of Units:* 22
- *Financing includes* \$6,375,121 in Next Steps funding
- New Construction of 22 units of family supportive housing, including 5 apartments set-aside for young adults with families. Fifteen 2-Bedroom units, seven 3-Bedroom units and community spaces.



Next Steps Initiative Round II

- A Request for Proposals was released on January 30, 2007 with a response due date of April 30, 2007.
 - \$43 million in capital funding is available to produce up to 225 units
 - DMHAS funding services for 125 Adults with Special Needs; DSS funding services for 75 Families with Special Needs; DCF funding services for 25 Young Adults with Special Needs
 - DSS providing rental subsidies for up to 225 units



Next Steps Initiative Round II

- Priority Consideration

- In projects serving Adults with Special Needs, priority will be given to developments that propose to serve, among the target population, individuals experiencing *chronic homelessness*.
- In projects serving Young Adults with Special Needs priority will be given to developments that serve, among the target population, young adults aged 18-23 who are *transitioning out of youth systems* and are at risk of homelessness and would not be able to retain stable housing without tightly linked services.



Next Steps Initiative Round II

- Priority Consideration

- In projects serving Families with Special Needs, priority will be given to developments that propose to serve, among the target population, families that :

- have become ineligible or are at risk of ineligibility for TANF assistance due to time limits;
- are headed by adults with multiple barriers to employment and housing stability;
- have been repeatedly homeless;
- are presently involved with DCF.



Next Steps Initiative Round II

- Priority Consideration
 - In projects serving Adults and/or Families with Special Needs, priority will be given to developments that propose to serve, among the target population, those who also have HIV/AIDS.

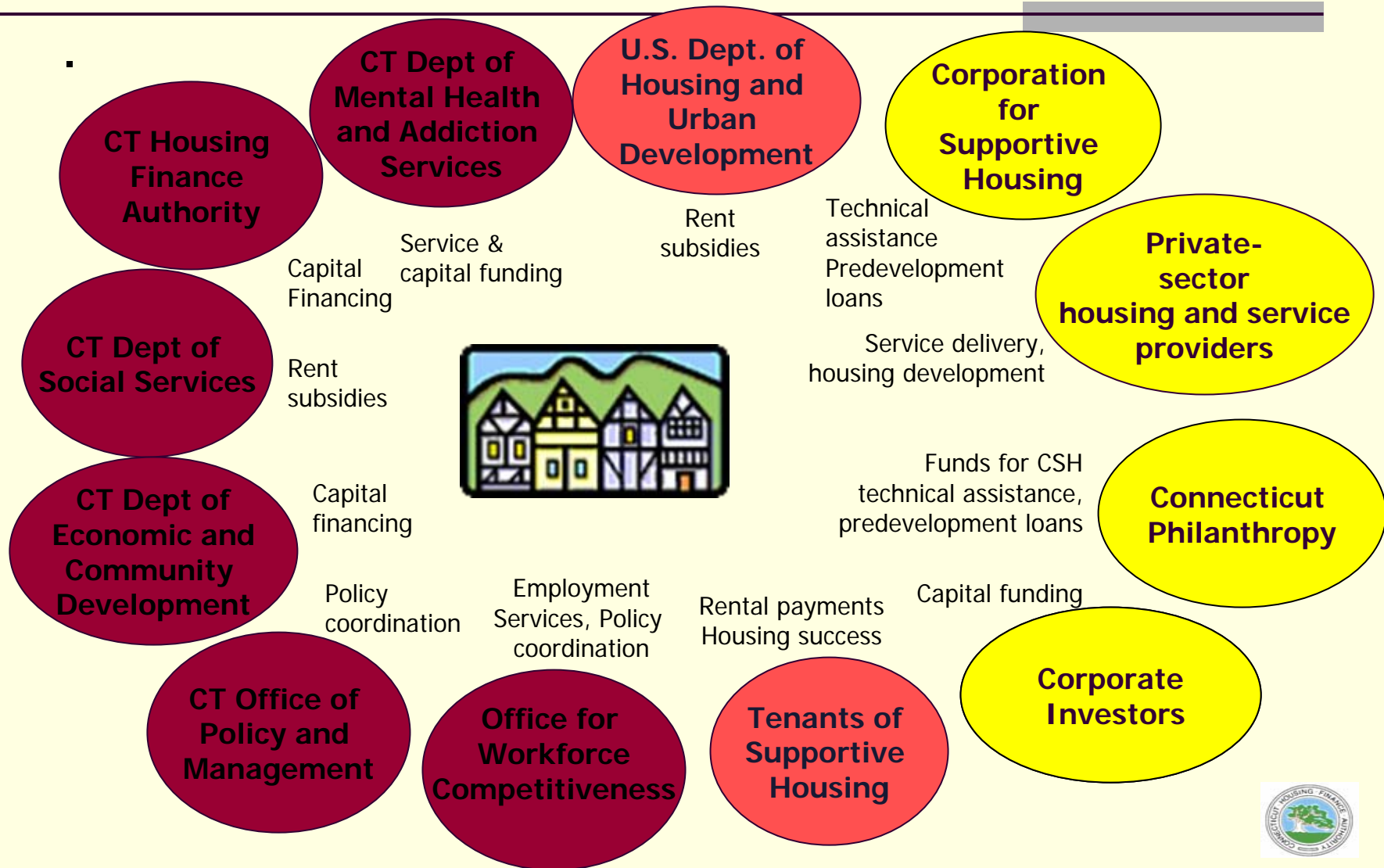


Next Steps Initiative Round II

- Proposals Submitted:
 - 14 proposals requesting funding for developments serving families, adults and young adults in a total of 378 units.
 - Sites in Fairfield, Hartford, and New Haven Counties .
 - Requests for capital financing amount to approximately \$84 million or 77% of the total development costs.



Partners in Connecticut Supportive Housing Initiatives



DMHAS **DSS**

CHFA **DECD**

OPM

**CSH &
Philanthropy**

HUD

Corporations

**Local Public
Housing
Authorities**

**Nonprofit
Housing and
Service
Providers**

**Other Local
Stakeholders**



Current Status of Supportive Housing In Connecticut

- Currently approximately 3,000 units of supportive housing in existence or in the pipeline in approximately 35 communities.
- Developments consist of single site developments of small to moderate size (6-40 apartments), as well as scattered site developments.
- Integrate people who are homeless with people who simply need affordable housing.
- Developments incorporate community space and offices for case management services on site.
- Leading economic revitalization in key areas.



For Additional Information:

<p>Barbara Geller Department of Mental Health and Addiction Services 860.418.6813 barbara.geller@po.state.ct.us www.ct.gov/dmhas</p>	<p>Terry Nash Connecticut Housing Finance Authority 860.571.4253 terry.nash@chfa.org www.chfa.org</p>
<p>Kevin Loveland Department of Social Services 860.424.5031 kevin.loveland@po.state.ct.us www.ct.gov/dss</p>	<p>John Rowland Corporation for Supportive Housing 203.789.0826 john.rowland@csh.org www.csh.org</p>
<p>Kate Kelly Partnership for Strong Communities 860.244.0066 kate@ctpartnershiphousing.com www.ctpartnershiphousing.com</p>	

