



Permanent Supportive Housing Program and Financial Model for Austin/Travis County, Texas

Prepared for:
Austin/Travis County Reentry Roundtable,
Ending Community Homelessness (ECHO) Coalition, and
Mayor's Mental Health Task Force Monitoring Committee

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Corporation for Supportive Housing



About the Corporation for Supportive Housing

The Corporation for Supportive Housing (CSH) is a national non-profit organization and Community Development Financial Institution that helps communities create permanent housing with services to prevent and end homelessness. Founded in 1991, CSH advances its mission by providing advocacy, expertise, leadership, and financial resources to make it easier to create and operate supportive housing. CSH seeks to help create an expanded supply of supportive housing for people, including single adults, families with children, and young adults, who have extremely low-incomes, who have disabling conditions, and/or face other significant challenges that place them at on-going risk of homelessness. For information regarding CSH's current office locations, please see www.csh.org/contactus. For more information about CSH's consulting and training services, please see www.csh.org/CSHConsultingGroup or contact the CSH Consulting Group at consulting@csh.org. For information about CSH's Texas activities, contact Dianna Lewis dianna.lewis@csh.org.

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Readers interested in learning more about supportive housing are encouraged to also visit CSH's website at www.csh.org for additional on-line resources and materials.

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INTRODUCTION

In 2002, the National Alliance to End Homelessness and later the United States Interagency Council on Homelessness encouraged all communities to create and adopt a plan to end chronic homelessness. To date, there are over 355 plans created by some 860 communities across the country, including one in Austin/Travis County.

In 2004, under the leadership of the Homeless Task Force and Austin/Travis County Health and Human Services Department, Austin created its 10-year plan to end chronic homelessness in the community. In December 2005, the plan was approved by the U.S. Interagency Council on Homelessness, and local leadership moved to start implementing the plan. During the intervening period, two entities – the Homeless Task Force and End Chronic Homeless Organizing Committee – merged to form what is now known as Ending Community Homelessness Coalition (ECHO). Notable accomplishments include:

- Developing a website and a video on homelessness in Austin.
- The completion of Garden Terrace, Spring Terrace, and Skyline Terrace by Foundation Communities, for a total of (320) units of Single Room Occupancy housing units.
- Increasing the number of participants in the Homeless Management Information System (HMIS), and
- Developing a more coordinated and accurate homeless count for unsheltered homeless persons.

In early 2009, like many other communities, the local coalition initiated an effort to update the plan to include current data and resources, with the goal of creating a living document that would help guide their ongoing efforts to end homelessness in Austin/Travis County. In 2009, Corporation for Supportive Housing was retained by ECHO, the Mayor's Mental Health Task Force Monitoring Committee, and the Austin/Travis County Reentry Roundtable (with funding support from the City of Austin Health and Human Services Department and Austin/Travis County Integral Care – formerly Austin/Travis County Mental Health Mental Retardation Authority) to provide analysis on permanent supportive housing (PSH) that would help strengthen the next iteration of the 10-year plan.

This document should serve as a guide for what resources are needed and available to help support plan implementation. The availability of funding will vary from year-to-year. As such, creating a systematic approach that allows local planners, policymakers, and advocates to collectively review and assess a single pipeline of projects in light of available financing and capacity will be central to the success of a broader supportive housing plan.

METHODOLOGY AND ISSUES IDENTIFIED

In order to determine the number of units of PSH needed for chronically homeless individuals in Austin/Travis County, CSH engaged in a program and financial modeling process. The program and financial model is an analytical process - supported by tools CSH has developed over time - that combines existing community data with the substantial local and national expertise of CSH and its community partners in order to develop a concrete PSH development goal and strategy. This process has resulted in the development of a unit goal for PSH, projected financial costs for the development, operation, and delivery of services for such units, and a set of recommendations regarding strategies for developing and funding the units.

As part of the research process, CSH interviewed key state and local partners in an effort to gauge political will, available resources, and developer capacity. These interviews indicated substantial concern regarding the local and national economic condition, and the concomitant fiscal impact on public funding streams. For this reason, local leaders are strongly advised to take a relatively short-term strategy and look annually at resources available for capital, operating, and services to support the creation of new supportive housing units. In CSH's experience, local planning bodies commonly break 10-year plans into manageable pieces, projecting production only for the first 2 to 4 years of the plan. This shorter-term strategy will also be instrumental in helping to set the foundation and infrastructure for tracking long-term production.

Three key working assumptions emerged throughout our research process:

- State and local resources for capital, operating, and service are very limited when compared to need or to other jurisdictions that have robust PSH production (e.g. Seattle, Chicago, New York, Los Angeles, San Francisco). However, recent policy changes have increased some relevant state and local resource streams.
- Modest development capacity may impact the community's ability to achieve scale quickly.
- The local focus will include several subpopulations – chronically homeless, ex-offenders, families, youth aging-out, and unaccompanied youth. However, it is important to note that data to fully support the development of new units for these subpopulations will likely require additional research.

This report was created through a collaborative local process and is meant to be a working document that is sufficiently flexible to allow for future adaptation. CSH typically encourages communities to allow this Program and Financial Model to *start* the discussion of developing a comprehensive supportive housing development strategy. Implementing a strategy of this sort requires time, energy, and creativity from multiple key stakeholders including, but not limited to, local and state agencies with control over housing and services funding, the governing body of the local Continuum of Care funds, philanthropy, private sector, and intermediaries.

This report outlines a potential scenario for creating and financing **350 units** of permanent supportive housing for chronically homeless individuals over a **four-year** period. It is important to note that a range of supportive housing models and service strategies exists, and careful consideration was given to what approaches stakeholders believe will work best in Austin/Travis County. The four-year scenario described in this report was influenced by several factors:

- The profile of homelessness in Austin/Travis County;
- The current capacity of local housing developers and service providers;
- The current rental market conditions; and
- The potential sources of financing for housing development, operations and service delivery on a city, county, and state level.

SECTION I. WHAT IS PERMANENT SUPPORTIVE HOUSING?

Permanent supportive housing (PSH) is permanent, affordable housing linked to a range of support services that enable tenants to live independently and participate in community life. It is a cost effective and successful alternative to more expensive and less efficacious emergency services or institutional settings. We frame these definitions in relation to ending homelessness, which is the focus of CSH's work; we know that supportive housing also works well for some people who may not be homeless, but who share some of the characteristics described below.

From CSH's perspective, a supportive housing unit is:

- Available to, and intended for, a person or family whose head of household is homeless or at risk of homelessness and experiencing mental illness, other chronic health conditions including substance use issues, and/or multiple barriers to employment and housing stability;
- Where the tenant pays no more than 30%-50% of household income towards rent, and ideally no more than 30%;
- Where the tenant has access to a flexible array of comprehensive services, including medical and wellness, mental health, substance use management and recovery, vocational and employment, money management, coordinated support (case management), life skills, household establishment, and tenant advocacy;
- Where use of services or programs is not a condition of ongoing tenancy;
- Where the tenant has a lease or similar form of occupancy agreement and there are not limits on a person's length of tenancy as long as they abide by the conditions of the lease or agreement; and
- Where there is a working partnership that includes ongoing communication between supportive services providers, property owners or managers, and/or housing subsidy programs.

Supportive housing can help people with psychiatric disabilities, people with histories of addiction, formerly homeless people, frail seniors, families, young people aging out of foster care, individuals leaving correctional facilities, and people living with HIV/AIDS to live independently with dignity in the community. Tenants of supportive housing often face two or more of these categories of challenges. For these populations, permanent supportive housing is a highly effective intervention. Research indicates that

- More than 80% of residents stay housed for at least one year¹
- Incarceration rates are reduced by 50%²
- Emergency room visits decrease by 50%³
- Emergency detoxification services decrease by 85%⁴, and
- There is a 50% increase in earned income.

¹ *Supportive Housing and Its Impact on the Public Health Crisis of Homelessness*, CSH, May 2000.

² *Making a Difference: Interim Status Report of the McKinney Research Demonstration Program for Homeless Mentally Ill Adults*, 1994.

³ *The Effectiveness of Permanent Supportive Housing in Maine: A Review of Costs Associated with the Second Year of Permanent Supportive Housing for Formerly Homeless Adults With Disabilities*. Melody Mondello, Thomas McLaughlin, and Jon Bradley, October 2009.

⁴ *Analysis of the Anishinabe Wakaigun*, September 1996-March 1998. See also *Denver Housing First Collaborative: Cost Benefit Analysis and Program Outcomes Report*. Jennifer Perlman and John Parvensky, Colorado Coalition for the Homeless, December 2006.

Although permanent supportive housing is a resource-intensive intervention, **the high public costs of homelessness mean that it costs essentially the same amount of money to house someone in stable, supportive housing as it does to leave that person homeless and stuck in the revolving door of high-cost crisis care and emergency housing.** Cost studies demonstrate that we can either waste money prolonging people's homelessness or spend those dollars on a long-term solution that produces positive results for people and their communities.

One of the most comprehensive case for supportive housing is made by a study from the University of Pennsylvania's Center for Mental Health Policy and Services Research⁵. Researchers tracked the costs associated with nearly 5,000 mentally ill people in New York City for two years while they were homeless and for two years after they were housed. Among their conclusions: supportive and transitional housing created an average annual savings of \$16,282 per unit by reducing the use of public services. This reduction in costs nearly covered the cost of developing, operating, and providing services in supportive housing. After deducting the public benefits, the average supportive housing unit created by a city-state partnership in New York City cost **only \$995 per year.**

Results from the *Chicago Housing for Health Partnership* (CHHP) show that offering housing and case management to homeless adults with chronic illnesses creates stability and dramatically reduces hospital days and emergency room visits. CHHP is an integrated system of housing and supports for individuals with chronic medical illnesses who are homeless upon discharge from hospitalization. An 18-month randomized control trial compared hospitalizations, hospital days, and ED visits among housed participants and a comparison group of chronically ill homeless persons who continued to receive "usual care" – a piecemeal system of emergency shelters, family, and recovery programs. Results were recently reported in the *Journal of the American Medical Association*.⁶ At 18 months, 66% of the intervention group reported stable housing compared to only 13% of the "usual care" group. Controlling for a range of individual and service variables, housed participants had 29% fewer hospitalizations, 29% fewer hospital days, and 24% fewer ED visits than their "usual care" counterparts. As the authors note, for every 100 chronically ill homeless persons offered the intervention, this translates annually into 49 fewer hospitalizations, 270 fewer hospital days, and 116 fewer emergency department visits. For the one-third of study participants living with HIV/AIDS, housed participants also experienced significantly better health outcomes than those who continued in "usual care."⁷ Still to come are a comparison of nursing home days used by the two groups and a full cost-benefit analysis that takes into account the cost of the intervention. However, preliminary results indicate a 50% reduction in nursing home days among housed participants, and that the reductions in avoidable health care utilization translated into annual **savings of at least \$900,000 for the 200 housed participants after taking into account the cost of the supportive housing.**⁸

⁵ "The Impact of Permanent Supportive Housing for Homeless Persons With Severe Mental Illness on the Utilization of the Public Health, Corrections, and Emergency Shelter Systems: The New York/New York Initiative." Dennis Culhane, Stephan Metaux, and Trevor B. Hadley, Center for Mental Health Policy and Services Research, University of Pennsylvania, *Housing Policy Debate*, 2002.

⁶ "Effect of A Housing and Case Management Program on Emergency Department Visits and Hospital Visits Among the Chronically Ill Homeless Adults: A Randomized Trial," L.S. Sadowski, R.A. Kee, T.A. VanderWeele, and D. Buchanan, *Journal of the American Medical Association*, May 2009.

⁷ "The Health Impact of Supportive Housing for HIV-Positive Homeless Patients: A Randomized Controlled Trial. R. Kee, L.S. Sadowski, and D. Garcia, *American Journal of Public Health*, 2009.

⁸ *Wall Street Journal*, March 6, 2008.

In Seattle, the Downtown Emergency Service Center's (DESC) 1811 Eastlake project is a Housing First program with on-site services targeting homeless men and women with chronic alcohol addiction who are frequent users of crisis and emergency healthcare services. Nearly half of the residents have a co-occurring mental illness and almost all have other chronic and disabling health conditions. Sobriety is not required as a condition of tenancy and residents are encouraged, but not required, to participate in chemical dependency and mental health treatment. An evaluation conducted by the Addictive Behaviors Research Center of the University of Washington reported outcomes of the 1811 Eastlake project on public use and costs for 95 housed participants compared with 39 wait-list control participants enrolled between November 2005 and March 2007. Findings reported in the April issue of the *Journal of the American Medical Association* show that 1811 Eastlake saved taxpayers more than \$4 million dollars over the first year of operation: median costs in the year prior to being housed of \$4,066 per person per month in publicly funded services (such as jail, detox center use, hospital-based medical services, alcohol and drug programs, and emergency medical services), dropped to \$958 after 12 months in housing. **During the first six months, even after considering the cost of administering housing for the 95 residents in this Housing First program, the study reported an average cost-savings of 53%--nearly \$2,500 per month per person--in health and social services, compared to the costs of the wait-list control group of 39 homeless people. Moreover, alcohol use by Housing First participants dropped by about one-third, with use decreasing over time while housed.**⁹

Further evidence shows that supportive housing provides public benefits beyond these savings. An analysis of the Connecticut Supportive Housing Demonstration Program found that supportive housing improved neighborhood safety and beautification, increasing or stabilizing property values in most communities.¹⁰ A 2008 study by New York University tracked changes in property values in areas surrounding over 100 new permanent supportive developments over a multi-year period, and found no evidence of negative impact on values; in fact, tracts surrounding PSH developments appreciated more quickly than otherwise-similar counterparts.¹¹

Elements of Successful PSH

Diverse types of permanent supportive housing should be created based upon careful consideration of a range of factors, including the housing market, tenant preferences, community standards, and other local conditions. It is important - both for neighbors and tenants - that supportive housing fit into the neighborhood and that it be managed by high quality property management professionals. Supportive housing can be integrated into affordable housing or mixed-use developments, and can be an important element in neighborhood revitalization efforts. Most supportive housing consists of apartments; however, in some situations, single-family homes may be an appropriate housing type.

⁹ "Health Care and Public Service Use and Cost Before and After Provision of Housing for Chronically Homeless Persons With Severe Alcohol Problems," Mary E. Larimer, PhD; Daniel K. Malone, MPH; Michelle D. Garner, MSW, PhD; David C. Atkins, PhD; Bonnie Burlingham, MPH; Heather S. Lonczak, PhD; Kenneth Tanzer, BA; Joshua Ginzler, PhD; Seema L. Clifasefi, PhD; William G. Hobson, MA; G. Alan Marlatt, PhD, *Journal of the American Medical Association*, 2009.

¹⁰ *Connecticut Supportive Housing Demonstration Program: Final Program Evaluation Report*. Arthur Andersen LLP; University of Pennsylvania Health System Department of Psychiatry, Center for Mental Health Policy and Services Research; Kay Sherwood, and TWR Consulting. May 2002.

¹¹ *The Impact of Supportive Housing on Surrounding Neighborhoods: Evidence from New York City*. Furman Center for Real Estate and Urban Policy, New York University. November 2008.

While the housing models will vary, high-quality supportive housing should always include the following core features:

- Landlord /Tenant Relationship: Supportive housing opportunities should be provided through a typical landlord/tenant relationship so that tenants hold leases, there are no limits on the maximum length of stay, and tenancy is not conditional on participation in services.
- Multidisciplinary Partnerships: Well-designed and effectively managed supportive housing units are created and operated through the combined skills of people who understand housing development, people who are experienced in property management, and people who know how to work with tenants who have high service needs and have not achieved positive outcomes through other service strategies and settings.
- Flexible Services: High-quality supportive housing involves service providers that are focused on ensuring that tenants remain stable in housing and become more involved in the community and work. Services typically include, but are not limited to: case management, medical and wellness services, mental health services, chemical dependency services, vocational and employment services, money management services, life skills training, and tenant advocacy. Services may be offered on-site, in the community, or through a mix of both. Services need to be accessible, responsive to the needs of the tenants and focused on maintaining housing stability.
- Sustainable Financing: Because of extreme limitations on tenants' ability to pay rent, and because PSH units tend to have higher-than-average operating costs, the financing of supportive housing units should rely on little or no conventional or "hard" debt, and the units should also be supported by stable sources of operating or rental subsidies. The successful operation of the units over time also requires relatively stable ongoing service funding, provided by government sources and supplemented by the philanthropic sector.

HOUSING MODELS

A variety of housing models will be considered in the plan to create new permanent supportive housing units. The Program and Financial Model presented in this report projects the need for 350 new units to be developed over the next four (4) years. It is important to note that several factors will influence how many of these units can be developed annually, including the availability of capital, operating, and supportive service funding. It is recommended that existing housing be utilized to meet goals, in addition to the development of new single site and integrated supportive housing projects. The models are described in brief below:

- Single-Site, Single-Purpose Development Projects: Developed either through new construction or acquisition/rehabilitation activities, such projects operate all of the units as supportive housing, but may serve tenant households of diverse composition and with diverse experiences and challenges. The size of such projects varies widely, and may range from apartment buildings of various sizes to projects utilizing single-family homes or other structures, and should always be appropriate in scale and design for the local community.
- Single-Site, Mixed-Tenancy Development Projects (Integrated Housing): Developed either through new construction or acquisition/rehabilitation activities, such projects operate a portion of the units

- Master-Leased Housing Projects: Under this strategy, supportive housing providers lease several units within a development, a floor within a building, an entire building or development, or units in a number of buildings, from the owner(s) in order to provide supportive housing opportunities. The supportive housing provider then subleases the units to eligible tenants, and serves as the landlord for the tenants.
- Long-Term Set-Aside Housing Projects: Under this strategy, units within affordable or market rate housing projects may be dedicated (or “set-aside”) to serve as supportive housing units for this purpose through an agreement with the property owner, but the owner does not execute a master lease agreement with another organization. Such “set-aside” agreements may be negotiated during the development of a project, or after the project is already operational. Ideally, such long-term set-aside agreements are required within the project owner’s legal commitments to the organizations providing the permanent financing for the project; at other times, however, such set-aside agreements might only be executed between the owner and the supportive housing sponsor.
- Scattered-Site Housing: Scattered-site supportive housing opportunities can be created through a variety of strategies – through master leasing strategies, through the negotiation of multiple set-aside agreements, through development activities in multiple locations (which may be in a variety of building types), or by assisting households (including households with tenant-based subsidies) to directly lease individual units from private landlords. Scattered site supportive housing strategies secure units in a variety of dispersed housing settings, including houses, within a duplex or small complex, or units within larger apartment buildings. Such units are integrated into community settings and sponsors typically avoid a concentration of more than a few such units in any one site. When possible, scattered site units may be geographically clustered to achieve management and service economies.
- Projects with Shared Units: CSH and most national experts advocate for separate units for each formerly-homeless household, including private baths and cooking facilities. However, in some scenarios, shared apartments or shared single family homes may be appropriate housing strategies based upon specific populations to be served, available housing stock, and the availability of funding to acquire and rehabilitate foreclosed properties. Such housing opportunities may be created through development or leasing strategies. Ideally, the shared housing projects will provide tenants with the greatest independence possible, through separate lease agreements with each tenant, individual bedrooms, minimal sharing of facilities (such as bathrooms), and meaningful tenant participation in determining the composition of their household.

SECTION II.

AUSTIN/TRAVIS COUNTY PERMANENT SUPPORTIVE HOUSING NEED

To gain a full understanding of the PSH needs in Austin/Travis County, it is important to first develop an understanding of the number of households experiencing homelessness over the course of a year. A homeless point-in-time count (PIT) provides a snapshot of homelessness at a given moment. Because those who experience long-term homelessness are more likely to be counted on any given day than those whose homelessness is short-term or episodic, the PIT will logically include a relatively high proportion of people who have been homeless for long periods of time. As such, PIT counts significantly under-count those whose homelessness does not last very long - but who nevertheless need, and use, emergency shelter and services. Estimating the overall population experiencing homelessness on an annual basis requires the use of additional tools.

In the 2008 Austin/Travis County PIT, the data showed that on a given day, there were approximately 3,200 individuals and families who were homeless. This compares to 5,876 total unduplicated clients in the Homeless Management and Information System (HMIS) for the entirety of 2008. It should be noted that most observers consider this annualized HMIS number to be a substantial under-representation of the total number of people experiencing homelessness over the course of a year.

As a point of comparison, CSH annualized the PIT data by applying a national multiplier which uses statistics drawn from the National Survey of Homeless Assistance Providers and Clients (NSHAPC).¹² Using the multiplier produces an estimate of approximately 12,600 people experiencing homelessness during the course of 2008 in Austin/Travis County. While acknowledging the wide disparity between the HMIS total and the estimate arrived at via the multiplier, the clients for this report indicated a preference for utilizing the local HMIS number for purposes of the model.

It should be noted that this disparity in annualized counts *did not* substantially impact the recommendations around the unit goals or targeted populations, because the difference in the two totals relates primarily to the estimate of those experiencing episodic, not chronic, homelessness. The PSH units recommended as part of this report are primarily targeted to the chronically, or long-term, homeless, not those episodically homeless that may or may not be captured fully in the HMIS data.

CSH also looked at other variables such as the number of existing permanent supportive housing (PSH) units and known data around special populations, making reasonable assumptions around the percent of individuals and families who needed PSH to determine that a total of 1,889 new units would be needed to fully address the needs of the community's homeless (chronic and otherwise) in permanent housing (See Table 1). Note that using the multiplier-derived data as described previously would result in a total projected community need of 2,851 units.

For the purposes of this report, people are considered in need of PSH if they would not be likely to obtain and/or maintain housing – even if it was housing they could afford – without ongoing support because of one or more factors that promote instability. The people with one or more chronic and disabling conditions would probably need PSH, while some people with less substantial or complex disabilities, or some who

¹² CSH uses the methodology described in its publication, "Estimating the Need," to estimate the annual homeless number. The methodology was developed by leading homeless researcher, Martha Burt, at the Urban Institute.

are working to achieve and sustain recovery from addiction and don't have other disabilities, may need affordable housing with shorter-term, transitional support services.

Table 1: Annualized Homeless Data

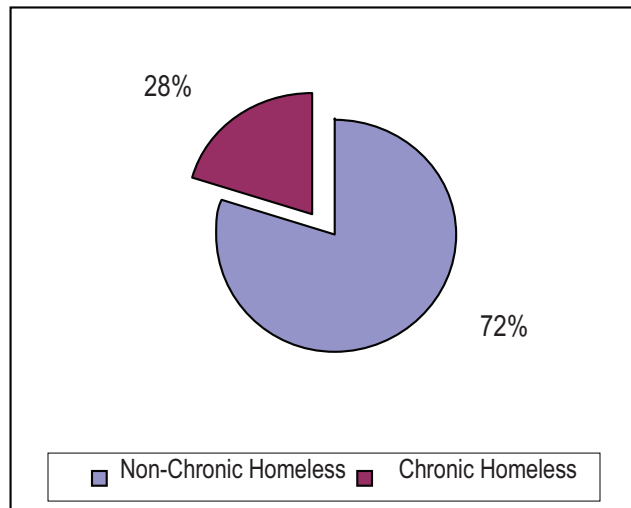
Estimating the Total Number of New Permanent Supportive Housing (PSH) Units Needed Austin/Travis County, Texas								
	Number of Households that are Homeless Over the Course of a Year	Percent of Homeless Population	Percent of Group that Needs PSH	Number of PSH Units Needed	Number of Existing PSH Units	Annual Turnover Rate	PSH Units Created Via Turnover Annually	TOTAL New PSH Units Needed
TOTAL SINGLE INDIVIDUALS	5,306	90%	34%	1,816	355		34	1,782
Single Adults:	5,112	87%	34%	1,758	355		34	1,724
Long-term Homeless:	919	16%	100%	919	35	5%	2	917
NOT Long-term Homeless:	4,193	71%	20%	839	320	10%	32	807
Unaccompanied Youth:	194	3%	30%	58	0	0%	0	58
FAMILIES WITH CHILDREN	570	10%	20%	114	69	10%	7	107
TOTAL (Annual Homeless Estimate):	5,876	100%	33%	1,930	424		41	1,889

TARGET POPULATIONS

CSH analyzed the PIT data to look specifically at the number of “chronically homeless” individuals. A chronically homeless person, as defined by the U.S. Department of Housing and Urban Development, “*is an unaccompanied individual who suffers from a disability such as mental illness and has either been continuously homeless over the past 12 months or homeless at least four times in the past three years.*” Chronically homeless individuals cycle in and out of costly systems such as shelters, emergency rooms, courts/jail systems, psychiatric systems, and detox/treatment centers. This subpopulation undoubtedly uses a disproportionate share of public resources.

To determine the need and unit goals for the county, this analysis considered the latest 2008 PIT data as well as historical data available on chronic homelessness. According to the 2008 data, at a single point-in-time, Austin/Travis County had approximately 919 chronically homeless individuals in need of housing. As Table 2 shows, this represents 28% of the total homeless population in that PIT count.

Table 2 Austin/Travis County 2008 "Point-in-Time" Count



In addition to assessing the need for PSH based on the number of people experiencing chronic homelessness in Travis County, the sponsors of this report requested that special attention be given to the persons with criminal justice involvement, persons living with mental illness, youth (including youth aging out of foster care), and families.

Table 3 Austin/Travis County 2008 "Point-in-Time" County by Subpopulations

Population	Number Homeless
Total Homeless	3,242
Single Adults: Non-Chronically Homeless	1,965
Single Adults: Chronically Homeless	919
Homeless Families	267
Unaccompanied Youth	91

The table above indicates the data that was available via the 2008 point-in-time count regarding the number of unaccompanied youth and homeless families. Past this data, little information was being systematically collected at the community level around the special populations indicated. The following

sections summarize data and anecdotal information available to help guide strategy around production of PSH for target populations.

Reentry Population

In the Spring of 2009, CSH awarded the Austin/Travis County Reentry Roundtable (the Roundtable) a small pass-through grant from the Robert Wood Johnson Foundation to carry out preliminary data gathering and planning around the need for permanent supportive housing for a population that has had substantial criminal justice involvement. The Roundtable led a broad-based collaborative effort to quantify the target population for reentry PSH in Austin/Travis County, and identify best practices for serving that population in permanent supportive housing.

While the final report is pending, the grantees conservatively estimated 1100 persons in Austin/Travis County that have recent criminal justice involvement, were homeless in 2008, and were living with a disability – prime candidates for permanent supportive housing tenancy.

In the Travis County Jail alone, there were 814 inmates that were homeless and screened for mental illness in 2008. The costs of incarcerating this population locally are substantial. Based on the average cost for a jail bed per day and the booking cost for each arrest (excluding costs for mental health assessment, counseling, and medication services), the Austin/Travis County Reentry Roundtable estimates the costs associated with this population at over \$3 million for 2008. Of this population of 814, forty-five individuals (5%) accounted for 611, or 25% of all arrests (2,587) for this population.

While no data was available on whether these homeless jail inmates met the formal HUD definition of chronically homeless, the screening data suggests that this is a very vulnerable population, likely fitting the profile for 'needing' PSH, as described previously.

Of the 814 Travis County Jail inmates screened for mental illness:

- 562 (69%) were assessed as having a co-occurring substance abuse disorder,
- 145 (19%) had 4 or more psychiatric hospitalizations in the past 180 days or 6 in the past two years, and
- 284 (35%) were assessed as not having the ability to attend to their basic needs in the past 90 days

This data demonstrates a compelling need for permanent supportive housing that targets the needs of homeless individuals with histories of criminal justice involvement. Additional data points suggest an even larger need for PSH among this population. For example, based on a chart review, City of Austin Downtown Community Court reports that approximately 44% of their 181 frequent users has both severe persistent mental illness and chemical dependency and could benefit from supportive housing. Project Recovery, a local diversion program for chronic inebriates, provided in-patient residential treatment to 64 individuals with enhanced Class B misdemeanors in 2008; all of them were homeless, and 62% were identified as having a mental illness.

Youth and Families

In addition based on recommendations from local partners, CSH also used the PIT data to look at other subpopulations including families and unaccompanied youth; however, utilization of the PIT fails to capture the substantial numbers of families and youth who are more likely to live doubled-up or in highly precarious housing situations. Our local partners were also interested in youth-aging-out population, which is not captured in PIT, complicating the quantification of this need. Through various local interviews, CSH determined that additional research is needed on this subpopulation, but recognizes the potential overlap with subpopulations that are captured in PIT. For example, through interviews with local providers, we learned that a significant portion of young women aging out of the foster care system leave with at least one young child, so that they would be captured in the PIT 'families' category.

Persons Living With Serious Mental Illness

Mental illness cuts across all of the subpopulations discussed above. The U.S. Department of Health and Human Service's Substance Abuse and Mental Health Service Administration indicates that nearly 40% of the homeless experience some type of mental illness, with 20-25% suffering from serious mental illness.¹³ In Austin this would suggest that, using the model's conservative estimate of total individuals experiencing homelessness, between 1175 (20%) and 1469 (25%) experience severe and persistent mental illness (SPMI). Among the chronically homeless, these numbers increase dramatically, with around 35% of the chronically homeless estimated to be living with severe and persistent mental illness. In the case of Austin, this would correspond to around 322 individuals in the chronically homeless population. Estimating 20% SPMI for families and youth, we would get totals of 39 unaccompanied youth and 114 families. We have some indication that these estimates of persons experiencing homelessness and mental illness may be low for Austin; the recently gathered data around criminal justice and mental illness in particular is suggestive of a more substantial population. Because of the high incidence of substance abuse among the chronically homeless, co-occurring mental health and substance use disorder will be extremely prevalent among this population.

Table 4. Annual Estimates of Homeless Experiencing Severe & Persistent Mental Illness

Population Group	Total Annual Number	Estimate of Percentage Experiencing SPMI	Projected Number Experiencing SPMI
Chronic Singles	919	35%	322
Non-Chronic Singles	4,193	20%	839
Unaccompanied Youth	194	20%	39
Families with Children	570	20%	114
			1,314

¹³ <http://mentalhealth.samhsa.gov/publications/allpubs/homelessness/>, accessed February 12, 2010

OVERALL UNIT GOAL

Based on the cost and resource analysis, detailed further in Section 3, a short-term goal was established: **350 permanent supportive housing units over the next four years**. This goal was based on analysis of local costs as well as existing and potential revenue streams, discussed further in the following sections. Based on this unit goal and the information gathered to date on special populations of interest, CSH has developed a financial model that makes the following assumptions regarding targeted populations:

Of the 350 units, Austin/Travis County should create:

- 30 units for families with children (including 10 for young adults transitioning from foster care with children);
- 10 units for unaccompanied youth; and
- 310 units for single adults, as follows:
 - 225 for chronically homeless with substantial criminal justice involvement, including tenants referred from sources including but not limited to: Travis County Jail (targeting homeless, mentally ill individuals), City of Austin Downtown Community Court (targeting identified frequent users), Project Recovery, and Travis County’s mental health dockets.
 - 75 units for chronically homeless, frequent users of shelter who may or may not be criminal justice involved, and
 - 10 units for young adults transitioning from foster care.

Because of the impact of mental illness across the subpopulations, and because the unit goal falls far short of the total need, **CSH recommends targeting at least 300 units to tenants with identified mental health and/or substance abuse treatment needs, including at least 150 units to those with co-occurring disorders.**

HOUSING PRODUCTION STRATEGIES

As noted above, the local strategy in Austin/Travis County will focus on producing 350 new units, primarily for chronically homeless individuals, but with an additional interest in those individuals, families, and youth who are criminal justice-involved, mentally-ill, and/or aging out of the foster system.

A variety of housing strategies can be used to create the additional 350 units over the next four years. These include constructing new projects and rehabilitating existing developments, as well as leasing units and implementing shared housing options. Table 5 illustrates a projected distribution between leased units and new construction or rehabilitated units.

There are distinct advantages to both leasing and development strategies. Assuming suitable units are available throughout the region in the rental market, a scattered-site strategy will yield immediate results and could support a “Housing First” model which seeks to house individuals quickly and then provide the services needed to help them sustain permanent housing. This strategy also allows for seamless assimilation into a community and can reduce the chance of community opposition. A major disadvantage to using this strategy is that units typically are not set aside on a long-term basis for homeless individuals; in addition, quality of units may be uneven, and private landlords’ screening criteria (criminal justice background, credit history) are often extended to PSH residents, creating barriers to serving the targeted population.

In contrast to a leasing strategy, new construction/rehabilitation units will take much longer to bring on line. Most projects will take a minimum of two years from the close of financing to construction completion. However, these units are often heavily subsidized with federal resources and therefore are required to serve very low-income or extremely low-income individuals long-term. Some sources' long term use agreements may specifically stipulate that units be reserved for the formerly homeless or persons living with disabilities. These permanent requirements around tenancy may create hurdles during the underwriting process for tax credits or private financing, but such restrictions ultimately ensure that units will be available in perpetuity for the chronically homeless.

Given CSH's current understanding of these criteria in Austin/Travis County, the following production strategy is recommended:

Table 5 Summary of Unit Goals and Production Strategy, Austin/Travis County 2010-2014

Targeted Tenancy	Distribution of Need	4 Year Unit Goal	Production Strategy by Unit Size					
			Leased Units			New Construction and Rehabilitation Units		
			OBR	3 BR	Total	OBR	3 BR	Total
TOTAL SUPPORTIVE HOUSING UNITS	1889	350	90	0	90	230	30	260
Single Individuals:	1782	320	90	0	90	240	0	240
Single Adults:	1724	310	90	0	90	230	0	230
Chronically Homeless:	917	300	90	0	90	210	0	210
<i>Chronically Homeless</i>	367	75	22	0	22	53	0	53
<i>Chronically Homeless/Reentry</i>	550	225	68	0	68	157	0	157
Not Chronically Homeless:	807	10	0	0	0	10	0	10
<i>Not Chronically Homeless</i>	245	0	0	0	0	0	0	0
<i>Not Chronically Homeless/Reentry</i>	550	0	0	0	0	0	0	0
<i>Youth Aging Out w/6 children</i>	12	10	0	0	0	10	0	10
Youth:	58	10	0	0	0	10	0	10
Families with Children:	107	30	0	0	0	0	30	30
<i>Non-Chronically Homeless</i>	87	20	0	0	0	0	20	20
<i>Youth Aging Out With Children</i>	20	10	0	0	0	0	10	10
TOTAL UNITS:	1889	350	90	0	90	230	30	260

**300 units should be targeted to individuals experiencing mental illness and/or substance use disorder, including 150 targeted to tenants living with co-occurring disorders.*

PRODUCTION TIMELINE

The production timeline for the creation of 350 units is highly dependent upon available resources and local development capacity. Given the volatility of local, regional, and national economies, the plan must allow for sufficient adjustment in response to changes in funding availability, market conditions, and capacity in the community. This is especially true during this time of financial crisis.

While it is important for communities to realize their overall development goal, CSH encourages communities to utilize the model as a benchmark and to plan annually based on current conditions. Such planning requires careful collaboration between all local stakeholders as well as the creation of a system that supports PSH development. CSH, based on its engagement in modeling processes for communities across the country, recommends that annual unit goals be set based on a combination of:

- 1) Need;
- 2) Resource availability;
- 3) Local development and operational capacity;
- 4) Political context and will; and
- 5) Time period for achievement of the goal.

CSH’s initial projection of unit production timing is illustrated in Table 6, which details a progression from 2010-2013 in the number of units coming on-line based on an assumption of increasing resources that will support both leasing and construction/rehabilitation. For 2010, 2011, and 2012, there are 50, 30, and 10 new leased units respectively, with the remaining units assumed to be created through new construction or rehabilitation.

Table 6 Production Plan

Overview of Units Placed in Service by Unit Type, Unit Size, and Year													
	Total Units	Unit Production by Year Placed In Service											
		2010		2011		2012		2013		2014		Total by Unit Size	
		0/1 BR	2/3 BR	0/1 BR	2/3 BR	0/1 BR	2/3 BR	0/1 BR	2/3 BR	0/1 BR	2/3 BR	0/1 BR	2/3 BR
Supportive Housing Units:	350	50	0	40	30	80	0	40	0	110	0	320	30

SECTION III. COST AND RESOURCE ANALYSIS

Almost every jurisdiction in the nation is experiencing resource scarcity that has significantly slowed down the development of affordable housing of all types. The current financial environment, which includes severely strained federal, state, and local budgets, has heavily influenced the assumptions made in this financial model. The volatility of public resource streams will have a direct effect on the strength of the production pipeline; the goals for the pipeline should be adjusted annually to reflect available resources, and resources should be carefully targeted to projects that have the capacity to move forward.

It is important to note, however, that despite the local squeeze that most states are feeling financially, Texas recently created a new source of funding that could be used for permanent supportive housing. At the urging of the Mayors of the State’s largest cities, the Texas legislature approved a rider creating a \$20 million dollar per biennium pool of resources to be used in the eight largest urban areas to combat homelessness; Austin will receive approximately \$1.9 million of these flexible funds. The City of Austin has targeted PSH as the primary use of these funds.

The following section details the funding needs and resources for supportive housing development. There are three key sources of financing needed in order to build viable, sustainable projects – capital, operating, and services.

CAPITAL FUNDING

The targeted unit goal for Austin/Travis County over the next four years will be 350 units. There will likely be capital costs associated with the development of these units regardless of the production strategy. Scattered-site units often need minor improvements prior to move-in while the cost to rehab an old building or build from the ground up are substantially higher. Table 7 below projects the per unit and total development cost for leased and new construction and/or rehabilitated units.

Table 7. Capital Cost Estimates

Total and Per Unit Development Costs (By Production Strategy) in Current Dollars						
Production Strategy	Total Number of Units	Total Development Costs			Development Costs Per Unit	
		O/1 BR	2/3BR	Total	O/1 BR	2/3BR
Leased Units:	90	\$90,000	\$0	\$90,000	\$1,000	\$0
New Construction and Rehabilitation Units:	260	\$18,700,000	\$3,600,000	\$22,300,000	\$85,000	\$120,000
TOTALS:	350	18,790,000	3,600,000	22,390,000		

There are several funding sources available on federal, statewide, and local levels that provide capital financing for developing new supportive housing projects. Table 8 outlines the projected resources needed to develop 350 units.

Table 8 Capital Funding Sources

Sources of Capital Financing and Amounts Required for New Construction & Rehabilitation Units				
<i>Note: The following information is based upon assumptions regarding the portion of the total development costs that each source will cover based upon the typical structuring of such projects.</i>				
Type of Financing / Financing Source	Terms of Financing	Amount of Financing Per Unit	Total Amount of Financing	Annually
9% Low Income Housing Tax Credits:	Equity	\$22,250	\$5,785,000	\$1,446,250
State Housing Trust Fund:	0%, 30 Year, Forgivable	\$788	\$205,000	\$51,250
Federal Home Loan Bank Affordable Housing Program:	Equity	\$5,000	\$1,300,000	\$325,000
City of Austin: RHDA (HTF, HOME, General,etc)	0%, 30 Year, Forgivable	\$11,000	\$2,860,000	\$715,000
Austin: GO Bonds	0%, 30 Year, Forgivable	\$50,000	\$13,000,000	\$3,250,000
NSP Funds	0%, 30 Year, Forgivable	\$0	\$0	\$0
TOTAL CAPITAL FINANCING:			\$23,150,000	\$5,787,500
TOTAL DEVELOPMENT COSTS FOR NEW CONSTRUCTION AND REHABILITATION UNITS (FROM WORKSHEET #3):			\$23,150,000	\$5,787,500
(GAP)/SURPLUS IN CAPITAL FINANCING SOURCES:			\$0	\$0
(GAP)/SURPLUS AVERAGE PER UNIT:			\$0	\$0

** Note: Additional resources will need to be identified if a gap in the capital financing sources remains.*

Low Income Housing Tax Credits

The tax credit program is highly competitive in Texas. In fact, some believe it is one of the most competitive programs in the country. States prioritize how they utilize their low income housing tax credit allocations annually through a document called the Qualified Allocation Plan (QAP). The QAP determines if specific target populations or project types are prioritized for tax credit allocation. In Texas, there have historically been few supportive housing projects applying for credits and currently, there is no supportive housing set-aside or incentive to develop supportive housing (i.e. higher points given to projects targeting

chronically homeless individuals), with the exception of the 30% 'basis boost' offered to projects that set aside 50% or more of their units for supportive housing.

Despite the absence of specific incentives to serve the formerly homeless, there are scoring criteria that could give supportive housing a competitive advantage. For example, points are awarded for targeting households at or below 30% AMI, which is typically where all homeless individuals and families fall. The challenge that supportive housing developers face is not necessarily meeting the 30% or below threshold, but rather finding sufficient operating subsidy, service funding, and community support to ensure a project's viability.

Tax credits are also divided across 13 regions across the state. In 2009, the allocation for the region that includes Austin had an allocation of \$3.9 million. Generally no more than one or two of the tax credit awards in the region go to Austin, which makes for an extremely competitive market and a classic case of demand far outweighing supply.

The tax credit market has experienced disruptions in the past two years, and many industry leaders are expecting this to be the case well into 2010 and possibly beyond. The severe lack of equity in the market is creating significant challenges for developers as they assemble the financing needed for affordable and supportive housing projects: pricing of credits is poor, and more difficult deals may not find investors at all. In the recently-approved federal stimulus package – American Recovery and Reinvestment Act (ARRA) - tax credit measures are included that are expected to help boost development. The stimulus package contains two programs to address the slow-down of the tax credit market. An equity gap filler program will positively influence financing and the exchange program will allow tax credit allocating agencies to swap unused credits for grants.

City of Austin Federal and Local Funds

The City of Austin's Neighborhood Housing and Community Development Department's FY2009/2010 Action Plan shows a total of approximately \$7.6M dedicated to rental housing development (exclusive of general obligation bonds, which are described below). Of this, approximately \$3.7M corresponds to federal HOME funding, \$1M to local Housing Trust Fund, \$1M to Community Development Block grant funds, \$800,000 to local capital improvement funds, and \$1.2M to the University Neighborhood Overlay program. These funds represent an important source of regular capital funding for permanent supportive housing. Rental development might be appropriately further emphasized in future program years, particularly while the homeownership market remains soft.

City of Austin General Obligation Bonds

In 2006, Austin voters approved \$55 million in general obligation bonds for affordable housing, with 60%, or \$33 million, of that dedicated to rental development. Of the total amount, approximately \$13 million remain, but the majority is currently allocated for homeownership development. The City is currently conducting a public input process to hear from the public about the prioritization of the remaining G.O. bond funds. CSH strongly recommends reprogramming these funds to be available for rental housing, including permanent supportive housing, as this use responds to both market conditions and current community priorities around housing production.

Affordable Housing Program (AHP)

The Affordable Housing Program of the Federal Home Loan Bank (FHLB) system provides grants and subsidized loans to support affordable housing opportunities nationwide. Federal Home Loan Banks set

aside 10 percent of the bank's net income to fund affordable housing for very low-, low-, and moderate-income households. The majority of the subsidy is made available through a competitive application, and supportive housing developments generally score very well in these competitions.

State Housing Trust Fund

The Housing Trust Fund (HTF) is a state funded program that provides low-interest rate loans to non-profits for predevelopment, acquisition, rehabilitation, and new construction. For 2010-2011, the HTF has appropriated \$21.8 million of which, \$2.0 million is set aside for what the state calls "Unique Housing Needs," including supportive housing. Additionally, there is a \$750,000 Affordable Housing Match program that is available for projects needing match to leverage other funds. These funds are available based on the Regional Allocation Formula, so that the initial funding round will only provide up to about \$190,000 per biennium or \$95,000 per year for Austin's region. However, unallocated funds may be redistributed to regions with higher demand.

HUD Continuum of Care Programs

Each year, the U.S. Department of Housing and Urban Development awards Shelter Plus Care (S+C) and Supportive Housing Program (SHP) funds authorized by the Stewart B. McKinney Homeless Assistance Act of 1987. The annual application process occurs within the Austin/Travis County Regional Continuum of Care to prioritize projects and coordinate the federal Continuum of Care proposal to receive SHP and S+C awards. A regional Continuum of Care strategy promotes the development of housing and supportive services to assist homeless persons in the transition from streets and shelters to permanent housing and maximum self-sufficiency. The HUD Continuum of Care programs provide approximately \$5.0 million annually for capital, operating, rental subsidies, and supportive services funding to the Travis County region. The permanent supportive housing bonus, if awarded in the national competitive process, is approximately \$400,000 per year. The program prioritizes expenditure of funds for capital or rental subsidies over services. The PSH bonus will typically be targeted toward rental assistance, since that amount can be renewed each year; this corresponds to operating subsidies for approximately 20 additional PSH units per year.

Neighborhood Stabilization Program (NSP)

Authorized under Title III of the Housing and Economic Recovery Act of 2008, the Neighborhood Stabilization Program (NSP) provides \$3.9 billion nationwide in funds to state and local governments to purchase, rehabilitate, resell, or redevelop abandoned and foreclosed homes and residential property in order to stabilize neighborhoods and stem the decline of values of neighboring homes. This funding is administered by HUD and treated as Community Development Block Grant (CDBG) funds, though differing from the normal CDBG provisions. Travis County received \$2.9 million in NSP funds to reinvigorate and stabilize the neighborhoods most impacted by foreclosures and declining home values. Funds can be used to:

1. Purchase and rehabilitate homes to sell, rent or redevelop
2. Create land banks for homes that have been foreclosed upon
3. Demolish blighted structures
4. Redevelop demolished or vacant properties
5. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties

Grantees must expend at least 50 percent of each grant within three years and 100 percent within three years of grant award. To date, Austin/Travis County has not targeted NSP funds to permanent supportive housing.

OPERATING FUNDING:

Operating sources are defined as those sources that may be used to pay for the costs of operating and/or maintaining the housing or physical component of supportive housing. Operating costs in a project owned by a housing sponsor include all costs of maintaining the project once it is ready for occupancy, such as property management, utilities, maintenance, insurance, security, debt service or other loan payments, and operating and replacement reserves. In projects leased by the sponsor (either single site or scattered site), operating costs generally include the cost of leasing the units and any maintenance that is not covered by the owner/landlord.

In market-rate housing, the rents collected from tenants generally are sufficient to cover not only all operating costs, but also to repay conventional debt and provide a revenue stream that the owner/developer takes as profit. In affordable housing, and particularly supportive housing, the rents collected from tenants are generally not sufficient to cover operating costs because the rent charged to tenants are kept at below-market rates in order to be affordable to households with low, very low, or extremely low incomes. In high cost areas, even when a building is owned free and clear (without debt), tenant rents are not sufficient to cover operating costs. In order for project income to equal or exceed expenses, a project sponsor must secure an ongoing source of funding to supplement tenant rents. Such funding streams are known as operating subsidies, rent subsidies, or rental assistance.

Operating subsidies supplement the difference between what the tenant can afford to pay and the rent the sponsor might charge under market-rate conditions. For project sustainability, CSH recommends that all units have attached operating funding. CSH advocates for multi-year operating subsidy commitments from funders to ensure long-term viability, but also recognizes the difficulty in obtaining long-term subsidy. On the following page, Table 9 documents the amount of operating subsidies required to operate supportive housing projects at full occupancy, as well as assumptions about available operating sources and gap.

Table 9. Local, State, and Federal Rental/Operating Subsidies

Potential Sources and Gap Analysis: Rental/Operating Subsidies for 350 Supportive Housing Units Austin/Travis County, Texas											
<i>Note: This Table identifies likely operating subsidy sources and compares the total available to the amount required for the first year that all supportive housing units are online, based upon current Fair Market Rate Rents. It will be necessary to project cost increases for future years of operations.</i>											
Sources	Terms	Leased Units				New Construction and Rehabilitation Units				Avg Subsidy Per Unit	Total Annual Subsidies for Units (Year 1)
		# of Supportive Housing Units		Fair Market Rent		# of Supportive Housing Units		Fair Market Rent			
		0/1 BR	2/3 BR	0/1 BR	2/3 BR	0/1 BR	2/3 BR	0/1 BR	2/3 BR		
Shelter + Care Vouchers	5 years	70	0	\$688	\$1,060	20	0	\$688	\$1,060	\$8,256	\$743,040
Public Housing Authority Project-Based Vouchers:	10 years	0	0	\$688	\$1,060	0	0	\$688	\$1,060	\$0	\$0
City of Austin: State HHSP	18 mos	20	0	\$688	\$1,060	0	0	\$688	\$1,060	\$8,256	\$165,120
VASH Tenant Based	5 years	0	0	\$688	\$1,060	20	0	\$688	\$1,060	\$8,256	\$165,120
VASH Project Based	TBD	0	0	\$688	\$1,060	30	0	\$688	\$1,060	\$8,256	\$247,680
TOTALS:		90	0			70	0				\$1,320,960
TOTAL SUBSIDIES NEEDED FOR ALL UNITS AT FULL OCCUPANCY (FROM WORKSHEET #5):											\$3,340,000
(GAP)/SURPLUS IN OPERATING SUBSIDIES AT FULL OCCUPANCY*:											(\$2,019,779.)

**Note: Additional subsidy resources will need to be identified if a gap in the operating subsidies remains.*

Project-Based Housing Choice Vouchers: Housing Choice Vouchers (formerly known as Section 8 Vouchers) provide rental subsidies funded by the U.S. Department of Housing and Urban Development and administered by a public housing authority (PHA). The program serves low income individuals and families, and provides payments to landlords that make up the difference between total rent and amount that a low-income tenant pays, generally between 30% and 40% of their income. Public housing authorities may project-base (or attach subsidies to specific units in the community) up to 20% of their total Housing Choice Voucher Pool. Since local voucher programs are typically oversubscribed, PHAs generally achieve this by revising their HUD Administrative Plan to funnel a percentage of annual voucher turn-over to a project-based approach.

Tenant-Based Subsidies: Tenant-based subsidies are “attached” to the tenant – that is, if the tenant moves from a unit, the subsidy leaves the unit and travels with the tenant. Tenant-based Housing Choice Vouchers are the most widespread type of tenant-based subsidies. This federal rent subsidy program pays

a part of the rent for very low-income (less than 50% of area median income) tenants and is administered by local housing authorities.

HUD's Shelter Plus Care Program: Shelter Plus Care (S+C) is a program designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities and their families who are living in places not intended for human habitation (e.g., streets) or in emergency shelters. The program allows for a variety of housing choices, and a range of supportive services funded by other sources, in response to the needs of the hard-to-reach homeless population with disabilities. Funding is awarded by HUD through the annual Continuum of Care competition, and provides operating subsidies which must be matched in value by the supportive services provided to participants.

HUD Veterans Affairs Supportive Housing (VASH) Vouchers: The federal government recently approved funding to provide long-term rental assistance for homeless veterans. The Central Texas regions received 70 vouchers in the first round and 70 vouchers in the most recent round; the most recent vouchers are now becoming available for 2010. Local advocates should seek project-basing of some portion of the second allocation. Green Doors has a established relationship with Veterans' Affairs and may be well-positioned to achieve this.

State of Texas Homeless Housing and Services Program: In the 2009 legislative session, advocates secured \$20 million in new funding over the biennium for homeless services and housing in Texas' eight largest metropolitan areas. Austin's share of these funds was approximately \$1.9M for the biennium; this report shows a portion of the funds being utilized for rental subsidies, and a portion being used for services. Ideally, Austin would transition to a model where operating support was provided via Shelter+Care and Housing Authority project-based vouchers, freeing flexible state monies to fill critical service gaps.

SUPPORTIVE SERVICES FUNDING

The success of individuals living in permanent supportive housing requires an adequate level of funding for services in supportive housing to meet the array of needs of people who have experienced long-term homelessness. Inadequate funding can jeopardize success by increasing staff turnover, limiting the capacity of organizations to sustain high quality projects that are effective in serving people with complex problems, or imposing significant financial burdens on organizations, making them unwilling to accept the chronically homeless as tenants, or to expand their participation in supportive housing.

The majority of the units during the first four-years of planning for Austin/Travis County will primarily be targeted towards chronically homeless individuals, including those living with mental illness and/or criminal histories. These individuals have multiple barriers to maintaining housing including severe mental illness and substance abuse and they use a disproportionately high level of public services relative to those individuals who are episodically homeless or experience homelessness for the first time. Accordingly, CSH recommends a strategy that includes intensive supportive services; future production may target less vulnerable populations and allow for decreases in annual service funding per client.

Intensive Services are characterized as follows:

- Case management and services focus on housing retention, with services including access to primary health and dental care, mental health and substance use treatment, prevocational and vocational services, parenting, financial and life skills classes, transportation, and recreational programs.
- The lead service provider has frequent face-to-face contact, conducts assessment and coordinates all direct services and links to community-based services.
- Service providers are typically separate (organizationally or structurally) from housing provider.
- Recommended case management ratio: 1:10 to 1:15 for single adults.
- Length of services: Services are available for as long as needed by the individual. Case managers typically meet with clients at least once per week.

The configuration of intensive services may vary based on the housing model being employed.

- *Single site:* On-site service provider(s), including case managers, and/or mobile service team (often modeled on Assertive Community Treatment, or ACT, teams). Community-building and educational activities coordinated on-site.
- *Scattered sites or units:* Case managers who travel to tenants' units, and/or mobile service teams (often modeled on ACT teams). Additional community-building and educational activities are generally offered at the service provider's office or in a community space.

The supportive housing goals for the community will also focus on several other subpopulations including families, youth aging-out with young children, and unaccompanied youth. The service strategies for these populations will vary broadly depending on the specific subpopulation targeted, and it is recommended that further local research be conducted to determine the most efficient approach given available resources.

Supportive Service Costs

The costs for supportive housing services vary in projects that have been established, but are generally in the range of \$7,000 to \$13,000 per unit (Table 10). These costs assume that operating expenses (including maintenance, security, and property management services) are adequately funded and agencies have sufficient cash flow to fund supportive services.

Table 10. Annual Service Costs

Annual Service Costs for Supportive Housing Units (By Targeted Tenancy)			
<i>Note: This Table documents the services costs for the first year all units are online, based upon current data. It will be necessary to project service cost increases for future years of operations.</i>			
Targeted Tenancy	# of Supportive Housing Units	Annual Cost Per Unit	Total Annual Cost
Single Adults:			
High Service Intensity: CH	75	\$10,000	\$750,000
High Service Intensity: CH + Reentry	225	\$13,000	\$2,925,000
High Service Intensity: Youth Aging Out	10	\$8,000	\$80,000
Unaccompanied Youth:			
Medium Service Intensity	10	\$7,500	\$75,000
Families with Children:			
Medium Service Intensity	30	\$10,000	\$300,000
AVERAGE:	N/A	\$11,800	N/A
TOTALS:	350	N/A	\$4,130,000

**The data in the above table is to be used as an example of a potential costs. Actual costs will vary and further research is needed to develop exact cost estimates.*

Supportive Services Funding Resources

A major challenge for supportive housing sponsors is to secure resources that can successfully be blended to provide ongoing support for a chronically homeless tenant population. In Texas this is particularly challenging – the state ranks 49th in mental health services funding per capita. Revenue for social services costs is generally provided in one or more of the following ways:

- *Fee-for-services arrangements*, such as those provided by Medicaid, where providers are reimbursed for specific services, such as attendance at a clinic. Reimbursement is generally according to a fixed rate (per visit or per day, etc.) and occurs only when an eligible tenant receives the service.
- *Through a publicly-funded contract* under which the organization provides specified supportive services according to an established budget. For example, this is how HUD pays for supportive services in the McKinney Continuum of Care Supportive Housing Program. This is also how a contract with a local government agency may be structured.
- *Through fundraising from private sources*, such as grants from private foundations or corporations, special events, or revenues generated from businesses operated by the non-profit organization (such as thrift shops).

Potential funding sources for supportive services are identified in Table 11; however, it should be noted that these funds have not yet been committed, and even if all the potential funds listed were secured, a service funding gap would remain, needing to be filled by new public and philanthropic sources.

Table 11. Annual Service Funding

Annual Services Sources and Calculation of Gap in Services Financing				
Funding Source	# of Supportive Housing Units Served		Annual Amount Per Unit	Total Annual Financing Amount
HUD McKinney-Vento	90		\$500	\$45,000
Austin/Travis County Integral Care (Direct Provision of Clinical Services to Existing Clients)	250		\$7,000	\$1,750,000
City of Austin/TDHCA HHSP	70		\$10,000	\$700,000
Veterans' Affairs Supportive Housing	50		\$4,000	\$200,000
State AfterCare Program: Youth Aging Out	0		\$0	\$0
New City/County Criminal Justice or Health/Human Services Funding: Sources/Amounts To Be Determined	0		\$0	\$0
IDENTIFIED SERVICE FUNDING: ANNUAL AVERAGE/UNIT & TOTAL:			\$6,500	\$2,695,000
TOTAL SERVICE COSTS AT FULL OCCUPANCY (FROM TABLE #10 ABOVE):				\$4,130,000
ANNUAL SURPLUS OR (GAP) IN SERVICES SOURCES AT FULL OCCUPANCY*:				(\$1,435,000)

Notes: Multiple sources will likely fund a portion of services for each unit, so number of units served does not total. Additional services resources will need to be identified if a gap in the services sources remains.

SECTION IV. RECOMMENDATIONS

Based on the preceding analysis, CSH makes a number of recommendations to substantially move permanent supportive housing production forward in Austin/Travis County.

Short-Term Production Goals

The four year (2010– 2013) unit goal should be 350 units, “screening in” the most vulnerable. This goal only partially addresses the need for 1900 units, but will establish success and set the stage for future production. Of these units, the community should target

- 30 units for families with children (including 10 for young adults transitioning from foster care with children)
- 10 units for unaccompanied youth
- 310 units for single adults, as follows:
 - 225 for chronically homeless with substantial criminal justice involvement,
 - 75 units for chronically homeless, frequent users of shelter who may or may not be criminal justice involved, and
 - 10 units for young adults transitioning from foster care

Early production should focus on serving those with mental illness and co-occurring disorders. At least 300 units should be targeted to tenants with mental health treatment needs, including at least 150 units to those with co-occurring disorders.

Other Recommendations: Revenue Streams and Resource Allocation

1. *Target affordable housing General Obligation bonds and other City of Austin housing resources to PSH.* The balance of the City of Austin General Obligation bonds for affordable housing should be largely redirected to rental housing, with priority for permanent supportive housing. HOME, CDBG and other local funds should be more aggressively targeted to PSH.
2. *Public Housing Authorities should provide project-based PSH rental subsidies.* It will be essential that the Housing Authority of the City of Austin utilize turnover in its Housing Choice Voucher Program to set aside vouchers that can be project-based for permanent supportive housing. The Travis County Housing Authority should also be approached regarding the possibility of appropriately project-basing its vouchers. City and County political leadership should actively engage the housing authority Commissioners in discussions around this issue, explicitly requesting their cooperation in meeting the PSH unit goal.
3. *Travis County & City of Austin should provide new funding for priority populations.* New funding should support services, and in some cases capital or operations, for frequent users referred by criminal justice and shelter programs. Potential referral sources could include Travis County Jail, City of Austin Downtown Community Court, Project Recovery, Austin Resource Center for the Homeless (ARCH), and the Travis County misdemeanor and felony mental health dockets. Projected cost

4. ***Prioritize current Austin/Travis County Integral Care clients*** that fit the target population profile. Given limitations on adding new clients to the publicly funded mental health care system, prioritizing existing clients will leverage current service dollar investment.
5. ***Develop relationship with Veterans Affairs for targeting of VASH vouchers.*** ECHO and other entities should develop a strong relationship with Veterans Affairs to maximize the number of VASH vouchers used for chronically homeless, and seek project basing of a portion of current and future vouchers.
6. ***Protect and Expand State Homeless Housing and Services funding.*** Local legislative affairs teams should aggressively seek to defend and expand State Homeless Housing and Services Program monies (the Austin biennial allocation was \$1,922,498). As increased operating support is acquired from the Housing Authority and other sources, these funds should be shifted increasingly to services funding.
7. ***Advocate for State policy improvements that draw additional resources.*** The City of Austin and Travis County should support improvements to the Texas Department of Housing and Community Affairs' policies to award additional points to PSH developments in the state Low Income Housing Tax Credit application process. Opportunities to increase funding through Department of State Health Services should also be examined.

Process Improvement and Systems Change

8. ***Public leadership should clearly establish PSH as a policy approach.*** The City of Austin and Travis County should firmly establish policy that embraces permanent supportive housing as a key intervention to ending homelessness and reducing recidivism for the target population.
9. ***Operationalize Funding Priorities and Quality Standards in the Continuum of Care Process.*** The local Continuum of Care should increase its focus on deeper targeting, robust services, and housing quality, with priority placed on projects specifically targeting those groups identified in this report. These priorities should be explicitly expressed in the NOFA process and clearly rewarded in the application scoring structure.
10. ***Ensure Effective Service Approaches Including Housing First and Harm Reduction.*** Ensure that the majority of units created take a Housing First and Harm Reduction approach to best serve the needs of the targeted population. Set a local standard of 1:10 case management ratio for chronically homeless tenants.
11. ***Build on data-gathering efforts to date.*** ECHO should jump-start its youth committee and conduct further research on youth aging out of foster care (similar to the local reentry work that has recently been carried out). Austin/Travis County Reentry Roundtable and its partners should continue reentry research and implementation planning to build on progress to-date.
12. ***Increase Capacity of Developers and Service Providers.*** Build local capacity for development and service provision by funding relevant training for developers, lenders, and consultants.

13. ***Create a team to track progress and coordinate efforts.*** A Pipeline Working Group or Funders' Council should be created to regularly review and strategize around potential projects in the Austin/Travis County area. The group can be diverse, but must include members with substantial development expertise and influence at the funding level. At a minimum, members should include representation from City of Austin Neighborhood Housing and Community Development/Austin Housing Finance Corporation, the public housing authorities, ECHO/Continuum of Care, Downtown Austin Alliance, City of Austin Health and Human Services, Austin/Travis County Integral Care, Travis County (Criminal Justice Planning and Health and Human Services). Other participants may be useful, including but not limited to Austin/Travis County Reentry Roundtable, Veterans Affairs, the Mayor's Mental Health Task Force Monitoring Committee, and representatives of the philanthropic community.

Attachment A: Projecting an Annual Estimate of People Experiencing Homelessness in the Community

Table 1. Calculating the Total Number of People who are Homeless Over the Course of a Year

	Point in Time Count	Annual
	Number that are Homeless at a Point in Time*	Number of People that are Homeless Over the Course of a Year
Single adults	2,884	
Unaccompanied youth Persons in families (adults and children)	91 267	
TOTAL PEOPLE	3,242	5,876

**Not including those living in permanent supportive housing OR IN TRANSITIONAL HOUSING*

Table 2. POINT IN TIME Estimates of Number /Percentage of Long-Term Homeless PERSONS

	Total Homeless			Long Term-Homeless		NOT Long-Term Homeless	
	Number that are Homeless at a Point in Time*	Percentage of total homeless population	Number Among Long-Term Homeless	% of Population that are Long-term Homeless	Population's Long-Term Homeless as % of Total Long-Term Homeless	Number Among Population that are NOT Long-Term Homeless	Population's NOT Long-Term Homeless as % of Total NOT Long-Term Homeless
Population							
Single adults	2,884	89%	919	32%	100%	1,965	68%
Unaccompanied youth	91	3%	0	0%	0%	91	100%
Persons in families (adults and children)	267	8%	0	0%	0%	267	100%
TOTAL PEOPLE	3,242	100%	919	28%	100%	2,323	72%

**Not including those living in permanent supportive housing OR IN TRANSITIONAL HOUSING*

Table 3. ANNUAL Estimates of Number /Percentage of Long-Term Homeless PERSONS

	Total Homeless			Long Term-Homeless		NOT Long-Term Homeless	
	Number that are Homeless Over the Course of a Year	Percentage of total homeless population	Number Among Long-Term Homeless	% of Population that are Long-term Homeless	Population's Long-Term Homeless as % of Total Long-Term Homeless	Number Among Population that are NOT Long-Term Homeless	Population's NOT Long-Term Homeless as % of Total NOT Long-Term Homeless
Population							
Single adults	5,112	87%	919	18%	100%	4,194	82%
Unaccompanied youth	194	3%	0	0%	0%	194	100%
Persons in families (adults and children)	570	10%	0	0%	0%	570	100%
TOTAL PEOPLE	5,876	100%	919	16%	100%	4,957	84%

Table 4. ANNUAL Estimates of Number /Percentage of Long-Term Homeless HOUSEHOLDS

	Total Homeless			Long Term-Homeless		NOT Long-Term Homeless	
	Number that are Homeless Over the Course of a Year	Percentage of total homeless households	Number Among Long-Term Homeless	% of Population that are Long-term Homeless	Population's Long-Term Homeless as % of Total Long-Term Homeless	Number Among Population that are NOT Long-Term Homeless	Population's NOT Long-Term Homeless as % of Total NOT Long-Term Homeless
Population							
Single adults	5,112	93%	919	18%	100%	4,194	82%
Unaccompanied youth	194	4%	0	0%	0%	194	100%
Families	163	3%	0	0%	0%	163	100%
TOTAL HOUSEHOLDS	5,469	100%	919	17%	100%	4,551	83%



Attachment B: Calculating a Permanent Supportive Housing Unit Goal

Table 1: Estimating the Total Number of Permanent Supportive Housing (PSH) Units Needed in the Community

	Number of Households that are Homeless Over the Course of a Year	Percent of Homeless Population	Percentage of Population Group that Needs PSH	Number of PSH Units Needed	Number of Existing PSH Units	Est. Annual Turnover Rate	PSH Units Available This Year	TOTAL PSH Units Needed
Single Individuals:	5,306	90%	34%	1,816	355		34	1,782
Single Adults:	5,112	87%	34%	1,758	355		34	1,724
Long-term Homeless:	919	16%	100%	919	35	5%	2	917
NOT Long-term Homeless:	4,193	71%	20%	839	320	10%	32	807
Unaccompanied Youth:	194	3%	30%	58	0	0%	0	58
Families with Children:	570	10%	20%	114	69	10%	7	107
TOTAL (Annual Homeless Estimate):	5,876	100%	33%	1,930	424		41	1,889

Table 2: Determining the Permanent Supportive Housing Unit Goal (By Production Strategy and Service Strategy)

Targeted Tenancy	Total PSH Units Needed	Distribution of Need	Unit Goals	Production Strategy by Unit Size					
				Leased Units			New Construction and Rehabilitation Units		
				OBR	3BR	Total	OBR	3BR	Total
Supportive Housing Units:	1889	1889	350	90	0	90	230	30	260
Single Individuals:		1782	320	90	0	90	240	0	240
Single Adults:		1724	310	90	0	90	230	0	230
Long Term Homeless:	917	917	300	90	0	90	210	0	210
Chronically Homeless		367	75	22		22	53		53
Chronically Homeless/Re-entry		550	225	68		68	157		157
NOT Long-Term Homeless:	807	807	10	0		0	10		10
Non-chronic		245	0			0			0
Non-chronic/re-entry		550	0			0			0
YAO w/o children		12	10			0	10		10
Youth:	58	58	10	0		0	10		10
Unaccompanied Youth:		58	10			0	10		10
Families with Children:	107	107	30	0		0	0		30
Non-Chronically Homeless		87	20			0	20		20
Youth Aging-Out: w/children		20	10				10		10
TOTAL UNITS:	1889	1889	350	90	0	90	230	30	260

Table 1: Production Program Summary	
TOTAL NUMBER OF UNITS:	350
TIME FRAME IN YEARS:	5

	Unit Production by Year Placed in Service											
	2010		2011		2012		2013		2014		Total by Unit Size	
	O1 BR	2/3BR	O1 BR	2/3BR	O1 BR	2/3BR	O1 BR	2/3BR	O1 BR	2/3BR	O1 BR	2/3BR
Total Units	50	0	40	30	80	0	40	0	110	0	320	30
Supportive Housing Units:	0	0	0	0	0	0	0	0	0	0	0	0
Affordable Housing Units:	50	0	40	30	80	0	40	0	110	0	320	30
TOTAL UNITS:												

Table 3 Financing Commitments Required for the Production of the Units						
	Financing Commitments by Year					
	2009	2010	2011	2012	2013	2014
Total Costs	\$4,540,000	\$5,950,000	\$3,400,000	\$9,350,000	\$0	\$0
Capital Financing Commitments:						
Operating Financing Commitments:	\$743,040	\$500,658	\$708,923	\$479,958	\$908,160	\$0
Services Financing Commitments:	\$590,000	\$826,000	\$944,000	\$472,000	\$1,298,000	\$0
TOTAL FINANCING COMMITMENTS:	\$5,873,040	\$7,276,658	\$5,052,923	\$10,301,958	\$2,206,160	\$0

Note: Expenditures typically occur two budget years after a funding commitment is secured for capital and one budget year after for operating and services funding, as reflected in Table 4.

Table 4 Financing Expenditures Required for the Production of the Units (By Year)						
	Financing Expenditures by Year					
	2010	2011	2012	2013	2014	
Total Costs	\$90,000	\$4,450,000	\$5,950,000	\$3,400,000	\$9,350,000	\$0
Capital Financing Expenditures:						
Operating Financing Expenditures:	\$743,040	\$1,243,698	\$1,952,621	\$2,432,579	\$3,340,739	\$0
Services Financing Expenditures:	\$590,000	\$1,416,000	\$2,360,000	\$2,832,000	\$4,130,000	\$0
TOTAL FINANCING EXPENDITURES:	\$1,423,040	\$7,109,698	\$10,262,621	\$8,664,579	\$16,820,739	\$0



**Attachment C - Supportive Housing Production Program
Worksheet #2 Targeted Tenancy and Production Strategies**

Table 1: Targeted Tenancy by Production Strategy and Unit Size

Targeted Tenancy	Total PSH Units Needed	Unit Goal	Production Strategy by Unit Size						Total
			Leased Units		New Construction and Rehabilitation Units		Total		
			O1 BR	2/3BR	O1 BR	2/3BR			
Supportive Housing Units:	350	350	90	0	230	30	260		
Single Individuals:		320	90	0	230	0	230		
Single Adults:									
Long Term Homeless:	300	300	90	0	210	0	210		
Chronically Homeless	75	75	22	0	53	0	53		
Chronically Homeless/Re-entry	225	225	68	0	157	0	157		
Not Long-Term Homeless:	10	10	0	0	10	0	10		
Non-chronic	0	0	0	0	0	0	0		
Non-chronic/Re-entry	0	0	0	0	0	0	0		
Youth Aging-Out w/o children	10	10	0	0	10	0	10		
Youth:									
Unaccompanied Youth:	10	10	0	0	10	0	10		
Families with Children:	30	30	0	0	0	30	30		
General Population	10	20	0	0	0	20	20		
Youth Aging-Out w/children	20	10	0	0	0	10	10		
TOTAL UNITS:		350	90	0	230	30	260		



Attachment C - Supportive Housing Production Program
Worksheet #2 Targeted Tenancy and Production Strategies

Building Size	Supportive Housing and Affordable Housing Units (By Building) - New Construction and Rehabilitation						Year Online	Average Building Size for Template
	Supportive Housing Units		Affordable Housing Units		Unit Mx			
	O1 BR	2/3BR	O1 BR	2/3BR				
40 - Unit Building	10	30	0	0	0	2011	40	
70 - Unit Building	70	0	0	0	0	2012	70	
40 - Unit Building	40	0	0	0	0	2013	40	
110 - Unit Building	110	0	0	0	0	2014	110	
0 - Unit Building	0	0	0	0	0	0	0	
0 - Unit Building	0	0	0	0	0	0	0	
0 - Unit Building	0	0	0	0	0	0	0	
TOTAL NEW CONSTRUCTION AND REHABILITATION UNITS:	230	30	0	0	0			

Note: This Table describes the unit mix for the newly constructed and rehabilitated buildings only.



**Attachment C - Supportive Housing Production Program
Worksheet #3 Capital Costs for All Units**

Total Number of Units Planned for Production:	350
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Table 1: Total and Per Unit Development Costs (By Production Strategy) in Current Dollars

Production Strategy	Total Number of Units	Total Development Costs			Development Costs Per Unit	
		O1 BR	2/3BR	Total	O1 BR	2/3BR
Leased Units:	90	\$90,000	\$0	\$90,000	\$1,000	\$0
New Construction and Rehabilitation Units:	260	\$19,550,000	\$3,600,000	\$23,150,000	\$85,000	\$120,000
TOTALS:	350	19,640,000	3,600,000	23,240,000		

Table 2: Total Development Costs for New Construction and Rehabilitation Units (By Building) in Current Dollars

Building Size	Unit Mix						Total Development Costs		
	Supportive Housing Units		Affordable Housing Units		Total		O1 BR	2/3BR	Building
	O1 BR	2/3BR	O1 BR	2/3BR	O1 BR	2/3BR			
40 - Unit Building:	10	30	0	0	0	0	\$850,000	\$3,600,000	\$4,450,000
70 - Unit Building:	70	0	0	0	0	0	\$5,950,000	\$0	\$5,950,000
40 - Unit Building:	40	0	0	0	0	0	\$3,400,000	\$0	\$3,400,000
110 - Unit Building:	110	0	0	0	0	0	\$9,350,000	\$0	\$9,350,000
0 - Unit Building:	0	0	0	0	0	0	\$0	\$0	\$0
0 - Unit Building:	0	0	0	0	0	0	\$0	\$0	\$0
TOTAL NEW CONSTRUCTION AND REHABILITATION UNITS:	230	30	0	0	0	0	\$19,550,000	\$3,600,000	\$23,150,000



**Attachment C - Supportive Housing Production Program
Worksheet #4 Capital Sources for New Construction and Rehabilitation Units**

Total Number of Units Planned for New Construction or Rehabilitation:	260
Total Development Costs for New Construction and Rehabilitation Units (Future Dollars):	\$23,150,000

Table 1: Sources of Capital Financing and Amounts Required for New Construction and Rehabilitation Units

Note: The following information is based upon assumptions regarding the portion of the total development costs that each source will cover based upon the typical structuring of such projects.

Type of Financing /Financing Source	Terms of Financing	Amount of Financing Per Unit	Total Amount of Financing	Annually (3 Years of Commitment)
9% Low Income Housing Tax Credits:	Equity	\$22,250	\$5,785,000	\$1,928,333
State Housing Trust Fund:	0%, 30 Year, Forgivable	\$788	\$205,000	\$68,333
Federal Home Loan Bank Affordable Housing Program:	Equity	\$5,000	\$1,300,000	\$433,333
City of Austin: RHDA (HTF, HOME, General,etc)	0%, 30 Year, Forgivable	\$11,000	\$2,860,000	\$953,333
Austin: GO Bonds	0%, 30 Year, Forgivable	\$50,000	\$13,000,000	\$4,333,333
NSP Funds	0%, 30 Year, Forgivable	\$0	\$0	\$0
Philanthropic (minor improvements for leased units)	grants on in kind (2 years)		\$90,000	\$45,000
TOTAL CAPITAL FINANCING:				
			\$23,240,000	\$5,810,000
TOTAL DEVELOPMENT COSTS FOR NEW CONSTRUCTION AND REHABILITATION UNITS (FROM WORKSHEET #3):				
			\$23,150,000	\$5,787,500
PLUD CAPITAL COSTS FOR LEASED UNITS (FROM WORKSHEET #3):				
			\$90,000	\$22,500
(GAP)/SURPLUS IN CAPITAL FINANCING SOURCES:				
			\$0	\$0
(GAP)/SURPLUS AVERAGE PER UNIT:				
			\$0	\$0

**Note: Additional resources will need to be identified if a gap in the capital financing sources remains.*

Total Number of Units Planned for Production: 350

	Supportive Housing Units				Affordable Housing Units			
	O1 BR		2/3 BR		O1 BR		2/3 BR	
	Small 40 Unit Buildings	Large 110 Unit Buildings	Small 40 Unit Buildings	Medium 70 Unit Buildings	Large 110 Unit Buildings	Small 40 Unit Buildings	Medium 70 Unit Buildings	Large 110 Unit Buildings
Maintenance and Operating Costs	\$330	\$350	\$440	\$420	\$410	\$0	\$0	\$0
Monthly Maintenance & Operating Costs Per Unit - Year 1:	\$187,200	\$462,000	\$211,200	\$352,800	\$541,200	\$0	\$0	\$0
Annual Maintenance & Operating Costs Per Building - Year 1:	\$165,060	\$165,060	\$165,060	\$165,060	\$165,060	\$0	\$0	\$0
Front Desk Staffing (24hour /7day) - Year 1:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service Payments:	\$352,260	\$627,060	\$376,260	\$517,860	\$706,260	\$0	\$0	\$0
TOTAL ANNUAL OPERATING COSTS PER BUILDING:	\$8,807	\$5,701	\$9,407	\$7,398	\$6,421	\$0	\$0	\$0
TOTAL ANNUAL OPERATING COSTS PER UNIT:								

	Supportive Housing Units				Affordable Housing Units			
	O1 BR		2/3 BR		O1 BR		2/3 BR	
	Small 40 Unit Buildings	Large 110 Unit Buildings	Small 40 Unit Buildings	Medium 70 Unit Buildings	Large 110 Unit Buildings	Small 40 Unit Buildings	Medium 70 Unit Buildings	Large 110 Unit Buildings
Maintenance and Operating Costs	\$734	\$475	\$784	\$617	\$535	\$0	\$0	\$0
Monthly Maintenance & Operating Costs Per Unit (Including Front Desk Staffing) - Year 1:	\$844	\$546	\$901	\$709	\$615	\$0	\$0	\$0
Subsidy Required (+15%)*:	\$688	\$688	\$1,119	\$1,119	\$1,119	\$0	\$0	\$0
Fair Market Rent for 2010 or Payment Standard (if the payment standard is less than the FMR for that program):	\$156	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gap Per Unit Per Month:	\$1,871	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gap Per Unit Per Year:	\$74,859	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ADDITIONAL SUBSIDY NEEDED ANNUALLY FOR BUILDING:								

*Note: 15% is added to the subsidy required to ensure that it will be sufficient each year over a 15-year period to cover increasing operating costs.



**Attachment C - Supportive Housing Production Program
Worksheet #5 Operating Costs and Subsidies Required for All Units**

Table 3 Total Subsidies Required for New Construction and Rehabilitation Units

	Actual Unit Mix				Total Annual Cost of Vouchers Providing Subsidies (Full Occupancy)				Total Annual Operating Subsidy Gap (Full Occupancy)				Total Subsidy Cost (Full Occupancy)	Award Year	
	Supportive Housing		Affordable Housing		01 BR	2/3BR	Building	01 BR	2/3BR	Building	01 BR	2/3BR			Building
	01 BR	2/3BR	01 BR	2/3BR											
Building Size															
40 - Unit Building:	10	30	0	0	\$101,275	\$324,524	\$425,799	\$18,715	\$56,144	\$74,859	\$500,658	2011			
70 - Unit Building:	70	0	0	0	\$708,923	\$0	\$708,923	\$0	\$0	\$0	\$708,923	2012			
40 - Unit Building:	40	0	0	0	\$405,099	\$0	\$405,099	\$74,859	\$0	\$74,859	\$479,958	2013			
110 - Unit Building:	110	0	0	0	\$908,160	\$0	\$908,160	\$0	\$0	\$0	\$908,160	2014			
0 - Unit Building:	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0			
0 - Unit Building:	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0			
260 TOTAL NEW CONSTRUCTION AND REHABILITATION UNITS:	230	30	0	0	\$2,123,457	\$324,524	\$2,447,981	\$93,574	\$56,144	\$149,718	\$2,597,699				

Table 4 Total Rental Subsidies Required for All Units

Production Strategy	# of Units			Fair Market Rate Rent		Total Subsidy Costs for All Units Annually
	Total	01 BR	2/3BR	01 BR	2/3BR	
Leased Units:	90	90	0	\$688	\$1,119	\$743,040
New Construction and Rehabilitation Units:	260	230	30	\$688	\$1,119	\$2,597,699
TOTALS:	350	320	30	N/A	N/A	\$3,340,739



**Attachment C - Supportive Housing Production Program
Worksheet #6 Operating Subsidy Sources for All Supportive Housing Units**

Total Number of Supportive Housing Units Planned for Production: 350

Table 1: Sources of Operating Subsidies and Amounts Required for All Supportive Housing Units

Note: This Table documents the operating subsidy sources identified, based upon current Fair Market Rate Rents at full occupancy. It will be necessary to project cost increases for future years of operations.

Sources	Terms	Leased Units				New Construction and Rehabilitation Units				Average Subsidy Per Unit	Total Annual Subsidies for Units (Year 1)
		# of Supportive Housing Units		Fair Market Rent		# of Supportive Housing Units		Fair Market Rent			
		O/1 BR	2/3 BR	O/1 BR	2/3 BR	O/1 BR	2/3 BR	O/1 BR	2/3 BR		
Shelter + Care Vouchers	2-5 years	70	0	\$688	\$1,119	20	0	\$688	\$1,119	\$8,256	\$743,040
Public Housing Authority Project-Ba	TBD	0	0	\$688	\$1,119	0	0	\$688	\$1,119	\$0	\$0
City of Austin HHSP Funds	TBD	0	0	\$688	\$1,119	20	0	\$688	\$1,119	\$8,256	\$165,120
VASH Tenant Based	5 years	10	0	\$688	\$1,119	10	0	\$688	\$1,119	\$8,256	\$165,120
VASH Project Based	TBD	0	0	\$688	\$1,119	30	0	\$688	\$1,119	\$8,256	\$247,680
TOTALS:		70	0			80	0				\$1,320,960
TOTAL SUBSIDIES NEEDED FOR ALL UNITS AT FULL OCCUPANCY (FROM WORKSHEET #5):											\$3,340,739
GAP/SURPLUS IN OPERATING SUBSIDIES FOR YEAR 1*:											-\$2,019,779

**Note: Additional subsidy resources will need to be identified if a gap in the operating subsidies remains.*



**Attachment C - Supportive Housing Production Program
Worksheet #7: Supportive Services Costs and Sources for All Supportive Housing Units**

Number of Supportive Housing Units Requiring Supportive Services: 350

Table 1: Annual Service Costs for Supportive Housing Units (By Targeted Tenancy)

Note: This Table documents the services costs for the first year all units are online, based upon current data. It will be necessary to project service cost increases for future years of operations.

Targeted Tenancy	# of Supportive Housing Units	# of Service Enriched Units	Annual Cost Per Unit	Total Annual Cost
Single Adults:				
High Service Intensity: CH	75	N/A	\$10,000	\$750,000
High Service Intensity: CH + Re-Entry	225	N/A	\$13,000	\$2,925,000
High Service Intensity: Youth Aging Out	10	0	\$8,000	\$80,000
Unaccompanied Youth:				
High Service Intensity				
Medium Service Intensity	10		7,500	75,000
Low Service Intensity				
Families with Children:				
High Service Intensity	0	N/A	\$0	\$0
Medium Service Intensity	30	N/A	\$10,000	\$300,000
Low Service Intensity		0	\$0	\$0
AVERAGE:	N/A		\$11,800	N/A
TOTALS:	350		N/A	\$4,130,000

Table 2: Annual Services Sources and Calculation of Gap in Services Financing

Funding Source	# of Supportive Housing Units Served	Annual Amount Per Unit	Total Annual Financing Amount
HUD McKinney-Vento	90	\$500	\$45,000
Austin/Travis County Integral Care In-Kind	250	\$7,000	\$1,750,000
Veterans Affairs Supportive Housing	50	\$4,000	\$200,000
City of Austin/TDHCA HHSP	70	\$10,000	\$700,000
State After-Care Program	0	\$0	\$0
New City/County HHS and/or Criminal Justice Funding: Amounts and Sources TBD	0	\$0	\$0
TOTAL SERVICE COSTS AT FULL OCCUPANCY (FROM TABLE #1 ABOVE):			\$2,695,000
(GAP) IN SERVICES SOURCES AT FULL OCCUPANCY*:			-\$1,435,000

*Note: Additional services resources will need to be identified if a gap in the services sources remains.



Attachment C - Supportive Housing Production Program Worksheet #8 Calculating the Cost of Full-Time Front Desk Staffing

Table 1: Hours Worked By Front Desk Staff Per Year

For Each Weekday Front Desk Staff Person	
On Site	12 hrs/day * 4 days/yr 1,920 hrs/yr
Vacation Time	8 hrs/day * 10days/yr 80 hrs/yr
Sick Time	5 hrs/mth * 12mths/yr 60 hrs/yr
Holidays	8 hrs/day * 3 days/yr 24 hrs/yr
TOTAL HOURS:	2,084 hrs/yr
For Each Weekend Front Desk Staff Person	
On Site	12 hrs/day * 2 day/wk * 48 wks/yr 1,152 hrs/yr
Vacation Time	12 hrs/day * 4 days/yr 48 hrs/yr
Sick Time	12 hrs/mth * 3 days/yr 36 hrs/yr
Holidays	12 hrs/day * 1 day/yr 12 hrs/yr
TOTAL HOURS:	1,248 hrs/yr

Table 2 Annual Costs for Wages, Fringe Benefits, and Substitutes for Front Desk Staff

	Wage Per Hour			
	\$7.50	\$8	\$10	\$12
For Each Weekday Front Desk Staff:				
Wage = Total Hrs * \$/Hr	\$15,630	\$16,672	\$20,840	\$25,008
Fringe = Wage * 25%	\$3,908	\$4,168	\$5,210	\$6,252
Substitute = (Vac+Sick+Hol) * (\$/Hr * 1.25%)*	\$1,538	\$1,640	\$2,050	\$2,460
TOTAL ANNUAL COSTS PER WEEKDAY STAFF PERSON:	\$21,075	\$22,480	\$28,100	\$33,720
				\$39,340
	Wage Per Hour			
	\$7.50	\$8	\$10	\$12
For Each Weekend Front Desk Staff:				
Wage = Total Hrs * \$/Hr	\$9,360	\$9,984	\$12,480	\$14,976
Fringe = Wage * 25%	\$2,340	\$2,496	\$3,120	\$3,744
Substitute = (Vac+Sick+Hol) * (\$/Hr * 1.25%)*	\$900	\$960	\$1,200	\$1,440
TOTAL ANNUAL COSTS PER WEEKEND STAFF PERSON:	\$12,600	\$13,440	\$16,800	\$20,160
				\$23,520

*Note: Costs for substitutes are calculated at a premium wage 25% above base salary

Table 3 Calculating Total Annual Costs

	Wage Per Hour			
	\$7.50	\$8	\$10	\$12
Weekday Front Desk Staff Person(s):	3	\$63,225	\$84,300	\$101,160
Weekend Front Desk Staff Person(s):	2	\$25,200	\$33,600	\$40,320
TOTAL ANNUAL COSTS FOR FRONT DESK STAFFING:		\$88,425	\$117,900	\$141,480
				\$165,060