

Funding Supportive Housing in Georgia

Inspiration from other States

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Introduction

Homelessness remains a major social justice and economic issue in America today. One of the most effective solutions to this injustice is supportive housing, which combines long-term shelter with the provision of social services targeted to the homeless individual or family. Unfortunately, despite its obvious advantages, supportive housing remains controversial for ideological and political reasons. The first part of this analysis will be devoted to illustrating the extent of the homelessness problem in America and particularly the state of Georgia. Additionally, it will establish that supportive housing offers an extremely effective, socially equitable and economically efficient way to rehabilitate homeless individuals. Regrettably, the investment in supportive housing lags behind the demand for shelter and services, and Georgia is no exception to this rule. Furthermore, the extent and geography of homelessness in Georgia calls for vigorous state intervention to address the problem, but the political will for such action appears lacking at this moment.

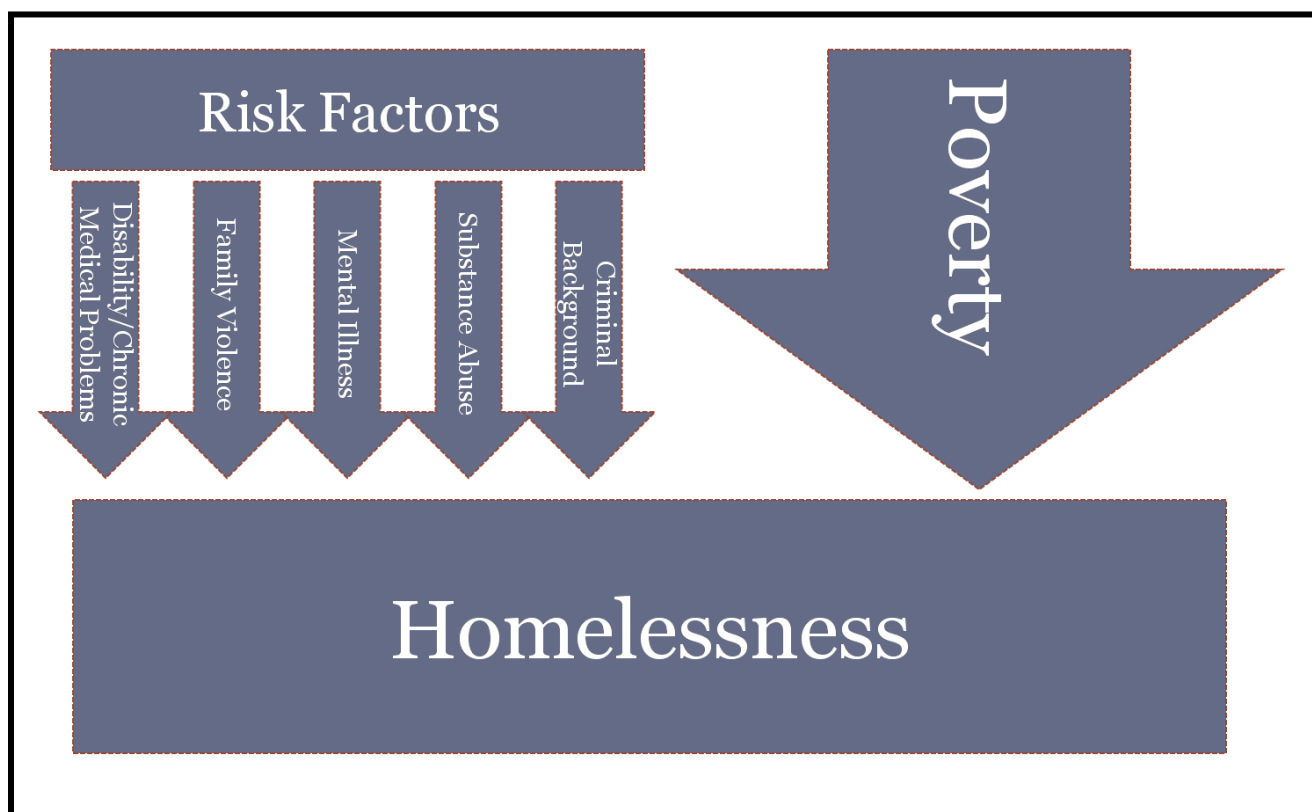
The primary goal of this paper is to recommend a policy framework that would enable the state of Georgia to have a substantive impact in this important arena. To this end, I present four sources of possible inspiration for a Georgia supportive housing

financing model. The New York/New York III agreement between the state and city of New York is given the most attention, but other groundbreaking state programs in North Carolina, Connecticut, and California are also investigated. As a part of my analysis, I suggest how the experiences from these states could be transferred into a viable scheme for implementation in Georgia.

Homelessness

Homelessness has emerged over the past few decades as one of the most pervasive issues in social policy. In almost every major metropolitan area in this country, the demand for homeless services far exceeds resources, and many cities have seen tremendous increases in homelessness over the past few years as housing affordability issues were followed by a recession that further marginalized poor and vulnerable Americans (The U.S. Conference of Mayors, 2008). Homelessness is not, however, merely an urban issue: The Council for Rural and Affordable Housing estimates that nine percent of the country's homeless are in rural areas, where services remain skeletal, if they exist at all (National Coalition for the Homeless, 2009).

Figure 1: Causes of Homelessness



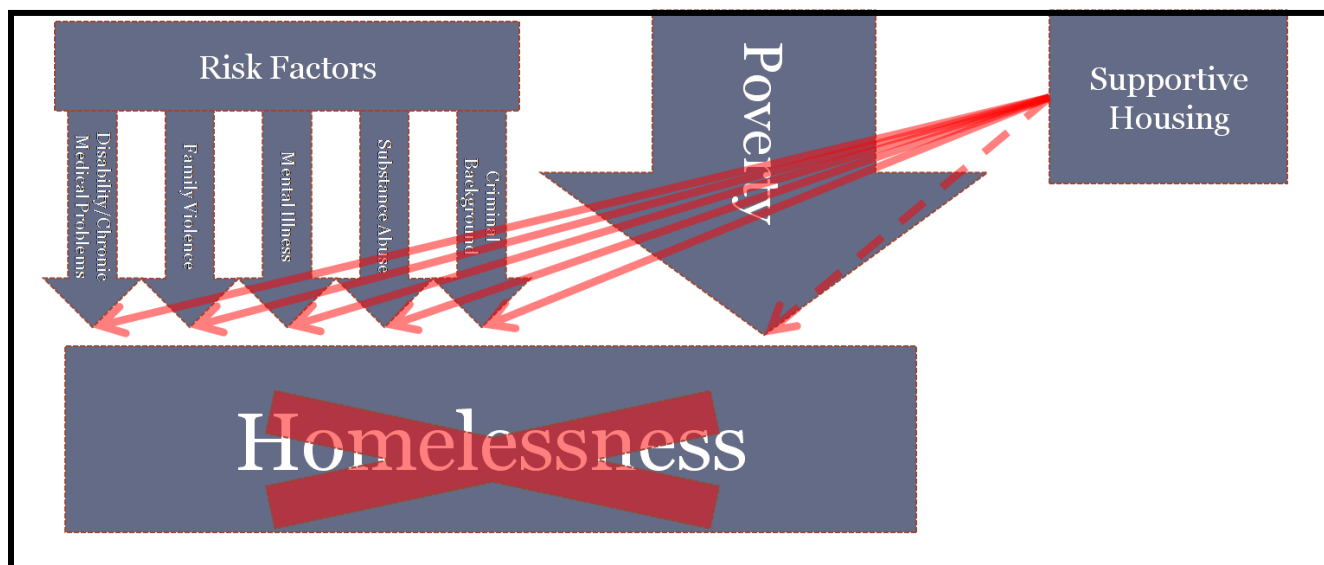
As Figure 1 suggests, homelessness may have several causes. The prevalence of homelessness is best described by a risk function, where factors can influence the likelihood that someone will wind up in a situation where he or she is without a home. Poverty is a major risk factor. Quigley and Raphael (2001) found that the occurrence of homelessness is overwhelmingly a product of economic conditions in a metropolitan area, with the only noneconomic variable being winter temperature. They found that six factors (among them average rents and the unemployment rate) could explain over 97 percent of the variance in homelessness between American metro areas. They concluded that modest investments in affordable housing or poverty alleviation would significantly bring down homelessness.

However, while poverty is clearly a macro-level driver of homelessness it can only explain part of the likelihood that an individual becomes homeless. Especially chronically homeless individuals often display a number of other characteristics, depicted on the left side of Figure 1. Arguably, issues such as family violence, mental illness, substance abuse etc. contribute significantly to *poverty* risk, but it is important to understand that these factors also directly influence risk of homelessness by weakening the mental ability of the individual to deal with life crises such as loss of employment or major health problems (Georgia Department of Community Affairs, 2009).

Defining Supportive Housing

Supportive housing is a relatively new model for alleviating homelessness that has gained significant traction in cities throughout North America in recent years. At its core, it is an approach that combines the services delivery model traditionally seen at a shelter or a care center with the dignity and freedom that comes from residing in one's own dwelling.

Figure 2: The Supportive Housing Model



As Figure 2 shows, the primary goal of supportive housing is to address risk factors that lead to homelessness, with a secondary effect of alleviating poverty through rent subsidization. A widely used definition comes from the Corporation for Supportive Housing (2005):

- The unit is available to, and intended for, a person or family whose head of household is homeless, or at-risk of homelessness, and has multiple barriers to employment and housing stability, which might include mental illness, chemical dependency, and/or other disabling or chronic health conditions;
- The tenant household ideally pays no more than 30% household income towards rent and utilities, and never pays more than 50% of income toward such housing expenses;
- The tenant household has a lease (or similar form of occupancy agreement) with no limits on length of tenancy, as long as the terms and conditions of the lease or agreement are met; and
- The unit's operations are managed through an effective partnership among representatives of the project owner and/or sponsor, the property management agent, the supportive services providers, the relevant public agencies, and the tenants.

The success rate of supportive housing has generally been impressive wherever it has been introduced, and it is widely considered the most cost-effective means of reducing homelessness while giving clients a passage to reenter society. Results include reductions in hospital and emergency room visits, increases in employment rates for clients, and a reduction in symptoms of mental illness. A study in British Columbia further found that switching 100% to supportive housing as a means of homeless services provision would cost 67% of current provincial spending on the population, due to the many positive spillovers associated with this form of social policy. (Patterson, Somers, McIntosh, Shiell, & Frankish, 2008). United States numbers are equally impressive: a Pennsylvania study found that 95 percent of the costs incurred in developing and operating supportive housing are automatically recouped through savings on emergency rooms, criminal justice facilities, and emergency homeless services (New York City Independent Budget Office, 2010). Generally, supportive housing also shows high retention rates. Typically, 85 to 95 percent of residents remain long-term in their housing, which, on its face at least, is a somewhat surprising figure given that the populations typically served are among the clients most exposed to chronic and long-term homelessness (New York State Office of Alcoholism & Substance Abuse Services, 2010).

Despite these statistics, supportive housing remains controversial, mostly because of resistance from neighborhoods where new developments are proposed. In New York City, Community Boards (which are somewhat comparable to Atlanta's Neighborhood Planning Units) routinely raise opposition to proposed developments (Reicher, 2009), and a recent Canadian study showed widespread concern in

neighborhoods about supportive housing (Wellesley Institute, 2008). It should, however, also be noted that the same study found that, once the supportive development had existed for a while, opposition subsided and the new neighbors were generally very well accepted into the community. Some studies have even argued that supportive housing increases property values because it represents an investment in neighborhoods and reduces street homelessness (Supportive Housing Network of New York, 2006).

Supportive Housing in Georgia

Georgia is no exception to the general national trend of pervasive homelessness. In 2009, the Georgia Department of Community Affairs (2009) conducted a census which estimated that, at any given time, roughly 21,000 Georgians are homeless. As shown in Table 1, more than half (12,000) of these individuals are unsheltered or face loss of housing within a week. The majority of homeless individuals and families in Georgia are found in Metro Atlanta: Fulton County alone has over 6,000 homeless (sheltered and unsheltered), almost a third of the entire Georgia population. However, focusing on Atlanta understates the magnitude of the Georgia homeless challenge; because this part of the state experiences such concentrated homelessness it is also

Table 1: Homeless Census Counts for Georgia, 2009

Housing Status	Number of individuals
Unsheltered	12,101
Emergency Shelters and Transitional Housing	8,047
Housing for Domestic Violence	947
Total	21,095

Source: Georgia Department of Community Affairs (2009)

where much of the institutional and social services infrastructure is found. If one takes a look at rural Georgia and some of the smaller cities outside metropolitan Atlanta, it becomes clearer that homelessness is much more than a big-city problem in this state. For example, Jenkins County, halfway between Augusta and Savannah, has an estimated 444 individuals living without shelter at any given point in time – out of a population of only 9,000. Yet Jenkins County does not have even one single emergency or transitional bed and not a single unit of supportive housing (Georgia Department of Community Affairs, 2009).

The Problem, Part I: Supportive Housing Need in Georgia

No official estimate exists of the need for additional supportive housing units in the state of Georgia. However, with over 9,000 unsheltered homeless at any given point in time, it is clear that the shortfall is quite severe. For illustrative purposes only, a very rough estimate can be derived by comparing the current mix of temporary shelter beds, domestic violence shelter slots, and supportive housing units in the state. Table 2 shows this distribution:

Table 2: Availability of Beds, State of Georgia, 2009

Type of Housing	Number of Beds	% of total	New units needed (author's calculations)
Emergency and Transitional Housing (excl. housing for victims of domestic violence)	8,831	59.87%	7,245
Housing for victims of domestic violence	1,312	8.89%	1,076
Permanent Supportive Housing	4,608	31.24%	3,780
Total	14,751	100%	12,101

Data source: Georgia Department of Community Affairs (2009)

If we assume that the current distribution of transitional vs. supportive units is the optimal mix of services for Georgia, it would take 3,780 additional units of supportive housing to fully address the current 12,000 unsheltered individuals in the state. The number, however, is likely much higher, due to a number of measurement challenges. First, it is quite difficult to estimate the unsheltered population accurately. Second, as mentioned earlier, supportive housing can effectively address individuals at risk of becoming homeless in addition to currently unsheltered persons. The at-risk population is also very hard to estimate, but the inclusion of this group obviously further increases the need for supportive units. Third, the shift towards supportive housing is fairly recent in homeless services. Thus, the current distribution of services most likely does not reflect future needs – rather, it reflects “institutional inertia” in the homeless services field; far more supportive housing than temporary shelter spots will need to be built in the future if current policy and treatment priorities are kept. Finally, the estimate reached above does not take into account population growth, fluctuations in the poverty rate, etc. Georgia will likely continue to grow at a rather rapid pace in the coming years; a

continuing investment in supportive housing for those left behind by this growth will be needed.

The Problem, Part 2: Georgia Supportive Housing Funding

As illustrated above, Georgia is experiencing a sizable homelessness problem as well as a significant shortage of both shelter beds and supportive housing units. Moreover, its services infrastructure is concentrated in and around the city of Atlanta, while its rural, small town and non-major cities have only limited service capacity. It stands to reason that the only reasonable way to solve this issue would be a concerted effort by the state government, since smaller cities and rural counties would find it difficult to finance such endeavors by themselves. Unfortunately, the Department of Community Affairs has very few resources to support the development of supportive housing.

The only major source of funding for supportive housing development provided by the state of Georgia is the Permanent Supportive Housing Program. In its latest Notice of Funding Availability, DCA makes available \$6,700,000 in federal HOME funds, and \$500,000 from the state Housing Trust Fund for the Homeless. This can be combined with other sources, but obviously this is inadequate compared to the significant need present in this state (Georgia Department of Community Affairs, 2009).

Criteria for Evaluating Policy Alternatives

In light of the funding crisis for supportive housing in Georgia, I have examined four innovative state policies that wholly or in part have as their purpose to fund this endeavor. A number of evaluation criteria had to be established to ascertain the strengths, weaknesses and potential applicability to the needs and conditions in Georgia of each of these approaches. I identify the following criteria for evaluation of a program designed to expand the amount of supportive housing in Georgia:

1. Does the program reflect a sober assessment of need for supportive housing in the state, including the spatial distribution of this demand?
2. Do benchmarks exist for supportive housing development, procurement or acquisition that can conceivably be reached within a reasonable time frame? This time frame should also be explicitly stated.
3. Does the policy develop and execute a funding mechanism that can conceivably and reliably ensure that the set goals will be reached within the stated time frame? The funding mechanism should also provide at least a minimum of operational support for the units created under the policy.
4. Are policies and procedures included that ensure the developed, acquired or procured supportive housing lives up to the following standards?
 - a. Supportive housing can take several forms: scattered-site or congregate; new development or rehabilitation. The program should not limit the ways in which supportive housing can be procured for the benefit of at-risk individuals.
 - b. Supportive housing should not be concentrated. Because of the nature of supportive housing, residents are often viewed with skepticism, fear, or disdain by neighbors, especially early on as people have yet to get used to their presence. Therefore, regular affordable housing or market rate units should be mixed in with supportive units to lessen this stigma.
 - c. Transit remains a very important source of mobility for people with a tenuous foothold in society and the labor market, such as supportive housing residents. It should therefore be a goal of the program to ensure access to transit services for supportive housing residents.
 - d. As illustrated earlier, there are many factors that can contribute to the risk of homelessness. In order to make supportive housing most effective, these risk

factors must be addressed in a professional and comprehensive manner – i.e. there should be supportive housing available that specifically targets individuals according to their risk factor “combination.” Additionally, the state should not limit the number of risk factors it seeks to address, so long as they are reasonably justified by the professionals who assist supportive housing residents.

- e. The geographic extent of the program is also important. As referenced earlier, Georgia is experiencing a severe shortage of homeless services in rural areas, and programs that specifically target rural or small jurisdictions could therefore work more effectively to address this issue.
 - f. An important criterion for evaluation will be the accountability and ease of performance measurement provided by the program structure. Concrete goals for provision of housing are only part of this, and other measures – planned or unplanned – that increase transparency would add to the robustness of a policy.
 - g. Will neighborhood approval be part of the development process? It may be controversial to include this measure as an evaluation criterion, but NIMBY is often cited as one of the most severe obstacles to supportive housing development, so from a perspective of delivering as much housing as needed at a reasonable cost and maximum efficiency, neighborhood approval is an unequivocal negative.
5. Finally, what is the political feasibility of the program in a conservative, small-government, Southern state such as Georgia?

Policy Alternatives

I now consider four alternative state supportive housing policies, in the context of potential adoption in Georgia, with particular attention to the New York/New York III Agreement. State policies in North Carolina, Connecticut and California will also be considered and evaluated according to the criteria outlined above.

Alternative 1: New York/New York III Agreement

The New York/New York III Agreement was launched in 2006 as the third installment of an ongoing collaborative effort between the state of New York and its largest city. The two first agreements (named New York/New York I and II) were signed in 1990 and 1999, respectively. Both had been quite successful in delivering a combined 5,000 units of supportive housing in a city that suffers from one of the most serious homeless problems of any in the United States (New York City Independent Budget Office, 2010). NY/NY III calls for the development of 9,000 units of permanent supportive housing within 10 years from the inception of the agreement. These units are divided into two “spatial” types and a number of primary service categories:

Of the proposed units 2,750 are scheduled to be of the “scattered-site” type, in which a nonprofit service provider negotiates a lease for an apartment from a (typically private-sector) landlord. The leaseholder may be the supportive services client, and the service organization provides him or her with a substantial monthly rent subsidy (often the difference between rental cost and 30% of the tenant’s income) to ensure affordability. Case managers then deliver services via either home visits or group counseling at an accessible location.

Congregate units are, in the NY/NY III definition, entire buildings devoted to supportive housing, in which tenants share bathrooms, kitchens and gathering rooms, but retain their own bedrooms. In some cases the accommodations are a bit more spacious and tenants have their own actual apartments with private kitchens and bathrooms. Congregate facilities can have non-supportive units mixed in with supportive ones, and are very often new construction or substantial rehabilitation of dilapidated structures, a feature that makes them much more expensive to deliver than scattered-site supportive housing. Of the NY/NY III units, 6,250 must be of this variety. In addition to the distinction between scattered-site and congregate units, NY/NY III also stipulates how many units must be targeted to each of several at-risk populations. Figure 3 shows the distribution between these categories.

One of the interesting aspects of NY/NY III is that implementation is spread among several agencies, typically according to which service category an agency is responsible for. It is not entirely clear whether this is a deliberate result of the program design or a bow to political considerations, but the importance of this should not be underestimated. A 2009 evaluation of NY/NY III by the Corporation for Supportive Housing illustrates nicely how the program structure can allow for easy accountability and evaluation: capital commitments are divided between four agencies: the New York City Department of Housing Preservation and Development and three state entities: the Division of Housing and Community Renewal, the Office of Temporary and Disability Assistance (OTDA), and the Office of Mental Health (OMH). The responsibilities are

Figure 3: Distribution of responsibilities by agency: NY/NY III Agreement

Number of Units Planned for NY/NY III by Population			
	Congregate	Scatter- Site	Total
Serious Mental Illness	3,700	1,250	4,950
Chronically homeless single adults who suffer from a serious and persistent mental illness or are diagnosed as mentally ill and chemically addicted (MICA)	3,200	750	3,950
Single adults who are presently living in New York State-operated psychiatric centers or state-operated transitional residences and who could live independently in the community if provided with supportive housing and who would be at risk of street or sheltered homelessness if discharged without supportive housing	500	500	1,000
Substance Abuse	500	1,000	1,500
Chronically homeless single adults or single adults who have been homeless for at least six months of the last year who have a substance abuse disorder that is a primary barrier to independent living*	250	500	750
Homeless single adults who have completed a course of treatment for a substance abuse disorder and are at risk of street homelessness or sheltered homelessness and who need transitional supportive housing (that may include half-way houses) to sustain sobriety and achieve independent living*	250	500	750
Families	1,150	n/a	1,150
Chronically homeless families, or families at serious risk of becoming chronically homeless, in which the head of household suffers from a serious and persistent mental illness or a MICA disorder	400	n/a	400
Chronically homeless families, or families at serious risk of becoming chronically homeless, in which the head of household suffers from a substance abuse disorder, a disabling medical condition, or HIV/AIDS*	750	n/a	750
HIV/AIDS	600	400	1,000
Chronically homeless single adults who are persons living with HIV/AIDS (who are clients of HASA or who are clients with symptomatic HIV who are receiving cash assistance from the city) and who suffer from a co-occurring serious and persistent mental illness, a substance abuse disorder, or a MICA disorder*	600	400	1,000
Youth	300	100	400
Young adults, ages 18-24, who have a serious mental illness being treated in state licensed residential treatment facilities, state psychiatric facilities, or leaving or having recently left foster care and who could live independently in the community if provided with supportive housing and who would be at risk of street or sheltered homelessness if discharged without supportive housing	200	n/a	200
Young adults (aged 25 and younger) leaving or having recently left foster care or who had been in foster care for more than a year after their 16 th birthday and who are at risk of street homelessness or sheltered homelessness	100	100	200
TOTAL	6,250	2,750	9,000

SOURCES: IBO; New York/New York III Agreement, and Department of Health and Mental Hygiene.
 NOTE: *Up to 100 units in each of these categories may be targeted to young adults (aged 25 years or younger).

Source: NYC Independent Budget Office (2010), page 4.

organized topically (OTDA funds supportive housing for the disabled, and OMH for the mentally ill), which allows each agency to fully take advantage of their expertise in designing funding and service provision. This structure also allows for a form of competition because advocates, media and the general public can compare agencies against their benchmarks as well as against each other (Corporation for Supportive Housing, 2009).

The implementing agencies use a variety of sources to implement what essentially amounts to an unfunded mandate from the state and the city of New York. Each agency has access to a certain amount of Low Income Housing Tax Credit funding along with budget allocations from the state or city, depending on the type of agency. Importantly, the NY/NY III agreement does not contain any specific additional funding mechanisms – it is supposed to be financed through the reallocation of already-existing revenue sources (New York City Independent Budget Office, 2010).

Alternative 2: Connecticut's Next Steps

When the Connecticut Pilots program was introduced in 2002 it was quickly recognized as being one of the most innovative and successful supportive housing initiatives ever launched by a state government. Among many other accolades it won an “Innovations in American Government” from Harvard University’s Kennedy School of Government (Kennedy School of Government, Harvard University, 2006).

The heir to Pilots is Next Steps, which was authorized in 2006 with the expressed goal of creating 500 units of supportive housing throughout the state. Development funding (construction and permanent loan) is provided by the Connecticut Housing Finance Authority, which is permitted by the state legislature to issue 501(c)(3) tax

exempt bonds to pay for the housing. The state pays the interest to bondholders, which makes this program an incredibly powerful subsidy for development. The recipient will agree to be bound by a restrictive covenant for 30 years in exchange for funding. The principal and interest on the permanent loan are only due upon the expiration of the restrictive covenant, or upon sale of the property. If the recipient agrees to be bound for another 30 years at the end of the first covenant, the entire liability will be forgiven. For the latest RFP, issued in 2008, \$35 million was made available by the legislature. Other state agencies guarantee the operational funding in the amount of \$7,000/year for young adults, \$9,500 for adults, and \$13,500 for families. Rental assistance is also available for residents, either from the federal Rental Assistance Program or in the form of project-based vouchers (Connecticut Interagency Committee for Supportive Housing, 2008).

All agencies supported by Next Steps must be 501(c)(3) nonprofit organizations with prior experience in housing development. Funding is available for both new construction and rehabilitation of current structures. In order to ensure that developments mix supportive and non-supportive units, the program operates with a number of thresholds:

- Developments with less than 12 units must have 25% or more supportive units, up to 100%.
- More than 12, less than 20: 30-60% of units must be supportive housing.
- Over 20 units, 30-50% of units must be supportive.

For all developments, priority is given to those who maximize the “mixing” of non-supportive and supportive units. This is expressly done to reduce stigma. All units must

be affordable (for individuals earning less than 100% of AMI) and should not charge more than 30% of income in rent. Transit accessibility is also a major priority: uniquely among the programs examined in this analysis, Next Steps outright requires that subsidized projects be accessible to public transportation. If this is not immediately available, the provider must provide a van service that connects residents to transit (Connecticut Interagency Committee for Supportive Housing, 2008).

Next Steps applies a very broad definition to its eligibility criteria. For example, this is the definition from the latest RFP of what constitutes a “special needs” family:

“Family with special needs” means one or more adults with at least one dependent child aged fourteen (14) or younger, and:

- a. that has been repeatedly homeless;
- b. that meets the eligibility criteria under the Federal Temporary Assistance for Needy Families (“TANF”) Program but has become ineligible or are at risk of ineligibility for TANF cash assistance due to time limits;
- c. may have multiple barriers to housing stability (e.g., head of household with cognitive limitations, history of trauma, mental illness and/or chemical dependency);
- d. that may be presently involved in the DCF system; and
- e. who have incomes at or below 50% of AMI at the time of entering housing.”
(Connecticut Interagency Committee for Supportive Housing, 2008)

Similar definitions exist for adult individuals and youth with special needs. Units targeting different types of special needs may be included within the same development. Importantly, priority is given to individuals or families that have experienced chronic homelessness (Connecticut Interagency Committee for Supportive Housing, 2008).

Alternative 3: California's Mental Health Services Act

In 2004, California voters approved Proposition 63, which established the Mental Health Services Act (MHSA). The Act was an attempt by mental health advocates to develop a continuous source of funding for services targeted towards mentally ill Californians. Funding comes from a 1% tax on all personal incomes over \$1 million in the state. A portion of this money is used to fund supportive housing for the mentally ill, with priority going to those who are chronically homeless in addition to their mental illness. According to MHSA the amount for acquisition and development cannot exceed \$74 million annually, out of a projected \$683 million in FY 2006. Additionally, \$40 million annually is provided for operation of supportive housing. 8% of funding is set aside for small counties, which also get to waive certain procedures and conditions that larger jurisdictions must follow. The ultimate goal is that this funding will deliver 10,000 units of supportive housing throughout the state of California. No specific year has been provided for when the state is expected to reach this benchmark (California Housing Finance Agency, 2007).

The basic unit of government responsible for applying for MHSA funding is a county health department. Any supportive housing development that is funded by MHSA must be consistent with the county's Three Year Program and Expenditure Plan in order to ensure that it is compatible with local goals. Funding is limited in several ways. First, the MHSA uses a formula model to determine how much each county in California receives every year. Second, there are funding limits placed on developments (as per the number of units targeting MHSA-eligible individuals), and on the units themselves (no unit can receive more than \$100,000 in funding). The funding is provided

as a low-interest loan to the developer, who must be a nonprofit organization or a government-affiliated corporation (California Housing Finance Agency, 2007). Income restrictions are also placed on potential residents: units must be targeted to individuals earning less than 50% of AMI, but the state prioritizes developments that limit residence to those earning less than 30% of AMI as well as only charging 30% of income as rent (California Housing Finance Agency, 2007).

Alternative 4: North Carolina Qualified Allocation Plan Set-Aside

North Carolina has several means to fund supportive housing development, but the most important is the way the state administers its Low Income Housing Tax Credit (LIHTC) allocation from the federal government. North Carolina's Qualified Allocation Plan (the plan that it must prepare to justify its allocation of LIHTCs) stipulates that any LIHTC-funded development in the state must include at least 10% supportive housing for the disabled or homeless, or at least 5 units regardless of size. There is no specific goal set for this program, which is not too surprising since the total annual allocation of LIHTC funding (and thereby the maximum annual set-aside) is determined by the federal government. While there is no built-in funding for operations or services, recipients are required to show that they have entered an agreement with a funded provider to deliver supportive services in set-aside units. There is no specific requirement to provide access to transit or other community amenities, but LIHTC recipients must submit a document in which they detail how the project will meet these needs (North Carolina Housing Finance Authority, 2009).

Evaluation of the Alternatives

Table 3 compares the four state policy alternatives according to the established evaluation criteria. In order to ease readability and comparability I color-coded each evaluation criterion, wherever applicable. A green cell means this criterion is a positive for the policy, red means negative, and yellow means positive, but with reservations. In the following narrative, I will briefly outline the strengths and weaknesses of each policy on all criteria other than political feasibility. I then compare the political feasibility of the four alternatives.

Table 3: The Alternatives-Criteria Matrix for State Supportive Housing Policies

Metric	NY/NYIII	NC QAP Set-aside	CA MHSA	Conn. Next Steps
Numeric provision goals?	Yes (9000 in 10 years)	No, but other programs with goals use the set-aside funding	(Yes) (10,000 units, but no timeline)	(Yes) (500 units, but no timeline)
Geographic focus	Narrow (NYC only)	Statewide	Statewide, with formula funding and set-asides for small jurisdictions	Statewide
Supportive Housing-specific?	Yes	No/Not applicable	No	Yes
Funding mechanism built into program?	No (state allocations)	Yes (set-aside of LIHTC funding)	Yes (1% income tax on earnings > \$1 million)	Yes (Housing Finance Authority issues bonds specific to program)
Program fully funded compared to goals?	No	N/A	(Yes) (Funding stream is continuous)	Depending upon annual budget allocations
Built-in funding for operations?	Yes	No	Yes	Yes
Multiple agencies funding development?	Yes	No	No	No
Incentives for transit access?	Yes	No	No	Yes
Mixed-”use” requirement?	No	Built-in	Indirectly (funding cap on per-unit + per development basis)	Yes
Public/Neighborhood approval needed?	Yes, for new construction	No	Unavailable	Unavailable
Political Feasibility in GA	Medium	High	Low	Low

Strengths and Weaknesses of New York/New York III Agreement

The New York/New York III Agreement is clearly a serious policy initiative. All available literature, along with the fact that the first two agreements were highly successful, points towards a very significant investment in supportive housing in New York City. The goals outlined by NY/NY III are undoubtedly part and parcel of this success: they provide a tangible benchmark that agencies and advocates alike can measure against. It is also a major strength that the agreement specifically identifies the issue of homelessness as its major policy target, and supportive housing as its only response. This heightens accountability and provides clarity in mission for agencies in charge of implementing its provisions. Clarity is further enhanced by the fact that responsibilities of each participating agency (including the security that operations funding will be provided for all units developed) are written and officially agreed upon by the governor and mayor.

NY/NY III is not without problems, however. Funding is not specifically provided in the agreement, and agencies are forced to find the means to achieve their mandate by moving funding from regular affordable housing provision to supportive housing. In addition to lowering the availability of non-supportive affordable units in a city with a severe housing affordability problem, this may also have the effect of pitting constituencies within the housing advocacy community against each other. While the first two agreements reached their goals, NY/NY III may indeed have problems with reaching its goals due to the lack of attached funding: according to a recent analysis by the Corporation for Supportive Housing, all four agencies funding development are behind their anticipated 2010 position, especially for the capital-intensive congregate facilities (Corporation for Supportive Housing, 2009). Another issue with NY/NY III is the

lack of incentives for mixing non-supportive and supportive units. While evidence from one major Brooklyn provider shows that this type of mixed-“use” is not unheard of, and is widely recognized as best practice (CAMBA, Inc., 2008), it would certainly have made for a stronger policy if mixing had been explicitly mandated or incentivized in the agreement. Mixing incentives or mandates would have been especially helpful in dealing with the next weakness of NY/NY III: its reliance on neighborhood approval. While this is not explicitly part of the agreement (it is a separate New York City ordinance that mandates Community Board review of proposed supportive housing projects), it is still a condition that all supportive housing development must operate under in New York City. According to the Independent Budget Office of New York City, this restriction is likely a major cause of the significant delays experienced in bringing new construction on line (New York City Independent Budget Office, 2010). Clearly, policies that circumvent NIMBY issues should be recommended. NY/NY III is not one of them.

Strengths and Weaknesses of Connecticut's Next Steps

Of the three programs evaluated in addition to NY/NY III, Next Steps is clearly the most impressive: it has unambiguous goals, is clearly defined as a homelessness alleviation program and specifically deals with supportive housing. State agencies are funding operations of new units directly, and the transit access and mixing requirements are extremely strong and progressive. Finally, the subsidies given to developers are both very strong and long-lasting (given the robust incentive to keep units in the supportive housing stock for 60 years). A subsidy of this size is not always justified in housing development, but in the case of supportive housing the 95% direct recoument

of invested dollars simply speaks for itself. There are only minor weaknesses to this program: it does not utilize the opportunity to drive competition and accountability through assigning implementation to multiple agencies, and the funding is somewhat tenuous given that the CHFA is dependent upon annual state budget allocations, rather than an earmarked funding stream. Finally, the goal is clear, but the timeline is not. This may not be a problem with the current incarnation of Next Steps (CHFA states that the program is on target to reach the 500 units in this RFP cycle), it may become an issue if funding is ever compromised, because the lack of a timeline for goal completion removes an incentive to keep the program funded in the short term.

Strengths and Weaknesses of California's MHSA

The MHSA in California is different from the other programs profiled – positively as well as negatively. It is funded via a tax on income, which improves long-term stability – a clear strength. Its set-asides for small jurisdictions (and the waiver of certain procedures and requirements that accompanies the set-aside) makes it a very attractive model for states with supportive housing needs in rural areas and small cities with little administrative infrastructure. The policy also has clear weaknesses: first, it is not supportive housing-specific, and the supportive housing it funds is only available to those with diagnosed mental illnesses. This feature is not only inequitable towards those homeless who are not mentally ill; it also poses the danger of crowding out state investment into other forms of supportive housing in California. The lack of incentives for transit access in a state as expensive as California is also a major drawback.

Strengths and Weaknesses of North Carolina's QAP Set-Aside

The North Carolina policy benefits from being very simple in design as well as in implementation. As discussed earlier, the lack of concrete goals may not be too much of a problem given the continuous nature of the federal LIHTC program, which ensures a constant stream of new units added to the stock. Additionally, other North Carolina supportive housing programs that have specific goals utilize the QAP set-aside to reach their objectives. The LIHTC link also provides a second advantage to the program because it more or less “builds in” mixing of supportive with non-supportive units.

However, the reliance of the policy on this tax credit may be an issue for two reasons. First, because it means that supportive housing development to an extent will fluctuate with the market for tax credits. And second, because the tax credit program only binds developers for 15-30 years. While the Connecticut program also has this feature, this state has built in very strong incentives to keep units within the supportive housing stock for a much longer time. The North Carolina program also does not provide a strong enough incentive for developers to ensure transit accessibility to projects. A final weakness is the lack of a specific link between development and operations funding: while the QAP targeting process requires that developers have funding secured, the state does not specifically provide it as part of this program.

Political Feasibility in Georgia

Regardless of their merits, the four policies hold very different prospects for outright adoption in Georgia. I view NY/NY III as having “medium” feasibility primarily due to its source (a northern state program might not have much persuasive power in Georgia). However, the best argument for the feasibility of the agreement is also its

greatest weakness: the lack of dedicated funding. While the state and city of New York do fund the program via direct budget appropriations, federal LIHTC and HOME resources also play a major role – a feature that makes the program attractive to any state government leery of raising spending.

The North Carolina model would be extremely applicable to a Georgia context. First, it stems from a neighboring, politically right-of-center state, which makes it much easier to advocate for with decision makers here. Second, the funding for supportive housing is taken from federal appropriations that would be coming to the state anyway, making it expense-neutral. This reliance on federal funds can be beneficial in another sense: taking funding from “conventional” affordable housing (such as LIHTC) and shifting it towards population groups deemed more “deserving” might make such a program desirable even for people ideologically opposed to government housing provision.

California’s MHPA would stand no chance of implementation as-is in Georgia. While voters in this state are not completely beyond taxing themselves to pay for services, conservative aversion to income taxes renders any idea to raise those dead on arrival. Frankly, the public policy merits of exclusively taxing the very wealthy to pay for broad-based public services should also be in debate, so the low feasibility rating of this program might not be entirely “negative.”

The Connecticut model could be made to work in Georgia, but it might require stripping it of some of its most compelling components: while state bond financing could be implemented here, I find it unlikely that Georgia decision makers would be able to offer the same robust subsidy and favorable terms found in Connecticut (one of the

primary distinctions between Next Steps and the North Carolina subsidy model). Hence, I have given the Next Steps program a “low” feasibility rating.

Lessons for Georgia

Should the state government of Georgia decide to get more involved in supportive housing delivery than its current quite limited role, it could learn plenty from the four examples analyzed in this report. In this section, I will briefly describe a potential framework for introducing a NY/NY III-style policy to Georgia.

The Basis

Despite its shortcomings, I believe that NY/NY III is an extremely useful basis for any state-funded supportive housing policy: it clearly outlines goals, shares responsibility across jurisdictional levels, and firmly commits the state government to a specific task and timeline. Devoting responsibility for funding risk-factor specific housing to the agencies that cover these risk factors in the general population is also a very compelling tactic that can enhance accountability as well as ensure maximum relevance for target populations. The concept of pairing operational and development funding within the same program is simply good public policy and should be carried over into any initiative inspired by this agreement.

The Modifications

Despite its obvious strengths and applicability to a Georgia context, some features of NY/NY III would need to be tweaked to make it work at a state level, to address some of its weaknesses, and make it more politically feasible in the political

climate of Georgia. First, the agreement is currently only in place in New York City. No other such agreement exists for any other cities in New York State. This does not mean that the general idea of a state/local agreement to fund supportive housing bears no relevance outside the New York City context. Georgia might consider using its regional planning agencies to administer the local side of development, especially in regions where individual counties may not have the administrative capacity to implement their responsibilities. The state should conduct a needs assessment for each county in Georgia, and assign a number and timeline for completion of all supportive housing units to meet the assessed need. If locally-based funding is necessary, the model used in the recently passed Georgia transportation bill, where regions opt into a penny sales tax (in the case of supportive housing, a fraction-of-penny sales tax would be more relevant) might be useful. The incentive for opting in would be funding support from the state, and a way out of the homelessness problem sapping locally-funded emergency and criminal justice resources.

State funding could either be provided using the Connecticut model (unlikely, due to political feasibility concerns), or via a combination of other incentives and a Qualified Allocation Plan set-aside such as the one used in North Carolina. Whichever funding model is used, it is imperative that the Connecticut emphasis on unit mixing is included in the considerations, as this will significantly lower stigma concerns in areas that may not be particularly accepting of having supportive housing units as neighbors. Furthermore, a version of California's small-county set-aside and easing of restrictions should be included to make sure rural areas are served.

The political feasibility of the above structure would be fairly high, except if local opt-in is required to trigger any spending on supportive housing. As mentioned earlier, heavy utilization of federal funding will make a policy more attractive, as may shifting funds from conventional affordable housing towards the supportive kind.

Conclusion

In this paper I have examined four state policies potential models for supportive housing development support in the state of Georgia. Generally, their applicability to this state is quite high, and with a few modifications a very strong policy could be constructed that would:

- Significantly improve the state's role in supportive housing development;
- Ensure a more equitable distribution of homeless services resources according to need;
- Save local and state government considerable money because of savings on emergency facilities and the criminal justice system; and
- Bring thousands of marginalized Georgians back into the mainstream of society, where they may lead more productive, happier and healthier lives for the benefit of society at large.

Only a minority of states offer significant funding for this type of social policy. A more aggressive approach could allow Georgia to be considered an innovator in this field, especially if a significant solution can be devised for rural homelessness, which is a concern nationwide. Time will tell whether Georgia will get ahead of the curve on supportive housing, but a "Georgia Agreement" based on a modified NY/NY III would be a good place to start.

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