

# HUD SECTION 811 PRA

## Project Rental Assistance Program



## Six Case Studies on the Implementation Experience of the 2012 Grantees



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H U D   S E C T I O N   8 1 1   P R A

Project Rental Assistance Program

# Six Case Studies on the Implementation Experience of the 2012 Grantees

Prepared for  
U.S. Department of Housing and Urban Development

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## Disclaimer

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# Executive Summary

This report presents case studies of six states' early experiences implementing the Section 811 Project Rental Assistance (811 PRA) program, a new approach to providing affordable rental housing for extremely low-income people with disabilities. Beginning in 1991, the U.S. Department of Housing and Urban Development's (HUD's) Section 811 Supportive Housing for Persons with Disabilities program began providing capital grants to develop and operate affordable housing with available supportive services—known as “supportive housing”—designed to meet the needs of nonelderly people with disabilities. The program was referred to as the Section 811 Project Rental Assistance Contract (PRAC) program, for the project-based rental assistance contracts that provided the subsidy to make the housing affordable. Traditionally, Section 811 developments housed only people with disabilities, mainly in group homes or small apartment buildings in community-based settings.

In recent years, interest has increased in developing broader housing options for people with disabilities. This broader set of housing options includes opportunities for affordable units in housing that is not exclusively for people with disabilities. The Section 811 PRA program was created in 2010 and provides funding directly to state housing finance agencies working in partnership with state human services and Medicaid agencies to test a different approach to the capital grants provided under the Section 811 PRAC program. Instead of building new housing specifically for people with disabilities, the 811 PRA program provides subsidies for scattered-site units in affordable housing developments (existing or newly built) that are financed by other public or private funding sources and occupied by a mix of people with and without disabilities. Section 811 PRA-assisted units are targeted to nonelderly people with disabilities who are eligible for Medicaid's home- and community-based services or similar state-funded programs.

In February 2013, 12 state housing agencies and their Medicaid agency partners received an inaugural round of 811 PRA grants totaling \$88.3 million to provide rental subsidies for approximately 3,350 housing units for nonelderly people with disabilities. HUD's Office of Policy Development and Research subsequently commissioned the first phase of a multiphase evaluation focused on the initial round of 811 PRA grants. The evaluation's overarching research questions are—

- How are successful state and local partnerships structured to carry out the 811 PRA program?
- How are outreach and marketing efforts designed to support fair housing objectives and compliance, provide tenant choice, and ensure efficient occupancy policies for housing owners and managers?
- How is the 811 PRA integrated with and adapted to state housing and service delivery systems operating in varied political, fiscal, and housing market contexts?
- What are the preliminary outcomes of the initial funding round?

The Phase I evaluation produced two major reports. This case study report presents detailed descriptions of the early implementation experiences of six states funded in the initial funding round, with a focus on (1) the housing and services context in each state, (2) the partnerships developed to implement the 811 PRA program, and (3) the way in which the new program fits within these contexts. In addition, a process evaluation report provides an aggregate summary of 811 PRA implementation in all the states funded in the initial round of grants.

This case study report begins with a descriptive overview of the findings from the six states, followed by the six case studies.



# Background of the Section 811 Project Rental Assistance Program

This report presents case studies of six states' experiences implementing the Section 811 Project Rental Assistance (811 PRA) program, a new approach to providing affordable rental housing for extremely low-income, nonelderly people with disabilities. This report is one of two produced by the Phase I evaluation, which is focused on the first round of 811 PRA grants, awarded to 12 states in February 2013. This chapter provides a brief history of the Section 811 and 811 PRA programs, describes the objectives and data sources for the case studies presented here, and provides a descriptive overview of the key features of the 811 PRA programs in the states selected for the case study research. The six case studies follow in chapters 2 through 7.

## The Section 811 and PRA Programs

Since 1991, HUD has administered the Section 811 Supportive Housing for Persons with Disabilities program. The goal of the Section 811 program is to expand the supply of supportive housing for very low-income people with disabilities. The program traditionally awarded interest-free capital advances and contracts for project-based rental assistance to nonprofit organizations to develop supportive housing (such as group homes and small rental housing developments) occupied by very low-income households of nonelderly adults with disabilities.<sup>1</sup>

The Section 811 supportive housing model provides residents affordable housing and access to appropriate, voluntary supportive services. Organizations that receive capital advances must develop a Supportive Services Plan that addresses how tenant's health, mental health, and other needs will be met. Grantees must either provide services directly or partner and coordinate with service providers in the community to provide services and must ensure that services are available for the duration of the 40-year capital advance period.

The Frank Melville Supportive Housing Investment Act of 2010 introduced a number of significant reforms to the Section 811 program, including creating the PRA program. The new program provides project-based rental assistance for integrated supportive housing in affordable housing developments with no more than 25 percent of units set aside for people with disabilities. The Act retained language permitting capital advances for the development of group homes and other projects specifically for people with disabilities, but no funds were appropriated for these projects in fiscal years 2012 through 2014.

The 811 PRA program provides rental assistance funding to state housing finance agencies that will work in partnership with state human services and Medicaid agencies to create community-based supportive housing. This approach responds to several policy priorities related to housing and support for people with disabilities. First, it responds to renewed emphasis on achieving the goals of the Supreme Court's 1999 decision in *Olmstead v. L.C.* to allow people with disabilities to live in the least restrictive settings possible that meet their needs and preferences. In their decision, the Supreme Court ruled that, under Title II of the Americans with Disabilities Act, people with disabilities must be afforded opportunities to live in a setting appropriate to their abilities, with freedom to choose their daily life activities and to interact with people without disabilities. As states and communities have worked to implement the decision (sometimes in response to litigation), the limited supply of affordable and appropriate housing and supports in community-based settings has been a significant challenge.

Second, the *Olmstead* decision encouraged state efforts to "rebalance" their Medicaid systems for providing long-term services and supports away from institutional settings such as nursing homes and toward housing that is integrated within communities. Medicaid offers community-based services to its beneficiaries through its Home- and Community-Based Services (HCBS) program and other initiatives. These services help ensure that people with disabilities have the services and supports they need to live successfully in the community. In particular, the Money Follows the Person (MFP) program, administered by the Center for Medicare and Medicaid Services, is a major initiative that provides funding to many states to support transitions from institutions to community-based settings. The lack of affordable housing has often constrained the program's ability to move people to community settings.

<sup>1</sup> Nonelderly adults are defined as adults under age 62. Disabilities may include a physical or developmental disability or chronic mental illness.

## Chapter 1. Background of the Section 811 Project Rental Assistance Program

Finally, the Affordable Care Act created or strengthened a number of programs to expand community-based care, but, again, the lack of available affordable housing has been a barrier to these efforts.

In order to apply for Section 811 PRA funds, state housing agencies must partner with the state agency responsible for the administration of the state's Medicaid program as well as the state health and human services agency (if different). A memorandum of agreement between the agencies, required as part of the grant application, outlines the state Medicaid agency's commitment to identifying and conducting outreach to the target population(s) to be served by the state's 811 PRA program and ensuring that residents are connected to appropriate supportive services.

Congress appropriated funds for the 811 PRA program in fiscal years 2012, 2013, and 2014, with language that identifies the 2012 funding round as a demonstration round. HUD issued an initial Notice of Funding Availability (NOFA) for a demonstration round of 811 PRA grants in 2012. In February 2013, 13 states were selected to receive 811 PRA grants totaling \$98 million to provide subsidies for an estimated 3,350 units. By early 2015, 12 grantees had executed cooperative agreements with HUD to implement the program under its first funding round to provide subsidies for an estimated 2,625 units. HUD awarded a second round of funding in March 2015 under a combined NOFA for fiscal years 2013 and 2014. Round 2 PRA funding was awarded to 25 state housing agencies for approximately \$150 million.

### Evaluation of the Section 811 PRA Program

This report is one of two major reports produced for an evaluation of the initial round of 811 PRA grants. HUD's Office of Policy Development and Research issued a contract to a research team from BCT Partners and Abt Associates to carry out the evaluation. The evaluation's overarching research questions are—

- How are successful state and local partnerships structured to carry out the 811 PRA program?
- How are outreach and marketing efforts designed to support fair housing objectives and compliance, provide tenant choice, and ensure efficient occupancy policies for housing owners and managers?
- How is the 811 PRA program integrated with and adapted to state housing and service delivery systems operating in varied political, fiscal, and housing market contexts?

- What are the preliminary outcomes of the initial funding round?

This case study report presents detailed descriptions of the early implementation experiences of 6 of the 12 states funded in the inaugural funding round, with a focus on the housing and services context in each state, the partnerships developed to implement the 811 PRA program, and how the new program fits within these contexts. In addition, a process evaluation report provides an aggregate summary of 811 PRA implementation in all 12 states.

The case study research explored the implementation of the Section 811 PRA program in six states that had made the most progress toward leasing units by summer 2015 when the evaluation's design phase concluded. The research team also considered geographic distribution and program design features such as expected partnership structures, target populations, and service funding mechanisms. The case study research focuses on the state context within which the 811 PRA is implemented and addresses the following research questions.

- What is the programmatic and fiscal context in which the Section 811 PRA program is implemented?
- How does the Section 811 PRA program fit in the states' existing long-term care systems and initiatives to support community-based housing?
- How does the 811 PRA program fit into a state's Olmstead plan or settlement agreement (if applicable) or plan to end homelessness?
- How does the Section 811 PRA program model complement other state strategies and models to house and provide services to very low-income, nonelderly adults with disabilities, and how do these models vary by different populations? What have been the challenges and successes of leasing up Section 811 PRA units, moving residents into units, and providing services and supports?
- What measures and research approaches could be used to assess the effectiveness of Section 811 PRA program compared with alternative supportive housing options for the target populations?

In consultation with HUD and its 811 PRA technical assistance providers, the research team selected the following six states for the case study research:

- California
- Louisiana
- Maryland
- Minnesota



- Pennsylvania
- Washington

The research team reviewed grant applications, the cooperative agreements executed between HUD and the state partners in each state, grantee and partner websites, and grantees' quarterly performance reports as submitted to HUD. The team also obtained administrative data from HUD's data systems—the Integrated Real Estate Management System (iREMS) for data on the characteristics of 811 PRA-assisted properties and units; and the Tenant Rental Assistance Certification System (TRACS) for the characteristics of 811 PRA-assisted households.

In October and November 2015, two-person research teams from BCT Partners and Abt Associates conducted field visits to each of the six states to interview grantee representatives and their partners. The teams spent an average of 4 days in each state. The teams conducted in-person interviews (with telephone followup as needed) using standardized semi-structured interview guides, tailored to the state's 811 PRA program design and partners. The interview guides (as reviewed and approved by the Office of Management and Budget) are attached in appendices F, G, and H. Interview respondents included representatives of the state housing and Medicaid agencies, referral agencies, service providers, and property managers. In states with occupied PRA units, the teams had informal conversations with PRA-assisted residents, when convenient.

### A Descriptive Overview of the Six Case Study States

The following sections provide a brief, descriptive overview of the 811 PRA program in the six states included in the case study research. Full case studies for these six states are included in appendices. The text and tables here first provide an overview of the states' 811 PRA program designs. We then present a brief summary of the findings for the topic areas that were specific to the case study research, such as the housing and services context within each state; and how the 811 PRA fit within that state context. The Process Evaluation Report will provide a descriptive overview of all 12 states funded in the fiscal year 2012 grant awards.

### 811 Program Designs

HUD required at a minimum that applicants for 811 PRA funding develop a memorandum of understanding between the state housing and Medicaid agency partners. In some states, the partnerships involved

several agencies, as shown in table 1.1, because the housing and services functions necessary to carry out the 811 PRA program reside in multiple agencies.

Table 1.1 highlights the number of units and geographic scope of the 811 PRA program in each state at the time of grant award (February 2013). The case studies discuss in more detail how program partners worked together to define the scope of the 811 PRA program, and their early experiences with the effort required to put the program in place.

Table 1.1 previews the extent to which the 811 PRA built on or supplemented existing initiatives to provide housing and services for nonelderly people with disabilities. As described in the case studies, in some states the 811 PRA blended well with existing programs while in others it differed from those programs and served to supplement them. The table provides an overview of the states' approaches to 811 PRA program targeting and to outreach and referral processes. Each case study provides additional details on how partners reached these program design decisions and what their experience had been with the processes as designed.

Finally, table 1.1 notes the number of units under Rental Assistance Contract (RAC) and the number of 811 PRA participants housed as of December 2015, based on grantees' quarterly reports. The case studies describe the reasons behind the states' modest production numbers and review the states' strategies to address the challenges they encountered.

### Housing Context

The Section 811 PRA program seeks to expand access to affordable housing for people with disabilities by providing subsidies for units in affordable housing developments built with other funding sources. Properties can be newly built or existing multifamily developments in which the development costs are subsidized by federal sources such as Low-Income Housing Tax Credits (LIHTCs), HOME Investment Partnerships Program funds, the Community Development Block Grant (CDBG) program, or other federal, state, or private sources. HUD also encouraged states to leverage additional affordable units for 811 PRA participants through dedicated set-asides of public housing or housing choice vouchers.

Grantees determined their request for 811 PRA funds by calculating an expected average per-unit PRA rental assistance payment based on either the targeted income of the households living in PRA units (for example, 30 percent of Area Median Income [AMI]) or local Fair

## Chapter 1. Background of the Section 811 Project Rental Assistance Program

Table 1.1: Program Design in the Case Study States

Program Design	California	Louisiana	Maryland	Minnesota	Pennsylvania	Washington
Partners	California Housing Finance Agency, California Tax Credit Allocation Committee, Department of Housing and Community Development; Dept. of Health Care Services, Dept. of Developmental Services	Louisiana Housing Corporation and Dept. of Health and Hospitals.	Maryland Department of Housing and Community Development, Dept. of Health and Mental Hygiene, Dept. of Developmental Disabilities. Centers for Independent Living may provide case management.	Minnesota Housing Finance Agency; Department of Human Services	Pennsylvania Housing Finance Agency, Department of Human Services. Decentralized, county-based system served by local lead agencies.	Washington Dept. of Commerce, Dept. of Social and Health Services. Housing Finance Agency and State Health Care Authority (Medicaid) play small roles.
Number of 811 PRA units and geographic scope	335 units statewide	200 units in central and northern Louisiana	150 units in Baltimore and Washington, D.C. metro areas	95 units statewide with initial focus on Twin Cities	200 units 34 regions (58 of 67 counties); started with pilot in one county	275 units statewide
Previous experience with housing and services for people with disabilities	Agencies had not worked together previously. Each had experience with housing with services but not for institutionalized population.	Built on PSH program developed in 2007 response to 2005 hurricanes. State hopes to use 811 PRA to expand beyond coastal areas.	Built on two previous programs—Bridge Subsidy Program—temporary tenant-based rental subsidies for people with disabilities until they can obtain a Housing Choice Voucher; also Weinberg Apartments program targeting tax credits for apartments affordable to people with disabilities with incomes at 15 to 30 percent of AMI.	Built on Bridges Rental Assistance Program as well as Olmstead plan, MFP, and Plan to End Homelessness. Several existing programs targeting homeless with severe mental illness (operating support for PSH, income supplements, crisis financial assistance for people who are homeless or at-risk.)	Modeled PRA on existing Rental Subsidy Fund program. Pennsylvania Housing Finance Agency uses developer fees to create units affordable at or below 20 percent of AMI for people with disabilities.	Department of Social and Health Services had worked with housing authorities on vouchers for people with disabilities. Already had outreach/referral mechanisms for institution-to-community transitions.
811 PRA targeting	Institutionalized or at risk; focus on people with developmental disabilities because of developmental center closures.	Inappropriately institutionalized or at risk; homeless or at risk	Institutionalized or at risk; Medicaid recipients who are homeless.	Long-term homeless with severe mental illness; MFP participants exiting an institution.	Institutionalized or at risk; in congregate setting and prefer community setting. Local lead agencies may have additional targeting.	Waiver clients with developmental disabilities, mental illness or functional disabilities; and MFP participants. Online assessment tools for determining eligibility and service needs.
811 PRA referral process	Regional Tenant Referral Organizations (one for MFP; one for developmentally disabled population) administer waitlists. Owners partner with tenant referral organizations for referrals.	Central outreach through PSH program office. Waitlists by parish; referrals to units tracked by parish.	Case managers screen applicants, enter info into a central PRA system that also tracks available units. Department of Disabilities manages waitlist, which includes applicants for Weinberg and Bridge Subsidy Programs.	PATH and MFP staff do outreach. Housing coordinator at Department of Human Services manages waitlist, matches referrals to available units, and ensures service coordination.	Local lead agencies serve as single point of contact for service providers, landlords, applicant intake.	Online assessment tools for eligibility and service needs. Regional housing specialist keeps regional waiting lists, makes referrals of eligible applicants to available units.
811 PRA implementation status as of December 2015	78 units under RAC; 28 housed.	34 units under RAC; 7 housed	13 units under RAC; 4 housed	67 units under RAC, 1 housed	2 units under RAC, 1 housed	32 units under RAC; 11 housed

AMI = Area Median Income. MFP = Money Follows the Person. PATH = Projects for Assistance in Transition from Homelessness. PRA = Project Rental Assistance. PSH = Permanent Supportive Housing. RAC = Rental Assistance Contract.



## Chapter 1. Background of the Section 811 Project Rental Assistance Program

Market Rents (FMRs) for cities where PRA units are expected to be located. HUD encouraged applicants for 811 PRA funding to propose cost-effective use of grant funds by proposing rents lower than FMRs. Grantees were awarded points for proposing initial rents that are affordable to households with incomes between 20 and 50 percent of AMI, with higher points corresponding to lower percentages of AMI.

Among the six case study states, four (California, Minnesota, Pennsylvania, and Washington) initially targeted units at 50 percent of AMI. The remaining two states (Louisiana and Maryland) targeted units at FMR. The estimated monthly rental assistance amount (as established in the cooperative agreement with HUD) ranged from \$589 per unit in Washington to \$1,235 per unit in Maryland.

Property owners must commit to a 30-year use restriction to provide a specified number of supportive housing units for nonelderly people with disabilities, and to a contract with HUD for at least 20 years. The initial

RAC provides funding for 5 years. The use restriction and renewal funding are contingent on continued Section 811 appropriations. To ensure that community integration goals are achieved under the 811 PRA program, the Section 811 statute specifies that no more than 25 percent of the units in the affordable housing development can be set aside for supportive housing or have an occupancy preference for people with disabilities.

The 811 PRA program is expected to supplement other housing programs for people with disabilities. The case studies provide the number of units funded through the common federally funded affordable housing programs (public housing, housing choice vouchers, and other HUD-assisted multifamily programs) in each state. Table 1.2 notes some of the other funding mechanisms the six case study states are using to provide supportive housing for people with disabilities, including leveraged public housing units and housing choice vouchers.

Table 1.2 also identifies two key topic areas in which the case study states encountered challenges. First, several

Table 1.2: Housing Context in the Case Study States

Housing Context	California	Louisiana	Maryland	Minnesota	Pennsylvania	Washington
QAP priorities for 811 PRA	No, but eligible properties with Tax Credits can apply for 811 PRA	QAP points to projects with 5–10 percent of units set aside for PSH-eligible people. Starting in 2017, QAP points for 25 percent of units set aside for PRA program.	No, but QAP does favor projects affordable at or below 60 percent of AMI.	No, but QAP incentives for supportive housing in general.	No, but QAP incentives for supportive housing in general.	No. Tax credit owners can apply for 811 PRA. QAP incentives are for special needs populations in general, up to 75 percent set-asides.
Other supportive housing for people with disabilities	Bond-funded program with priority points for 811 PRA and two other supportive housing financing programs. One capital and operating funding program for homeless/at risk with severe mental illness. California Tax California Credit Allocation Committee has priority for projects serving homeless and a 4-percent set-aside for projects with 50 percent set-aside for special needs.	811 PRA leveraged 125 vouchers from three housing authorities. PSH and 811 PRA largely targeted to properties with tax credits and HOME Investment Partnerships Program.	811 PRA leveraged 97 housing choice vouchers. Department of Housing and Community Development operates a homeownership program, bridge subsidy, and rental housing programs for people with disabilities.	811 PRA leveraged 60 vouchers through two housing authorities. Bridges Rental Assistance Program (see previous section). Housing Trust Fund, Housing Infrastructure Bonds, and Ending Long-term Homelessness initiatives all focus on supportive housing for long-term homeless.	811 PRA leveraged 151 vouchers or public housing units from six housing authorities. State Rental Subsidy Fund serves broader target population, but similar approach to 811 PRA. Supportive housing funded through various homeless assistance programs. Nursing Home Transition serves some nonelderly, but primarily elderly people. Medicaid managed care contractors using reinvestment dollars to develop supportive housing.	Department of Commerce manages five programs that provide housing for people with disabilities (capital financing and rental subsidies.) State Housing Trust Fund supports affordable housing for people with special needs of all ages. Housing Finance Agency finances multifamily housing with incentives to develop supportive housing for people with disabilities. Supportive housing through various federal homeless assistance programs.

(cont)

## Chapter 1. Background of the Section 811 Project Rental Assistance Program

Table 1.2: Housing Context in the Case Study States (cont)

Housing Context	California	Louisiana	Maryland	Minnesota	Pennsylvania	Washington
Owner interest in 811 PRA	Several state programs are incompatible with PRA because of PRA's 25-percent cap on units for people with disabilities in a single project. Owner outreach has been challenging but viewed as necessary and successful. State tried to streamline application process for owners.	State had to provide extra education and outreach to encourage owners in new (noncoastal) regions to apply for 811 PRA.	PRA rent projections were based on "blended rent maximum" that assumes an even distribution of units in Baltimore and Washington. Have been pretty accurate so far. To reassure owners, MFP contributed \$1m in rebalancing funds to be held in trust by Department of Housing and Community Development to fund housing subsidy for up to 6 months if PRA funding is no longer funded by HUD.	Housing Finance Agency doing extra outreach to owners, many of whom are wary. 30-year use restriction and 20-year RAC with only a 5-year PRA funding commitment seems risky to many owners.	Owner interest less than expected. Shortage of properties with available one-bedroom units; some properties already have more than 25 percent tenants with disabilities. Owners deterred because Pennsylvania targeted affordability at 50 percent of AMI and an average monthly rent level of \$678.	Owner interest reported to be key challenge in first year of 811 PRA. Owners unfamiliar with the program; wary of 30-year use restriction with only 5 years of rental subsidy. Some properties incompatible because of 25-percent cap; state's targeted rent levels for PRA units are low relative to high-cost markets. Department of Commerce has streamlined application and done additional outreach to owners.
Housing market issues	Very expensive markets; lack of state resources for affordable housing, especially after 2008 crash/recession. Rent levels targeted for PRA units are low compared with other subsidy programs.	Relatively high rental vacancy rate in state, but rents are still escalating, even outside New Orleans.	Washington and Baltimore rental markets too hot to attract owners at Maryland's targeted rent levels for PRA units.	Difficult to develop and attract properties at state's targeted rent levels for PRA units. In population hubs with access to transportation and services, excluding those already at or above 25-percent PRA limit for households with disabilities. These properties are a small percent of the state's portfolio.		Washington's targeted rent levels for 811 PRA units are perceived to be low given high-cost markets in Washington. Low vacancy rates mean few units available for 811 PRA occupancy in the near term.

AMI = Area Median Income. MFP = Money Follows the Person. PRA = Project Rental Assistance. PSH = Permanent Supportive Housing. QAP = Qualified Allocation Plan. RAC = Rental Assistance Contract.

states found it challenging to engage property owners' and developers' interest in the new 811 PRA program. The financing mechanism and administrative processes for the new program were unfamiliar to developers. Some were wary of the 30-year use restriction and 20-year contract term with only 5 years of rental subsidy. Further, the requirement that contract rents be capped at the area's FMR, or at lower rent levels in some grants, was a particular concern for developers and owners in costlier urban areas.

Second, a variety of housing supply and market conditions also influenced owner and developer interest in the PRA program. Interview respondents noted a

lack of one-bedroom apartments in some markets made it difficult to find appropriate units, given most PRA participants are expected to be small households. The 25-percent cap on units occupied by persons with disabilities was also an issue in some states where otherwise-eligible properties already had a larger proportion of units occupied by people with disabilities. Finding units at the states' target rents for PRA units (as proposed in their funding applications and finalized in their cooperative agreements with HUD) proved challenging in some markets with tight rental markets, subsidy programs with higher target rents, or both.

## Services Context

The 811 PRA program targets extremely low-income households with disabilities that are currently living in institutions, are homeless, or are at risk of institutionalization or homelessness. Participants in the 811 PRA program must also be eligible for community-based long-term care services provided under the state’s Medicaid program. Medicaid cannot pay for housing, but it can pay for medical, mental health, and other services and supports that people with disabilities need to maintain their health and, for 811 PRA participants, live stably in a community-based setting. Long-term care services may be provided under Medicaid waivers, Medicaid state plan options, or other comparable programs that fund long-term services.

Table 1.3 summarizes the funding sources the six case study states had available for services for 811 PRA

participants. All six states had waivers (usually more than one) under Medicaid’s 1915(c) HCBS program. Some states also had resources through 1915(i) or 1115 waivers, or through state-funded programs (KFF, 2011).<sup>2,3</sup> Table 1.3 also notes whether and how states’ efforts around Olmstead settlements and plans to address homelessness informed 811 PRA implementation.

Notably, Maryland and Washington have each used MFP rebalancing efforts in ways that support the 811 PRA. To reassure owners interested in the 811 PRA, Maryland’s MFP program contributed \$1 million in rebalancing funds to be held in trust by the state housing agency. The funds will be used to fund housing subsidy payments for 811 PRA participants for up to 6 months if HUD PRA funding is interrupted or discontinued. In Washington, MFP rebalancing funds were allocated to create a temporary rental subsidy program for people transitioning from institutions to the community. People reaching the end of

Table 1.3: Services Context in the Case Study States

Services Context	California	Louisiana	Maryland	Minnesota	Pennsylvania	Washington
Medicaid waiver programs expected to serve 811 PRA participants	Nine 1915c waiver programs; two specifically for people with developmental disabilities.	1915c for Housing Stabilization and Housing Transition or Crisis Intervention; four 1915c waivers for adults (two for people with developmental disabilities, two for physical disabilities).	Waivers—Community Pathways (developmental disabilities); Brain Injury; Medical Day Care; Home and Community Based Options.	1915c waivers for developmental disabilities, brain injury 1915(i) for mental health population; proposed tenancy supports.	1915c waivers for intellectual disabilities supports and services; Adult Autism Waiver; and HCBS for physical disabilities.	Two 1915(c) waivers for people with functional disabilities; five HCBS waivers for developmental disabilities.
Other Medicaid or state programs for 811 PRA participants	MFP. Health Homes starting in 2017. 1115 renewal proposed to have tenancy supports services.	1915i SPA for behavioral health includes services or skill building to get or keep housing.	MFP. Under state plan, Community First Choice to consolidate three previous waivers for adults with disabilities; Balancing Incentive Program to supplement MFP and augment HCBS.	MFP. Three state-funded services programs for mental health (two) and homeless (one) populations.	1915i (managed care), MFP, Nursing Home Transition, state block grants to counties	MFP plus state-funded supplement to MFP program. Medicaid rebalancing funds allocated to create temporary rental subsidy program for people transitioning from institution to community. Under state plan—Community First Choice, private duty nursing.

(cont)

<sup>2</sup> States can offer a variety of services under a State Plan HCBS benefit. Section 1915(i) of the Social Security Act provides federal guidelines under which states can develop HCBS benefits to meet the specific needs of target population(s). Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to waive provisions of major health and welfare programs authorized under the act, including certain Medicaid requirements, and to enable states to use federal Medicaid funds in ways that are not otherwise allowed by federal rules.

<sup>3</sup> For descriptions of these programs and other Medicaid waivers, see <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Waivers.html> or [http://www.nhpf.org/uploads/Handouts/HCBStable\\_FS\\_09-27-13.pdf](http://www.nhpf.org/uploads/Handouts/HCBStable_FS_09-27-13.pdf).

## Chapter 1. Background of the Section 811 Project Rental Assistance Program

Table 1.3: Services Context in the Case Study States (cont)

Services Context	California	Louisiana	Maryland	Minnesota	Pennsylvania	Washington
State Olmstead or homeless plans	No Olmstead consent decrees, but lawsuits against City of Los Angeles. Olmstead plan (2003).	State has a Ten-Year Plan to End Homelessness and a class action lawsuit under Olmstead (Barthelemy).	No Olmstead settlements or plans, but a statewide commission works on community integration. Baltimore settlement requires city to provide vouchers to people with disabilities.	Have Olmstead plan and Plan to End Homelessness. Olmstead case settlement plan (2015) increases number served in community settings by 92 percent.	Olmstead plan (2011) focused on mental health population—diversion/transition from state hospitals. Three settlement agreements (two psychiatric hospital populations; one developmental disabilities population)	Rebalancing efforts predate Olmstead (early 1990s). Olmstead plan (2005). Greater focus on homelessness than on people with disabilities more broadly. 10-Year Plan To End Homelessness (2006–2015) set aggressive targets. Some progress, but not as much as hoped.

HCBS = home- and community-based services. MFP = Money Follows the Person. PRA = Project Rental Assistance.

the 24-month limit on the temporary subsidy are among those who may be served in the 811 PRA program. The case studies describe the details of these rebalancing initiatives and other innovative approaches.

### How Does the Section 811 PRA Model Fit?

The Section 811 PRA program is a new approach to providing affordable supportive housing for nonelderly people with disabilities; the initial funding round was considered a demonstration that would inform efforts to refine the model in future funding rounds. A key question for the case study research was how 811 PRA model would “fit” in the context of other federal- and state-supported affordable housing efforts for this population.

The six case study states provide a range of experiences with integrating 811 PRA in their housing and services contexts.

- California’s 811 PRA addresses important housing needs but supplements the other efforts rather than integrating with them. The 811 PRA’s 25-percent limit on the proportion of units occupied by people with disabilities makes it incompatible with several other state programs serving similar populations.<sup>4</sup> Further, in general, California’s current policy priorities focus on homeless and mental health

populations. These populations were not targeted in the state’s initial 811 PRA grant, but are the focus of their second-round grant.

- Louisiana’s 811 PRA program builds on the state’s existing Permanent Supportive Housing (PSH) program, an initiative to provide affordable supportive housing to people with special needs in the wake of the 2005 hurricanes in New Orleans and the surrounding coastal region. Although the state has a number of housing and services resources to support the 811 PRA program, the state’s goal of expanding the geographic reach of the PSH program to other parts of the state has been challenging due to low program rents and owners who are unfamiliar with the program and the population.
- Maryland’s 811 PRA builds on well-established partnerships and programs, and the state’s waiver programs are well-aligned with the 811 PRA target populations. The state has established a centralized and integrated online system (using the SocialServ platform) for applications and referrals and for monitoring unit availability. The system combines applicants for the 811 PRA program with those for two other state programs serving similar populations. Although efficient, the combined system may make it difficult to distinguish 811 PRA outcomes from the other programs tracked in the same system.

<sup>4</sup> The section titled How the 811 PRA Program Fits With Other State Programs of this report details how the 25-percent cap on targeted units within the 811 PRA program makes the program incompatible with other existing housing efforts serving similar populations.

## Chapter 1. Background of the Section 811 Project Rental Assistance Program

- Minnesota is building on an extensive history of collaboration between the state's housing and Medicaid agencies. Minnesota's proposed 811 PRA rents are lower than rents in other state affordable housing programs, but the grantee circumvented that challenge by identifying units within the existing portfolio with rents limited to 50 percent AMI, which is below average rents in the metro area. However, the 811 PRA program's 25-percent limit on the proportion of units allocated to people with disabilities is viewed as a barrier because many properties would exceed this limit if they participated in the program.
- Pennsylvania proposed a 200-unit 811 PRA program that would operate nearly statewide, using a decentralized, county-based approach. It would build on an existing state program that provided incentives to developers to build housing for extremely low-income people with disabilities. At the time of the field visit in fall 2015, a pilot effort in one county was just getting under way. It was too early to tell how the 811 PRA would fit in the housing and services context in Pennsylvania.
- Washington's 811 PRA program supplements and fills gaps in existing state programs. It specifically targets nonelderly people with disabilities in institutions or at risk of institutionalization, a population not otherwise targeted by state programs. It provides assistance in integrated settings, unlike other state housing programs where up to 75 percent of units may be occupied by people with special needs. Finally, the 811 PRA provides long-term subsidies, positioning it as a next step for people with disabilities who participate in Washington's two short-term (2 years) rental subsidy programs that serve people with disabilities. However, owner interest has been limited so far, primarily due to concerns about low rents in high-cost areas with strong rental markets. Although the grantee selected the maximum rent level it could set for the funding application, it happens to have the lowest level of rent for all six case studies. Washington eventually requested and received from HUD a waiver allowing units to rent at FMR or 50 percent AMI, whichever is higher.





# California Section 811 Project Rental Assistance Program

## Introduction

HUD awarded the California Housing Finance Agency (CalHFA) with \$12,208,558 in Section 811 Project Rental Assistance program funding in the 2012 funding round. CalHFA partners with four other state agencies to administer the program. The 811 PRA funding will support rental subsidies for up to 241 units of affordable housing for extremely low-income persons with disabilities. Individuals eligible for 811 PRA subsidies are persons who are eligible for Medicaid, between the ages of 18 and 61 at the time of initial occupancy, and either reside in long-term institutional care settings and wish to return to community living or are at risk of being institutionalized. Owners of state-funded affordable housing developments partner with local service providers to apply for 811 PRA funding and ensure residents are connected to the health and supportive services they need.

Evaluators conducted a site visit in November 2015 to learn how the five agencies were implementing the 811 PRA program. At the time of the visit, CalHFA had awarded rental assistance of \$2,707,916 to the property owners of four different developments for a total of 78 811 PRA units. Of the 12 811 PRA grantees who received 2012 funding awards, California was the first state to have occupied 811 PRA units; at the time of the site visit, 19 residents were living in 811 PRA units.

## Grantee Partnership, Organizational Structure, and Management

CalHFA partnered with the California Department of Health Care Services (DHCS) (a department within the California Health and Human Services [CHHS] Agency), the California Department of Housing and Community Development (HCD), and the California Tax Credit Allocation Committee (TCAC) to apply for 811 PRA program funding. Together, with the California Department of Developmental Services (DDS), which became a partner after grant award, these five agencies jointly administer the program and meet biweekly to coordinate and resolve program issues.

Established in 1975, CalHFA initially provided administration for project-based Section 8 housing in California. The agency's role later expanded to become the state's affordable mortgage lender by making low-interest loans through the sale of tax-exempt bonds. CalHFA also provides downpayment assistance for low- to moderate-income homebuyers; provides financing in the form of low-interest loans for the preservation, acquisition, and rehabilitation of affordable housing; and administers the 811 PRA program. CalHFA is a self-supporting state agency, supported by revenues generated through mortgage loans, not taxpayer dollars.

CalHFA's ongoing program responsibilities are developing, executing, and administering the RACs with owners, including procuring the 811 PRA funds from HUD; ensuring payments are made to owners; and reviewing tenant data submitted to HUD. Agency staff review owner applications for rental assistance funding under the 811 PRA program. CalHFA asset management staff are also responsible for monitoring ongoing compliance of owners through annual occupancy reviews and unit inspections. As the grantee, CalHFA monitors the performance of its partners and submits quarterly reports to HUD.

The HCD provides funding for the development and rehabilitation of affordable housing through multiple state and Federal funding programs. HCD administers the state's CDBG, HOME, and Emergency Solutions Grants programs. HCD staff played a large role in developing the initial 811 PRA program and the 2012 and 2013 funding applications. HCD staff also developed the NOFA for property owners and the funding application review process. Along with DHCS staff, HCD has performed much of the marketing and outreach to property owners to solicit 811 PRA program interest.

The TCAC administers federal and state LIHTC programs. Although the 811 PRA program is not a priority under the state's Qualified Allocation Plan (QAP) for tax credits, eligible properties awarded tax credits can apply for rental assistance under the 811 PRA program. All 811 PRA units under contract to date are in LIHTC-funded properties. TCAC staff contributed to 811 PRA program development and its application and currently helps review owner applications. Committee staff also monitor TCAC-funded properties for tax credit compliance.

The DHCS and the DDS are departments under the 13-department CHHS Agency. CHHS provides a broad range of health, mental health, and social services to state residents. DHCS operates Medi-Cal, California's Medicaid program, and oversees the California Community Transitions (CCT) Project, the state's MFP Rebalancing Demonstration for persons with disabilities

## Chapter 2. California Section 811 Project Rental Assistance Program

exiting from institutions. DDS provides administrative oversight to 21 statewide, nonprofit organizations called regional centers. These regional centers operate California’s Medicaid waivers and state plan services for individuals with developmental disabilities. Additionally, regional centers operate the CCT project for individuals with developmental disabilities.

DDS and DHCS staff oversee the organizations that identify 811 PRA participants and coordinate their services. Along with HCD staff, housing program staff from DDS and DHCS market the program to developers and owners. DHCS provides tenant data for the HUD quarterly report. DHCS staff also helped to develop the 811 PRA application. (DDS did not become a partner in the program until after the 811 PRA funds were awarded.) Table 2.1 outlines the organizational roles played by each organization in the 811 PRA program administration.

### Background Leading to the 2012 811 PRA Application

Due to the economic recession in the 2000s, California experienced a budget crisis between 2008 and 2012, leading to billions in budget cuts in most state government sectors. HUD’s NOFA for the 811 PRA program offered an opportunity for California to apply for rental subsidies for the target population during a period when affordable housing subsidies of any kind were very limited.

The State Department of Rehabilitation asked HCD to consider applying for 811 PRA funds. In considering the HUD NOFA, HCD approached CalHFA because it had experience with rental subsidies gained by administering the Section 8 program. CalHFA partnered with DHCS as the state’s Medicaid agency. HCD, CalHFA, DHCS, and TCAC staff met frequently to develop the initial program and funding application. The application was submitted in August 2012, followed by the award announcement in February 2013.

Table 2.1: Agency Roles in the 811 PRA Program

CalHFA	HCD	TCAC	DHCS	DDS
<ul style="list-style-type: none"> <li>Perform 811 PRA program planning.</li> </ul>	<ul style="list-style-type: none"> <li>Perform 811 PRA program planning.</li> </ul>	<ul style="list-style-type: none"> <li>Perform 811 PRA program planning.</li> </ul>	<ul style="list-style-type: none"> <li>Perform 811 PRA program planning.</li> </ul>	<ul style="list-style-type: none"> <li>Market 811 PRA program to owners.</li> </ul>
<ul style="list-style-type: none"> <li>Review owner applications.</li> </ul>	<ul style="list-style-type: none"> <li>Provide owner Notice of Funding Availability development.</li> </ul>	<ul style="list-style-type: none"> <li>Provide owner Notice of Funding Availability development.</li> </ul>	<ul style="list-style-type: none"> <li>Market 811 PRA program to owners.</li> </ul>	<ul style="list-style-type: none"> <li>Review owner applications.</li> </ul>
<ul style="list-style-type: none"> <li>Administer Rental Assistance Contract and subsidy payments.</li> </ul>	<ul style="list-style-type: none"> <li>Market 811 PRA program to owners.</li> </ul>	<ul style="list-style-type: none"> <li>Review owner applications.</li> </ul>	<ul style="list-style-type: none"> <li>Review owner applications.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct outreach and training to prospective California Community Transitions providers interested in becoming a HUD 811 PRA tenant referral organization.</li> </ul>
<ul style="list-style-type: none"> <li>Process monthly tenant files and voucher.</li> </ul>	<ul style="list-style-type: none"> <li>Review owner applications.</li> </ul>	<ul style="list-style-type: none"> <li>Inspect and monitor TCAC-funded 811 PRA properties</li> </ul>	<ul style="list-style-type: none"> <li>Oversee referrals in nursing facilities.</li> </ul>	<ul style="list-style-type: none"> <li>Oversee referrals in institutional settings and individuals who are “at risk” of institutionalization.</li> </ul>
<ul style="list-style-type: none"> <li>Inspect and monitor 811 PRA program properties.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor HCD-funded 811 PRA properties..</li> </ul>		<ul style="list-style-type: none"> <li>Oversee coordination of services.</li> </ul>	<ul style="list-style-type: none"> <li>Oversee coordination of services.</li> </ul>
<ul style="list-style-type: none"> <li>Produce quarterly reporting for HUD.</li> </ul>			<ul style="list-style-type: none"> <li>Produce HUD quarterly reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Track referrals.</li> </ul>
			<ul style="list-style-type: none"> <li>Verify both Regional Center consumers and Money Follows the Person participants for age and Medicaid eligibility.</li> </ul>	

CalHFA = California Housing Finance Agency. DDS = California Department of Developmental Services. DHCS = California Department of Health Care Services. HCD = California Department of Housing and Community Development. PRA = Project Rental Assistance. TCAC = California Tax Credit Allocation Committee.



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HUD signed the Cooperative Agreement with CalHFA on October 30, 2014. DDS did not become a program partner until after the 811 PRA funds were awarded.

The partners expected that 811 PRA units would be located statewide in both properties already built with state affordable housing funds—and therefore with existing affordability requirements—and in newly constructed or rehabilitated properties. CalHFA applied for the maximum 811 PRA funding amount due to the need for supportive, integrated housing, and the lack of affordable housing funding at that time.

### Program Financial Structure

The 811 PRA program is supported by \$931,814 811 PRA administrative grant fees and in-kind contributions of staff time. Because CalHFA is the grantee and will manage the ongoing rental subsidy for a 20-year period, the partners agreed that the agency should receive the full administrative fee. Staff from the partner agencies provide their time working on the 811 PRA program as in-kind contributions.

All 811 PRA functions at CalHFA, HCD, TCAC, and DDS are performed by existing staff. DHCS hired a new full-time Housing Specialist through the MFP program who took on 811 PRA functions after 2012 811 PRA funding was announced. The staff burden estimate from the 2012 grant application was 3.25 full-time equivalents (FTEs) across four agencies (not including DDS), although all

key staff report that they vastly underestimated the staff time needed to implement and administer the program. In addition, DDS planned to hire one new housing position in 2016 that will help support the 811 PRA program going forward.

Table 2.2 is a comparison of anticipated staff time for four key 811 PRA staff against an approximation of staff time spent on the 811 PRA program during its first year of the grant. As shown, the four agencies staff members spent significantly more time on 811 PRA program administration than planned, an increase of more than one FTE.

## State Context: Housing Programs

### Housing

California has an overwhelming need for affordable and suitable housing for people with disabilities. The 2013 American Community Survey estimated 3.7 million people with disabilities live in California and 2.4 percent of state residents receive Social Security Disability Insurance payments (Census Bureau, 2013). In 2014, the average Social Security Disability Insurance payment in California was \$877, requiring those whose sole income is Social Security Disability Insurance to spend more than their entire income to rent even a studio apartment (Social Security Administration, 2014a).

Table 2.2: California—Planned and Actual Time Spent on 811 PRA Program by Key Staff

Agency and Key Staff Members	Planned FTEs	Actual FTEs (estimated)
CalHFA—asset management officer and specialist	0.10	0.60–0.80
DHCS—Housing specialist	0.50 <sup>a</sup>	0.85
HCD—specialist, Division of Financial Assistance Planning and Evaluation Unit	0.20	0.50–0.75
TCAC—specialist, Development Section	0.20	0.20
DDS—section chief Community Development and Housing, specialist	0.00 <sup>b</sup>	0.30
<b>Combined total</b>	<b>1.00</b>	<b>2.45–2.90</b>

CalHFA = California Housing Finance Agency. DDS = California Department of Developmental Services. DHCS = California Department of Health Care Services. FTE = full-time equivalent. HCD = California Department of Housing and Community Development. PRA = Project Rental Assistance. TCAC = California Tax Credit Allocation Committee.

<sup>a</sup> The FTE expectation for the DHCS housing specialist was 1.00 FTE in the 2012 grant application. The expectation for 0.5 FTE on the 811 PRA program was determined after the grant was funded and the position was filled. The housing specialist position was hired to work on all housing-related activities for the MFP program.

<sup>b</sup> DDS was not a partner to the application.

California has long committed to create housing opportunities tied to services, but state agencies have not historically created many resources specifically for persons with disabilities coming from institutions. Some staff expressed the opinion that this population with disabilities is competing with other populations in need to receive state funds. For example, homelessness is a significant concern statewide. The 2015 Point-in-Time estimate for homelessness in California was about 115,000 with only an approximate one-third of those sheltered (HUD, 2015). According to program staff, people with disabilities that are institutionalized are not as visible compared with people seen living on the street and represent a “silent housing crisis.”

By providing rental subsidies, the 811 PRA program fills a need for affordable housing specifically for nonelderly persons with disabilities. HCD and TCAC are purposively policy neutral toward people with disabilities in their funding awards because they strive to serve all low-income populations in California.

### Existing Programs

Although most of California’s housing programs may not establish specific priorities, or set-asides for the 811 PRA target populations, the three state housing agencies all administer various housing programs for low- and moderate-income Californians, many of which serve and house persons with disabilities.

**CalHFA programs.** CalHFA provides financing for affordable multifamily rental housing and makes low-interest loans for very low- and low-income households. Although no specific set-asides are in these programs for persons with disabilities, it is likely that many people with disabilities reside in housing funded in part by CalHFA and benefit from its programs. (CalHFA does not track this information.)

CalHFA does finance one program specifically for people with mental illness. Administered in conjunction with the California Department of Mental Health, the Mental Health Services Act Housing Program provides both capital financing and operational subsidies for PSH for individuals with severe mental illness who are homeless or at risk of becoming homeless. Enacted in 2004, the Mental Health Services Act is funded through a 1-percent tax on income more than \$1 million. In fiscal year 2014–2015, CalHFA lent \$33 million under this program and created 227 units of supportive housing.

**HCD programs.** HCD administers several state-funded housing programs that serve people with disabilities.

- The state bond-funded Multifamily Housing Program (MHP) General Component provides financing for the construction, rehabilitation, or preservation of rental housing for low-income households. In 2015, HCD made available \$47.5 million in MHP funds and included priority points for properties that include at least five 811 PRA units in their funding application. As a result, six applications for the MHP General Component requested funding for 811 PRA units. HCD awarded MHP funds to three properties for a total of 15 811 PRA units.
- The MHP Supportive Housing Component provides financing for supportive housing developments. Units funded by MHP Supportive Housing are required to be occupied by people with disabilities in one or more of five specific disability categories. As of 2015, 87 properties were under this program with 2,355 supportive housing units.
- The Affordable Housing and Sustainable Communities Funds is a new state program that funds land-use, housing, and transportation projects that reduce greenhouse gas emissions. Currently, Affordable Housing and Sustainable Communities is the largest HCD capital development program. The first awards were granted in 2015. No priority points for special needs projects exist, although it is reasonable to assume that some projects will serve special needs populations. In 2016, approximately \$400 million will be available through this program.
- The Veterans Housing and Homeless Prevention Program provides both capital and Operating Subsidy Program funding for affordable housing that serves veterans, many of whom have disabilities. The program was funded at \$75 million in 2015, with \$400 million set aside for future years.

HCD also administers Federal funding to cities, counties, and nonprofit organizations from the CDBG, Emergency Solutions Grants, and HOME programs. Many people with disabilities are ultimately served by these programs. In 2016, HCD was expected to receive an allocation of funds from the National Housing Trust Fund program, a HUD-administered, formula grant capital funding program that requires 75 percent of the units created to house extremely low-income households at or below 30 percent of AMI.

**TCAC programs.** TCAC awards 9 percent competitive and 4 percent noncompetitive federal LIHTC, as well as supplemental state tax credits. Applications for the 9-percent tax credits are highly competitive, and in recent years TCAC has awarded only LIHTCs to less than one-half of applications received. In 2014,

TCAC awarded \$92 million in 9-percent tax credits and \$97 million in supplemental state credits for the development, rehabilitation, or acquisition of affordable housing.

TCAC's QAP does not provide a preference, set-aside, or priority points specifically for 811 PRA projects. The QAP does include a 10-percent set-aside for projects serving homeless persons and a 4-percent set-aside for projects serving at least 50 percent special needs populations, including many people with disabilities. Between 2012 and 2014, approximately 12 to 14 percent of all tax credit awards were special needs awards, resulting in at least 1,000 units constructed or rehabilitated specifically for people with disabilities of all ages. (TCAC does not track whether people with disabilities are elderly or nonelderly.)

### **How the 811 PRA Program Fits With Other State Programs**

Several state housing programs are incompatible with the 811 PRA program, the most significant barrier the 25-percent cap on targeted units within the 811 PRA program. To ensure that 811 PRA tenants are integrated into communities, statutory language governing the 811 PRA program stipulates that no more than 25 percent of units in any development may be required to serve or have occupancy preferences for persons with disabilities. Although federal and state tax credits issued by TCAC are the most prevalent financing source used to develop 811 PRA units, only those projects that do not apply for tax credits under the special needs or homeless set-asides can qualify for the 811 PRA program because the set-asides require that a minimum of 50 percent of the units serve the target population<sup>5</sup>, which clearly exceeds the 25-percent 811 PRA maximum.

Mental Health Services Act funds already are dedicated to serving people with mental illness and therefore cannot be used on the same unit as 811 PRA funds. For HCD's Veterans Housing and Homelessness Prevention Program, properties are required to have more than 25 percent of their units set aside specifically for veterans. CalHFA received guidance from HUD that the 811 PRA program cannot require that 811 PRA units in a particular project serve only veterans. This guidance makes the use of 811 PRA rental assistance also incompatible with capital funding for projects serving only veterans.

Like the Veterans Housing and Homelessness Prevention Program, the MHP Supportive Housing Component Program provides incentives for setting aside more of its units to serve persons with disabilities, including people who are chronically homeless and other homeless populations with disabilities and special needs populations. Consequently, the percentage of units restricted to persons with disabilities in these programs is typically more than 25 percent, making it impossible for developers to be competitive for these capital sources if they were to choose to use 811 PRA funding in these properties.

How the state defines its homeless population creates additional incompatibilities between the 811 PRA program and state programs that serve homeless people. TCAC and HCD use HUD's definition of homeless individuals, which means that individuals who are institutionalized for more than 90 days are no longer considered homeless. Their use of this definition makes it difficult to serve Money Follows the Person participants who must reside in institutional settings for at least 90 days to be eligible for the MFP program.

### **How Major Housing Assistance Programs Are Used To Assist the Target Population**

In addition to the three state housing agencies, other entities such as local governments, housing authorities, and private owners also develop and administer affordable housing programs in California for people with disabilities. Table 2.3 overviews the number of persons served by six major Federally funded housing programs administered in California. As shown, one-fourth of people living in public housing in the state are nonelderly people with a disability, as are 37 percent of Housing Choice Voucher (HCV) program participants.

In addition to the programs in table 2.3, 30 local public housing authorities throughout California administer 2,795 federally funded vouchers specifically for the Non-Elderly Disabled (NED) Vouchers. An additional 232,826 units funded with federal LIHTCs are estimated to serve people with disabilities (HUD, n.d.).

### **Local Issues—Housing Affordability and the Rental Market**

California includes some of the most high-cost areas in the country for renting, homeownership, and development, which is a key deterrent to creating affordable housing

<sup>5</sup> It appears that by requiring at least 50 percent of the units be targeted to the special needs or homeless population, California TCAC's special needs or homeless set-asides are supporting the production of congregate supportive housing (also referred to as single-site supportive housing), a model that has been targeted to persons with substance abuse who may have experienced homelessness or have been diagnosed with a mental illness. Congregate models have been successful at stabilizing housing and improving recovery because the services are available onsite and there is a supportive peer environment that is more intensive than in a scattered-site model, which is the approach of the 811 PRA program.

Table 2.3: California—Overview of Major Federal Housing Programs

Program	Units Available	Number of Household Members	Percent Extremely Low-Income	Percent With Disabilities Among Head, Spouse Aged <62	Percent of All Persons With Disabilities
Public Housing	29,895	78,574	71	23	15
Housing Choice Vouchers	330,837	710,630	75	37	27
Moderate Rehabilitation	1,955	3,836	92	54	52
Project-Based Section 8	101,741	166,733	83	22	11
202/PRAC	13,359	15,852	83	38	4
811/PRAC	2,511	2,893	86	99	87

PRAC = Project Rental Assistance Contract.  
Source: HUD (2016)

opportunities for people with disabilities. Lack of affordable housing is one of the primary reasons that people with disabilities may be at risk for institutionalization in the state.

Low-income residents have an especially difficult time finding affordable housing in the state. According to a recent study of housing needs by the California Legislative Analyst's Office, the median monthly rent in California in 2013 was \$1,240, more than 50 percent higher than the national average (LAO, 2015). According to 2007–2011 American Community Survey data, 24 percent of renter households in the state are extremely low-income (earning 30 percent or less of AMI). More than 80 percent of these households paid more than 30 percent of their income on rent and experienced housing problems such as overcrowding or substandard housing.

Owners comprise more than one-half of all occupied units, 53.7 percent, compared with 46.3 percent of renters. Between 2010 and 2014, the proportion of California owners decreased by 2 percent. The California's rental market has become tighter as homeownership costs have increased and as the state has experienced significant population growth in the past 15 years. As a result, the state's rental vacancy rate decreased from 6.3 to 3.9 percent between 2010 and 2014. During this same period, the state's average income remained stagnant, both single family and multifamily construction starts decreased, and mortgage requirements tightened, creating additional demand for rental housing in the state.

The high cost of housing makes affordable housing development in the state particularly challenging and contributes to the growing need for affordable housing.

811 PRA housing staff report that four to six sources of private and public funding are typically needed to make an affordable housing project feasible in high-cost areas. The approximate construction cost of a new two-bedroom unit is between \$325,000 and \$375,000.

## Service Provision and Healthcare

### Current Status of Service and Healthcare Programs That Support Community Living

The departments under CHHS administer Medi-Cal waiver programs that provide home- and community-based services. These programs include HCBS waivers that support participants in their home or community-based setting as an alternative to care in a nursing facility or institution.

DHCS administers nine HCBS waivers, including the following waivers for people with disabilities.

- Home- and Community-Based Services Waiver for the Developmentally Disabled. This waiver authorizes HCBS for people with developmentally disabilities. More consumers of the Developmentally Disabled (DD) Waiver are in California than any other HCBS waiver.
- The Developmentally Disabled-Continuous Nursing Care Program provides 24-hour continuous nursing care for developmentally disabled and medically fragile persons in residential settings.
- In-Home Operations has statewide responsibility for reviewing and authorizing home and community services through the Medi-Cal Nursing Facility/Acute Hospital Waiver.
- In-Home Supportive Services Plus Waiver. The Department of Social Services converted In-Home



Supportive Services to a 1915(j) state plan option Medicaid program in 2009. Between 2004 and 2014, the program grew more than 100 percent and currently serves more than 440,000 individuals in their homes.

- The Assisted Living Waiver is administered in 13 counties. It helps facilitate transition of persons with disabilities from a nursing facility to a community setting or serves individuals at risk of institutionalization.
- Enacted in 2013, the Health Homes Program targets Medi-Cal's highest risk members who present the best opportunity for improved health outcomes through Health Homes Program services. Health Homes Program will go into effect in early 2017.
- The 1115 Waiver Renewal (Medi-Cal 2020) authorized in December 2015 will provide Whole Person Care tenancy support services to members. Whole Person Care is the coordination of health, behavioral health, and social services to improve the overall quality of patient life.

### Recent Changes in Programs That Support Integrated Community Living

**Changes in Medicaid resources away from institutional settings and toward community living.** During the past 10 years, departments within CHHS focused on housing as an essential resource needed to stabilize healthcare services for individuals. As discussed in the following section, the state first developed an Olmstead plan in 2003 to help persons with disabilities move from institutions to live in the most integrated settings available. In the past decade, CHHS has expanded Medicaid HCBS waivers available in California. Medi-Cal 2020, which is California's 1115 Waiver Renewal that will guide DHCS during the next 5 years, was approved by the Centers for Medicare and Medicaid Services in December 2015. The recent 1115 waiver renewal will support increased access to housing with supportive services.

In 2007, DHCS developed the Long-Term Care Division that oversees waivers and long-term service models. In 2007, MFP also awarded DHCS funds to create the CCT Project. To date, approximately 2,700 people have transitioned out of inpatient care into integrative community settings as a result of the CCT Project. Housing has become even more of a focus in the past several years. The hiring of the first staff member dedicated to housing in DHCS did not occur until DHCS hired a housing specialist under the MFP program in 2014.

In contrast to DHCS, DDS has long focused on locating and creating housing resources to help individuals with developmental disabilities move out of California's

Developmental Centers and other inpatient settings to homes within the community. DDS has also focused on creating housing resources for individuals who are at risk of moving into institutional settings.

The 2015 Governor's Budget proposed closing the three remaining Developmental Centers. Policy initiatives on de-institutionalization of individuals with developmental disabilities have also led to the current statutory prohibition on the placement of individuals with developmental disabilities into California's Developmental Centers, except for acute crisis care. This prohibition, combined with the closure of Developmental Centers, has resulted in an increased need for affordable and accessible housing, including in California's highest cost areas. DDS' goal is to provide a variety of housing options from which individuals with developmental disabilities may choose to reside, including housing offered by the 811 PRA program. In 2016, DDS is adding one position within the department; the person in this role will assist with identifying housing resources for individuals who are eligible for affordable housing under the 811 PRA program.

**Changes to Medicaid eligibility criteria.** California first expanded Medicaid under its 1115 waiver and again expanded eligibility as a result of the Affordable Care Act. More than 12.8 people are currently enrolled in Medicaid in California.

**Funding.** Total Medicaid spending has increased substantially in California in recent years, as a result of expanded Medicaid eligibility and as CHHS has pursued Medicaid resources available to expand HCBS. Between 2008 and 2014 total Medicaid spending increased from about \$36 billion to nearly \$64 billion, a 63.4-percent increase (Eiken et al., 2015; KFF, 2017).

Funding for long-term services and supports (LTSS) went from approximately \$12.7 billion in 2008 to nearly \$15 billion in 2013 (Eiken et al., 2015). Home- and community-based services as a portion of LTSS also increased during this period, indicating the continuing trend of decreased funding for institutionalized care and increased funding for community-based services and supports. HCBS funding increased from nearly 7 percent of LTSS in 2008 to nearly 63 percent in 2013 (Eiken et al., 2015). In 2013, California ranked seventh highest for HCBS fund allocation as a percentage of LTSS funds, significantly more than the national average of 51.3 percent (Eiken et al., 2015). Between 2008 and 2013, overall HCBS funding increased by 29.4 percent although funding for Institutional LTSS increased only 0.7 percent, again illustrating the state's priority in shifting funding toward community-based services and away from institutionalized care (Eiken et al., 2015).

### How the 811 PRA Program Fits With the Service and Healthcare Programs That Support Community Living

As discussed in the Housing Context section in chapter 3, the 811 PRA program provides rental subsidies specifically for nonelderly people with disabilities who need affordable housing. Aside from NED Vouchers, no other programs in California specifically target assistance to nonelderly people with disabilities. Other programs that target people with disabilities specifically focus on those with mental illness or who are homeless, which are not target populations of California's 2012 811 PRA program.

### California's Olmstead Plan

CHHS first developed its Olmstead plan in 2003, with updates in 2005, 2010, and 2012. The plan covers a broad range of strategies to prevent unnecessary institutionalization of people with disabilities. In 2005, Governor Schwarzenegger convened the Olmstead Advisory Committee to help inform policies and 811 practices that affect Californians' abilities to receive services in the least restrictive environment possible. In 2012, CHHS expanded the advisory committee's role to include a focus on housing and veterans. California has not had any consent decrees compelling it to create a statewide plan, although Olmstead lawsuits against the City of Los Angeles have been filed. As a result, the state allocated housing vouchers in coordination with healthcare providers for seniors and those who are homeless.

The Olmstead plan outlines 12 goals, including one specific to housing and helping individuals to transition out of institutional care to more integrative settings according to their needs and preferences. The most recent update in 2012 predated the award of 811 PRA funding so the 811 PRA program is not named as a resource; however, 811 PRA partners consider the 811 PRA program an important resource to meet Olmstead housing goals. 811 PRA team members participate in the Olmstead Advisory Committee meetings three times a year, where they discuss the CCT Project and progress toward meeting Olmstead goals.

## Population Served

### Comparison of Target Populations: Planned Versus Actual

To be eligible for the 811 PRA program, an applicant must be between the ages of 18 and 61 at move in, extremely low income, and be enrolled in or eligible for services under Medi-Cal waivers administered by DHCS or DDS.

CalHFA and DHCS further categorized the target population using these two priorities.

1. "Individuals residing in an inpatient facility for at least 90 consecutive days, for which Medi-Cal has paid for at least one of those days, and who are enrolled in the CCT Project."
2. "Individuals receiving Medi-Cal long-term HCBS waiver or state plan services who are at risk for placement in an inpatient facility."

Individuals under Priority 1 include residents living in skilled nursing facilities, developmental centers, and intermediate care facilities. Most individuals under Priority 1 are individuals living in skilled nursing facilities. Priority 1 individuals can also include individuals with developmental disabilities whose services are coordinated through the Regional Centers. All individuals must be enrolled in the state's MFP program to qualify under Priority 1 regardless of the waiver under which they receive services. Institutionalized applicants will be given priority over noninstitutionalized applicants if both are ready to move in at the same time.

Individuals under Priority 2 who are at risk of institutionalization could come from several care settings. Individuals eligible under Priority 2 are primarily DD Waiver consumers who are living in community settings and who are served by a Regional Center. Other waiver consumers living in the community are also eligible, but because the DD Waiver is the state's largest and serves more than 100,000 consumers, most Priority 2 applicants are expected to come from this population.

### Skilled Nursing Facilities

Skilled nursing facilities house between 90,000 and 100,000 In-Home or nursing facility waiver consumers, although only 15,000 to 25,000 are between ages 18 and 61. DHCS staff estimate that 10 percent of these individuals would be interested in and able to leave the skilled nursing facility and live independently. As a result, DHCS expects that approximately 1,500 to 2,500 nonelderly people with disabilities living in nursing facilities would be good candidates for 811 PRA units. Individuals transitioning out of nursing facilities can choose from several different housing models available through the CCT Project, including living at home alone, living with family or roommates, single-room-occupancy units, or regional care settings.

### Regional Centers

Regional centers are nonprofit organizations that contract with DDS to provide services to approximately 300,000 individuals with developmental disabilities. In

California, 21 regional centers exist. Individuals who receive services coordinated through the regional centers may reside in many different settings, including in their own homes, in group homes, in skilled nursing facilities, or in various types of inpatient settings, including skilled nursing facilities and developmental centers as discussed in the following sections.

### Developmental Centers

Approximately 1,000 individuals reside in developmental centers, a reduction from 3,900 in the 1970s. DDS expects that in the next 5 years, approximately 700 individuals with developmental disabilities will be transitioning into integrated community living from developmental centers as they close. DDS staff estimate that approximately 10 percent of these individuals will be eligible for and interested in moving into integrated housing under the 811 PRA program.

### Outreach, Referral, and Application

Through the end of 2015, 51 individuals had been referred to complete an application for the 811 PRA program and 28 residents were living in 811 PRA-funded units. CCT organizations referred 39 individuals living in nursing facilities and Regional Centers referred 12 individuals. Most of the referrals were for those meeting Priority 1 (residing in inpatient facilities for at least 9 months); only 7 of the 51 (14 percent) referred to the program were at risk for institutionalization.

### Outreach, Referral, and Application Process

Since their 2012 funding application submission, CalHFA and DCHS have made one significant change in how applicant referrals are coordinated in the 811 PRA program. The agencies added DDS as a partner. Although DCHS had always intended to serve persons with developmental disabilities at risk of institutionalization, the partnership with DDS in identifying these consumers came after CalHFA was notified that the grant was funded. When the 2012 application was submitted to HUD, it was assumed that DHCS as the state Medicaid agency would coordinate these noninstitutional placements with DDS. In contrast, placements into the 811 PRA program for DD Waiver consumers from institutions were always expected to be coordinated through the CCT Project.

CCT organizations and Regional Centers act as tenant referral organizations (TROs) for their respective customers for the 811 PRA program. Regional Centers may also choose to partner with a CCT acting as a TRO rather than with a developer directly. TROs promote the

811 PRA program among their clients, assess applicants for eligibility, and maintain a waiting list of applicants eligible for the 811 PRA program. When an appropriate unit becomes available, TRO case managers refer applicants to apply at specific properties and help them complete the application process, provide transition services as tenants move in to the 811 PRA units, and manage the service delivery provision. Owners applying for 811 PRA rental assistance are required to partner with one or more TROs before they apply for 811 PRA funds to manage the influx of qualified applicants for the 811 PRA units at their properties.

For the 2012 811 PRA application, California uses a decentralized outreach and referral model. DHCS and DDS do not maintain a centralized statewide waiting list for 811 PRA applicants. TROs are each responsible for referring only applicants from their own populations to the properties where they have agreements with owners. The Notice of Funding Availability requires that the owner and TRO submit a tenant selection plan that governs the process of selecting eligible tenants, but no standardized requirement exists to maintain a waiting list in a certain way. In their Memorandums of Understanding that are approved by CalHFA, property owners and TROs must agree to give priority to institutionalized persons for available units. Within the institutionalized and noninstitutionalized target populations, property owners decide on the method for choosing from 811 PRA waiting list (for example, first come, first served or a lottery) if fewer units are available than people ready to occupy them.

### Target Population Screening and Eligibility

TROs identify eligible 811 PRA applicants within their respective populations and determine whether they are eligible for the 811 PRA program. Once the applicant is identified, the TRO submits a completed referral to DHCS, which confirms eligibility based on age and enrollment in Medi-Cal. Once a unit becomes available, the TRO staff person refers the individual to the property owner to complete an application for the property and provides assistance as needed. Individual property owners establish their own rental criteria, including rental history, credit, and criminal background. Owners must outline their selection criteria in their tenant selection plans that are submitted to and approved by CalHFA. The property manager determines whether the individuals meet the property's criteria and works with the TROs to determine move-in dates or placement on a property waiting list.

### Implications of Target Population and Outreach and Referral Methods

Having two different target populations from two different types of organizations has implications on the 811 PRA program's outreach and referral methods and tenancy of 811 PRA units. Most 811 PRA tenants and most applicants referred have come from nursing facilities. Of the 28 tenants living in 811 PRA units at the end of the 2015, only 3 were DD Waiver consumers. The differences in management, procedures, program oversight, funding levels, and access to certain services between the two organizational types may also lead to some disparities within the 811 PRA program.

The first 811 PRA units were filled in a less formal manner as applicants were individually matched with 811 PRA units as they became available. As CCT participants were initially identified as the priority target population in the grant application, CCT organizations quickly identified potential 811 PRA applicants within their caseloads when the first 811 PRA units became available. Regional Center staff did not receive timely information about the 811 PRA program and were not ready to make program referrals when the first 811 PRA units became available in late 2014. As of late 2015, many Regional Center staff were trained on the program and are prepared to make additional referrals going forward.

The decentralized approach to target population outreach and the lack of a centralized waiting list may have implications on the number and types of individuals eventually placed in 811 PRA units. The informal method of matching consumers to units, which has been used to date, is not easily replicable when the program gets larger. However, it is not clear how DCHS and DDS plan to coordinate future referrals so that both populations are

given equal weight in selecting participants within each of the two priorities. It is also not clear how the divisions will track referrals to ensure that unit offers are made according to the appropriate order of priority of the target population.

DHCS and DDS staff reported that they both have future plans to establish a position that will assist with tenant referrals and to help facilitate coordination of 811 PRA applications and available units. As of early 2016, CalHFA and DHCS staff were considering purchasing software to track participant applications and priorities.

## Housing Strategies

### Property and Unit Characteristics

Through the end of December 2015, CalHFA had executed four Rental Assistance Contracts for a total of 78 811 PRA units. Table 2.4 shows the number and the characteristics of properties with units under executed RACs. Most units under contract are either studios (47) or one-bedroom units (29), because those two sizes represent the most need. The remaining two units under RAC are two-bedroom units. Out of the 78 units, 3 are currently designated as mobility accessible and none are designated as being accessible for persons with vision or hearing impairments. (The accessibility of the remaining units will not be known until unit turnover and owners know which units the 811 PRA subsidy will be applied.)

At the end of 2015, 28 of the 78 811 PRA units under contract were occupied. The remaining units under RAC are in properties that are fully occupied with other tenants; this fact has an implication for how quickly California meets its occupancy goals. 811 PRA units will be filled once existing tenants move out.

Table 2.4: Characteristics of Properties With 811 PRA Units

Property Name and Owner	City and County	Tenant Referral Organization	RAC Amount (\$)	811 PRA Units/Total Units	Initial Occupancy Date
Garden Village, Domus Development	Sacramento, Sacramento	Home and Health Care Management, Alta Regional Center	450,129	11/195	3/2015
Essex Apts., Insight Development	Lancaster, Los Angeles	Libertana	1,116,017	37/150	9/2015
Casa Verde, Mercy Housing	San Leandro, Alameda	East Bay Innovations	356,443	10/68	1/2016
Bermuda Gardens, Mercy Housing	San Leandro, Alameda	East Bay Innovations	785,327	20/80	1/2016

RAC = Rental Assistance Contract. PRA = Project Rental Assistance.  
Source: California Housing Finance Agency (2016)



CalHFA signed its first RAC in March 2015 for 11 811 PRA units; the first unit was occupied in March 2015. The owners of the property, Garden Village, received Low-Income Housing Tax Credits to rehabilitate a severely distressed property that had fallen into disrepair and foreclosure. By the time the new owners, Domus Development, obtained the property from the bank, drugs and criminal activity had plagued the property, and about one-half of its units sat vacant. Domus completely rehabilitated the property, reducing its unit count from 201 to 195 and added indoor and outdoor community spaces, two pools, a computer lab, onsite management, and security.

### Property Selection Methods and Financing

**Outreach to owners.** To gain interest in the 811 PRA program, key staff from HCD and DHCS extensively marketed the 811 PRA program to owners of state-funded multifamily properties. HCD and DHCS staff held webinars, conducted in-person local meetings throughout the state, and responded to questions from developers. Contact information for HCD and DHCS staff is also provided in all marketing and application materials and on the 811 PRA program website.

Program staff have conducted limited targeted outreach to owners of existing projects in their housing agency portfolios because agency data systems do not enable staff to easily determine which properties may be eligible for 811 PRA subsidies. Program staff report that their outreach methods have been time-consuming, but necessary and ultimately successful. The effort needed to obtain adequate applications was not unexpected given California's complex and expensive housing development market, the statutory 25-percent limit discussed previously, and the cap on the 811 PRA contract rent to be affordable to households earning up to 50 percent of Area Median Income.

**Owner application process.** The 811 PRA application period began August 1, 2014, and is open until all 811 PRA funds are awarded. HCD staff streamlined the application process to make it as easy as possible for owners interested in the program to apply for funding. HCD staff created an application form, sample tools, including memorandums of agreement between owners and TROs, tenant selection plans, board resolutions, and affirmative marketing plans. Owners are encouraged to use the standard documents but may propose changes if in compliance with program requirements.

HCD and DHCS staff also provide technical assistance to owners throughout the application process. When owners first express interest, an HCD staff member holds an initial call to discuss program requirements and the

proposed project. HCD staff provide technical assistance on housing components and fair housing marketing strategies, and DHCS staff help with tenant selection plans, services, and outreach to participants. DHCS and DDS staff also facilitate meetings and partnerships between owners and TROs.

All five agencies review and approve 811 PRA funding applications according to their respective expertise. The agencies maintain a checklist kept on a shared website that shows whether each component has been reviewed and found acceptable. Applications are discussed at the biweekly program meetings and the group collectively decides whether to move forward with awarding a RAC.

**Financing.** Projects eligible for 811 PRA funding in California must be funded by HCD, CalHFA, or TCAC. All 811 PRA projects awarded have been financed with LIHTCs, and some properties have as many as six sources of funding sources, including financing through HCD, CalHFA, and TCAC programs previously described. Eligible properties include both already-built properties funded through one of the three state housing agencies and new construction and rehabilitation properties, provided that they meet the 811 PRA occupancy schedule.

### Implementation Schedule

CalHFA proposed an 18-month leasing schedule in its 2012 funding application and expected to occupy up to 19 811 PRA units per month, or 228 units in the first year of the grant. CalHFA's expectation for occupancy in its first grant year represented about two-thirds of the 811 PRA units it expected to fund under the 2012 811 PRA program. Per its grant Cooperative Agreement, 811 PRA units must be under contract by 2022 and all PRA funds should be spent by 2025.

In addition to the 78 units under RAC through November 2015, an additional 28 units are pending RAC execution. The pending units consist of 13 811 PRA units in a 54-unit Solano County development and 15 811 PRA units in three projects funded through the MHP. As of February 2016, the total number of 811 PRA units under RAC and pending RAC execution was 106, representing more than one-half of the 2012 projected number of units under the grant. HCD and DHCS staff planned to conduct another round of outreach marketing to owners in 2016 and expect to continue to make progress toward recruiting enough properties needed to meet their program goals.

### Rent and Subsidy Levels

In response to the significant need for rental subsidies for the target population, the agencies applied for the maximum funding amount available to their state and determined the number of 811 PRA units that it could support. Staff estimated the number of 811 PRA units using HUD's calculated initial tenant rent payment and a Fair Market Rent at the higher end in the state (Santa Cruz County). CalHFA based rents on 40 percent of AMI, although HUD scored its application using 50 percent of AMI. CalHFA initially included costs for onsite service coordinators within its application budget (similar to requirements for other state supportive housing programs), but HUD did not approve these costs. The average committed 811 PRA rental subsidy amount under the first 78 units under RAC is \$578 per unit per month thus far, compared with the average \$705 budgeted rental subsidy in the Cooperative Agreement (based on a contract rent of \$993 per month and a tenant contribution of \$288 per month).

### Unit and Tenant Turnover

As of November 2015, of the 19 units occupied, 2 have turned over. As of December 2015, of the 28 units occupied, 3 participants have exited the program. One resident returned to an inpatient facility due to health concerns, 1 left the program, and 1 resident died. In addition, 1 811 PRA participant requested a move due to needing a larger bedroom size for a family member or live-in aide.

## Service Provision and Coordination

The exact services each person receives varies depending on his or her individual needs and the Medi-Cal services he or she is eligible to receive. HCBS waiver services include case management, community transition services, private duty nursing, family home health aides, utility reimbursement, habilitation services, and respite care, among many others. In addition to HCBS waivers, persons with disabilities in California can also be served through a state plan service, through a Medi-Cal Managed Care Plan, or through county-funded services. Counties in California provide some level of services to people with disabilities, including comprehensive specialty mental health services, substance use disorder services, and long-term care services.

### Ongoing Services

CCT participants are eligible for ongoing services through enrollment into a Medi-Cal waiver. Some large service provider organizations are also CCTs and can provide a continuity of services.

Regional Center consumers receive lifetime services under the DD Waiver after they leave the institution as long as they are eligible and have an individual services plan (called an Individual Program Plan or IPP) in place. A service coordinator conducts routine visits with the consumer every 90 days and ensures that the IPP is being appropriately implemented. As may be agreed to in the IPP, a Supportive Living or Independent Living service provider funded by the Regional Center may have more frequent consumer contact to assist with daily needs, including cooking, shopping, transportation to healthcare appointments and daily activities, and equipment needs.

### Coordination of Services and Housing

CCT coordinators and Regional Center service providers help participants move into 811 PRA units and ensure ongoing connection to services. Although services are provided according to individual consumer plans, services are coordinated differently for CCT participants living in inpatient facilities than participants who are at risk for placement into institutional care.

CCT organizations have funding available for transition services through the MFP program, and all CCT participants receive 12 months of transitional services after they leave inpatient care. MFP funding covers the costs of furniture and household goods, security deposits, and first and last months' rent. Participants also have access to a 24-hour call system. Individuals with developmental disabilities who are transitioning from an institutional setting receive transition services funded through the Regional Center's CCT Project. Once CCT participants reside in the community, their ongoing supportive services may be funded through the HCBS waiver under which they receive services.

Individuals who are "at risk" and do not meet the 90-day institutional stay criteria do not qualify for services funded through MFP. Transitional services can be provided under the DD Waiver or other long-term care services as long as those transitional services are included in an individual's IPP.

### Gaps in Services

Gaps in services may occur because different services are available in different locations throughout the state and through different Medi-Cal waivers. Service provider staff also note the need for some providers, such as home health aides, in some locations due to pay that is not competitive. The range of services available also depends on the knowledge and training of staff at individual CCTs and Regional Centers. CCT capacity and services offered vary widely, and some organizations may transition very few individuals out of inpatient care.

### 2013 811 PRA Application

CalHFA applied for and received \$11,985,436 in 2013–2014 811 PRA funding, slightly less than its 2012 award of \$12,208,558. The 2013–2014 funds are slated to subsidize more units than the 2012 funds or 283 units compared with 241 in 2012. Significant differences exist between the 2013–2014 funding application and the 2012 program. CalHFA targeted assistance to one geographic area, Los Angeles City and County, and specifically to homeless persons with disabilities. The agencies targeted this area because of two factors: (1) the availability of a pool of flexible county subsidy funds that are compatible with 811 PRA program requirements (that can be used to bring the total contract rent on the unit to FMR), and (2) the large number of homeless persons within the area needing housing and services. The 811 PRA program will also help meet the requirements of lawsuits mandating services for persons who are homeless. The Housing Authorities of the City of Los Angeles and the County of Los Angeles agreed to set aside a combined 150 HCVs for homeless, nonelderly people with disabilities as leverage for the 811 PRA funding.

### Leveraging

CalHFA did not leverage any HCV units or other subsidized units as part of its 2012 grant application. The agency and its partners felt it was too onerous to try to obtain leveraged vouchers from specific PHAs, as their program was statewide. However, as noted previously, the grantee and the partner agencies provide in-kind contributions of staff time to support the 811 PRA program.

### Program Administration, Assessment, Information Systems, and Data Infrastructure

CalHFA monitors the 811 PRA grant through regular meetings with all four partnering agencies and through a shared website to track team members' activities. CalHFA also maintains a public website with detailed up-to-date information on the 811 PRA program and funding opportunities. CalHFA uses Housing and Development Software system to send, receive, and process tenant and voucher records for the residents in the 811 PRA program. CalHFA was the first grantee to use this system and helped Housing and Development Software modify the system for 811 PRA.

Because California was the first state to execute a RAC with an owner and to house individuals in 811 PRA-

assisted units, 811 PRA program staff experienced some challenges navigating HUD's reporting systems. CalHFA's Asset Management staff encountered difficulties submitting tenant records into HUD's Tenant Rental Assistance Certification System, and releasing subsidy payments to owners. Because owners may not move tenants into 811 PRA units until TRACS and Integrated Real Estate Management System data are submitted, any delays in entering data can delay the occupancy of 811 PRA units. CalHFA also experienced a delay of several months in getting the first subsidy payment released by HUD. As of November 2015, all data issues with TRACS and iREMS have been resolved with HUD and all rental subsidies have been retroactively paid to the owners.

CalHFA monitors DHCS and DDS activities through regular meetings and quarterly reports. DHCS and DDS maintain separate systems for tracking referrals, applicants, and tenants from their respective populations. At the time of the site visit, DHCS and DDS were developing databases to better track participant information.

Currently, California has a decentralized, unautomated system for tracking and prioritizing 811 PRA-eligible applicants and referrals to units. DHCS and CalHFA are exploring purchasing software to assist with referral tracking and prioritization.

### Successes and Challenges

The first 811 PRA tenants moved from institutions to new integrated housing units in March 2015. Program staff from all five agencies discussed initial successes and challenges they have experienced in 811 PRA program implementation.

#### Factors Contributing to Program Success

**Early program planning.** California was the first state to have tenants in units funded by the 2012 811 PRA program. CalHFA staff attribute their ability to fill the first 811 PRA units to their early program start and continual planning process. Agency staff met biweekly to flesh out program details after the grant application was submitted. From previous experience with HUD programs, staff knew that execution of the grant agreement could take some time and they wanted to be ready to hit the ground running once they had received contractual approvals. In anticipation of potential delays, CalHFA released the NOFA for 811 PRA funding in August 2014, 2 months before HUD signed the Cooperative Agreement on October 2014, so they would be ready to issue awards once they were under HUD agreement. The NOFA strategy was a prudent and successful method of attracting developers and owners. CalHFA did not want to allocate counties a certain

amount of assistance based on needs and risk not finding properties that met the 25-percent statutory limitation on units restricted to persons with disabilities.

**Effective partnerships.** Program staff credit much of their 811 PRA program progress to the effective partnerships of the five agencies. Although the five agencies did not have a long history of partnering together prior to the 811 PRA program, they quickly established a close working relationship. The partnership is effective due to the ongoing communication between the parties and clear delineation of program tasks. Since the start of the planning process, staff from the four agencies (later five as DDS became a partner) have met biweekly to resolve issues and make program decisions. Although CalHFA stated in the grant application it would cross-train staff from each other's agencies, clear delineation of program tasks seem to exist by agency depending on the expertise of each agency and particular staff. This approach has helped the agencies be more efficient in program administration and resulted in less duplication of effort.

**Committed staff.** The 811 PRA program has made progress through the personal efforts and perseverance of individual staff members. HCD staff established points for the 811 PRA program in the most recent MHP General Component program NOFA. DHCS and DDS staff worked diligently to quickly fill the initial 811 PRA units to meet tax credit occupancy deadlines. CalHFA staff worked with HUD and the software vendor to resolve TRACS related modification to accept 811 tenant files and vouchers. Several staff spent considerable time on marketing to gain owner interest in the program.

**Streamlined owner application and review process.** California's project owner application process is one that other grantees can replicate. 811 PRA housing staff simplified and streamlined the process to make it as easy as possible for owners to apply for funding. Interested owners may apply any time, as the application process is continuously open. HCD staff first have a call with any interested owner to discuss program requirements and the proposed project. California has a sample memorandum of understanding with a TRO and a tenant selection plan online as well as the application that owners may review and complete. Although owners may alter certain tenant selection plan sections, it must be in compliance with program requirements. Therefore owners are encouraged to utilize the standard tenant selection plan. HCD and others on the team provide technical assistance to the owner in completing the application if needed.

The use of a shared private website to track each agency's progress in the owner application review process is an efficient method to qualify owners and properties.

**Improved quality of life for 811 PRA residents.** Three 811 PRA tenants residing at one property, and their service providers, were interviewed during the site visit. All expressed their gratitude for the 811 PRA program as it has provided the comprehensive quality care and housing they need. All three residents stated that they were very satisfied with their units and caregivers, and felt that they had access to a social community on site. The caregivers (representatives from both a Regional Center and CCT) stated that the residents were thriving under this program.

### 811 PRA Program Challenges

811 PRA program staff reported some challenges in the initial program administration, both due to the complexity and high development costs in California and to the constraints of the 811 PRA program. The evaluation team further identified some areas of the program that have an effect on the efficiency and effectiveness of the 811 PRA program.

The availability of capital sources, such as LIHTCs or MHP funds, really drives when owners apply for the 811 PRA program. California has spent considerable time figuring out how to use capital sources with the program because many sources are incompatible. All 811 PRA projects have been financed with LIHTCs to date. A lot of soft money is needed to make the projects financially feasible, especially in urban settings and high cost areas in California. Some projects have as many as six funding sources.

Low contract rents at 50 percent of FMR are also a challenge in attracting developers and owners. Developers prefer to participate in programs that provide higher rental subsidy and secure a higher percentage of units.

Capital financing is needed to provide financial incentive and ease financial feasibility. To ensure financial feasibility due to high development costs in California, CalHFA and its partners have tried to team up with compatible funding sources to expand the 811 program. However, this task has not been easy due to programmatic restrictions in many of the funding sources. California requested HUD to allow for targeting its program partly to veterans to piggyback onto veterans funding. California Housing Finance Agency was told that this targeting to veterans would be a fair housing problem and was therefore not permitted.

**Different target populations.** The two distinct target populations, CCT participants and Regional Center participants at risk for institutionalization, are overseen by different agencies and have different funding sources attached. The differences in the management and funding sources could lead to some 811 PRA participants getting some services that are not available to other



811 PRA participants. The CCT or Money Follows the Person is for individuals who are in institutional settings with Medicaid covering the cost of their stay. CCT can pay for transition coordination, first month's rent and deposit, home furnishings setup, assistive technology, and home modification. All the CCT participants are enrolled in the Nursing Facility/Acute Hospital Waiver, which pays for case management, nursing, and personal care. On the other hand, individuals from the Regional Center institutional settings or at risk of being homeless are usually on the Developmentally Disability Waiver. This waiver covers assistive technology, home modifications, and ongoing health services, but does not pay for rent, deposits, or furnishings which participants usually get help with from family members. Most Regional Centers also have limited funds to help with home setup. The exact services each person receives varies depending on their individual needs and the Medi-Cal and Regional Center services he or she is eligible to receive.

CCT coordinators and Regional Center service providers help participants move into 811 PRA units and ensure ongoing connection to services. Although services are provided per individual consumer plans, services are coordinated differently for CCT participants living in inpatient facilities than participants who are at risk for placement into institutional care.

**Getting a complex program launched and running smoothly.** 811 PRA program staff reported that a significant challenge was the amount of planning and staff time needed to develop program policies and procedures and getting the program implemented at the five state agencies. Nearly all staff interviewed reported that they spent considerably more time on the program than initially planned. Key CalHFA, DCHS, California Department of Developmental Services, and California Department of Housing and Community Development staff all routinely spent more than one-half of their time implementing the program in the first year, in contrast to initial staff estimates of 0.10 to 0.20 each. Administrative fees are not sufficient to reimburse the value of actual staff time spent on the project.

**Percent cap on targeted housing units.** The requirement that limits properties participating in the 811 PRA program to have no more than the 25-percent cap of units set aside for the target population has been an impediment to recruiting owners in California. Several state housing financing programs are incompatible with the 811 PRA, including those that award points for units specifically set aside for special needs housing in the state's QAP. Many owners whose mission is to serve low-income people or persons with disabilities were not eligible to apply because their properties already support

these populations. Thus, HCD and DCHS have needed to spend considerable staff time conducting outreach to potential project sponsors to gain additional interest.

**Lower targeted contract rents in 811 PRA program.** Another deterrent to owner interest in the 811 PRA program is that the rents that CalHFA targets under 811 PRA are significantly less than the rents allowed for under other housing programs funded in the state. The PRA program enables grantees to determine the rent level allowable for PRA units, as long as it does not exceed the area's FMR as determined by HUD. Grantees were awarded points in their grant applications for proposing lower rent levels. In its 2012 grant application, CalHFA established target PRA rents to be affordable to persons earning 50 percent of AMI. Other housing programs funded through the state enable developers to set rents at FMR, which are substantially higher. For instance, the rent proposed by CalHFA based on blended rents in Santa Cruz County was \$755. The rent determined in the cooperative agreement with HUD was \$955, and the FMR at the time of the proposal was \$1,329. If multiple sources are available for affordable housing in the state, developers will naturally seek the sources that will be the most financially feasible.

The rent level proposed by California was a result of HUD and the state's desire to try to fund as many units as possible with the most cost-effective approach. The challenges experienced during program implementation, specifically the lower than expected owner interest, shows that the grantee might have been overly optimistic.

**Challenges in service provision.** The 811 PRA program reflects a policy shift away from institutional settings and toward community-based services and supports. This change has led to some challenges in service delivery for the target population.

The limitation on the number of 811 PRA units within one development can be a challenge for service provision. DCHS staff report that many services, such as nursing services, can be provided more efficiently at properties where several individuals need services, and economies of scale can be achieved. Reimbursement of Medicaid waivers are also calculated differently if services are shared among multiple individuals at one property. California Community Transitions and Regional Center staff noted difficulty attracting service providers due to low Medicaid reimbursement. CCT organizations have had a particularly difficult time hiring Home Health Aides. The lack of services in an area can dictate if 811 PRA units will be approved because availability of services is required for a property to be approved for 811 PRA funding. The CCT Project does not operate in all 58 counties in California.



# Louisiana Section 811 Project Rental Assistance Program

## Introduction

In 2012, the Louisiana Housing Corporation (LHC) and the Louisiana Department of Health (LDH) partnered to apply for Section 811 Project Rental Assistance program funds. HUD awarded Louisiana \$8,489,928 to provide rental subsidies for 199 units of supportive housing for nonelderly adults with disabilities with extremely low incomes. Beyond the 811 PRA program's statutory eligibility requirements, Louisiana's target populations were prioritized in this order:

1. Persons who are inappropriately institutionalized.
2. Homeless persons.
3. Persons who are at risk of homelessness (including those living in transitional housing for persons who are homeless) and persons at risk of institutionalization.

To learn about 811 PRA program implementation, two evaluators conducted a site visit in October 2015. At the time of the visit, six residents resided in three developments in northern Louisiana. At the close of 2015, Louisiana had 34 units under a RAC; 9 units were vacant, 18 were unavailable (waiting on turnover), and 7 were occupied with 811 PRA residents.

## Grantee Partnership, Organizational Structure, and Management

### Background

Since 2005, Louisiana has been deeply affected by several severe storms. Hurricanes Katrina and Rita devastated the Gulf Coast region, displacing more than a million people. Hurricane Katrina damaged approximately one million housing units, including 500,000 units in Louisiana (Sorrells, 2015). A month after Hurricanes Katrina and Rita, more than 600,000 people in the Gulf Coast region were without stable housing (Plyer, 2015). The aftermath of these storms left many people homeless or at risk of homelessness.

To meet the displaced and homeless population's housing needs, Louisiana developed the Permanent

Supportive Housing program. The program provides a stable housing environment in an integrated, community-based setting for individuals and families with disabilities who have supportive service needs. Since 2007, the PSH program has assisted individuals with severe and complex disabilities, providing affordable rental housing (through rental subsidies) with voluntary, flexible, and individualized services.

Originally, the PSH program targeted Louisiana's neediest area, the Gulf region (called the Gulf Opportunity, or GO Zone). The GO Zone PSH program is part of Louisiana's larger Road Home Program, a far-reaching initiative that rebuilds housing in Louisiana, making it safer and more resistant to flooding and hurricane damage.

Although not directly hit by the hurricanes, the storms affected other state areas. Such extreme weather has exacerbated the preexisting housing affordability crisis across the state, disproportionately affecting persons with disabilities. In the other state areas, the indigent population with high service support needs has increased. Due to these factors, Louisiana wanted to expand its PSH program outside the GO Zone. When the opportunity arose to apply for 811 PRA program funds, LHC and LDH saw an opportunity to expand and target the PSH program into these areas. Thus, Louisiana's 811 PRA program targets eligible households in the northern and central areas of the state. The 811 PRA program has become an important resource for expanding the PSH program statewide.

The 811 PRA program is a component of the PSH program due to the similarity of mission, the populations served, and the type of services provided. Although the 811 PRA program is a PSH program component, this report, to enhance clarity will refer to the 811 PRA program specifically unless information applies to the overall PSH program.

### Partnerships and Organizational Structure

LHC is the 811 PRA program grantee. The Louisiana Housing Authority (LHA), a department under LHC, administers the 811 PRA program. Since 2007, LHA and LDH have worked closely together to develop and manage the PSH program. Their long history of collaboration in developing and implementing supportive rental housing for persons with disabilities provided the experience and background needed to apply for and administer the 811 PRA program. Administered by LHA and LDH, the PSH program is composed of several state and HUD-funded programs. Two examples are the 2,000-unit Project-Based Voucher program and the 1,000-

unit shelter-plus-care component of the PSH program. Given the partners experience administering these rental assistance and service programs, LHA and LDH wanted to expand the PSH program structure and processes to the 811 PRA program.

LHA and LDH are responsible for the daily management of the 811 PRA program; the Executive Management Council oversees the program. Joint responsibilities include dispute resolution, data collection, program evaluation, Executive Management Council participation, and ongoing communication. Individual agency responsibilities are described in the following sections. The delineation of responsibilities between LHA and LDH has not changed since the 811 PRA funds were awarded.

**Louisiana Housing Corporation and Louisiana Housing Authority.** Created in 2011, the LHC consolidates the state's funding sources and affordable housing programs. It also provides a coordinated approach to the state's housing policy to ensure an adequate supply of affordable and accessible housing for all state residents. LHC allocates federal LIHTC and oversees the HOME Investment Partnerships Program, Louisiana Housing Trust Fund, and other housing development programs. LHC is also a Project-Based Contract Administrator, overseeing 172 contracts with 14,447 units.

LHA administers the PSH program, which includes managing the 811 PRA program. Managing the 811 PRA program includes identifying eligible properties, reviewing property owners' applications for 811 PRA funding, underwriting and awarding 811 PRA funds, developing and executing RACs between LHA and property owners, and ensuring 811 PRA program compliance. LHA has oversight over all properties selected for the 811 PRA program.

**Department of Health and Hospitals.** LDH is responsible for assessing or establishing the population targeting policy; providing local infrastructure for outreach, referral, and supportive service delivery; and sustainability planning for services linked to 811 PRA-PSH units. LDH is also responsible for:

- Outreach to potential 811 PRA program participants.
- Referral of individuals to the 811 PRA program.
- Connection of program participants to services.
- Participation in property selection.
- Oversight and monitoring of LDH agencies and service provider agencies.

**Executive Management Council.** The LDH deputy secretary chairs the Executive Management Council. Council members include the assistant secretaries for several LDH program offices. These program offices include the Office for Citizens with Developmental Disabilities, Office of Behavioral Health, Office of Aging and Adult Services, Office of Public Health, Bureau of Health Services Financing (Medicaid), Bureau's MFP director, and LHA executive director. LDH provides staff to the Executive Management Council who assist with performing organizational duties. The Executive Management Council governs the 811 PRA program, including making decisions about the target population, program eligibility, program expansion, contracts, and budgets. It also reviews progress reports and program performance. Committee members meet monthly and more frequently as needed.

### Program Financial Structure

Of the \$8,489,928 in 811 PRA funds awarded to Louisiana, \$7,861,045 is designated for rental assistance. The remaining \$628,883, or 8 percent of the rental assistance amount, is intended to cover administrative costs. All 811 PRA administrative funds have been allocated to LHA, because it must administer the RACs during the life of the grant requirements.

In Louisiana's 811 PRA program application, LHA expected to have one full-time staff person, the LHA executive director, managing the program through the startup phase. In addition to the executive director, a housing finance specialist or program specialist has assisted with program administration. The LHA chief financial officer and other LHC staff are responsible for administering TRACS and the Line of Credit Control System (LOCCS). In addition, LHC contracts with a housing specialist who identifies units for the 811 PRA and PSH programs. The actual amount of LHC staff time to implement the program far exceeds what was expected. The fact that the 811 PRA program involves expanding the PSH GO Zone program into a broader service areas drives up staff time. LHC staff time is paid through 811 PRA administrative fees.

LDH originally expected the LDH PSH program director and the MFP project director to dedicate 15 percent of their time to the 811 PRA program, and the assistant secretary for the Office of Behavioral Health to dedicate 5 percent. In addition to the three LDH staff assigned to assist with 811 PRA program management and implementation, LDH has a project coordinator who manages daily administrative and programmatic tasks.



### State Context: Housing Programs

#### Housing Policy

Many factors influence the State of Louisiana's housing policies, including the effects of several damaging storms, including Hurricanes Katrina and Rita. These storms reduced available housing and resulted in increases in displaced persons and homelessness.

Thus, Louisiana strived to meet the needs of its affected residents by providing community-based housing with long-term supports, especially to the most vulnerable population, extremely low-income homeless individuals with disabilities. As part of these efforts, Louisiana's PSH program provides an affordable rental housing resource that assists homeless persons with disabilities and those at-risk of homelessness. In 2014, Louisiana created its comprehensive plan to end homelessness. The plan, *Ma Maison*, which means "my home," outlines statewide policy priorities for ending homelessness. The priorities are—

1. To end chronic homelessness by 2016.
2. To prevent and end homelessness among veterans by 2015.
3. To prevent and end homelessness for families, youth, and children by 2020.
4. To set a path to ending all types of homelessness (Sweazy, 2014).

In addition, New Orleans participates in the Dedicating Opportunities to End Homelessness Initiative, along with 10 other U.S. communities with critical homeless rates. The Louisiana Housing Corporation 811 PRA program operates in concert with the Dedicating Opportunities to End Homelessness Initiative, a part of the state's long-term approach to eradicate and prevent homelessness.

The state's approach to eradicating and preventing homelessness includes providing a continuum of housing programs and services. The Louisiana Balance of State Continuum of Care (BoS CoC) program is the state's housing and services organization covering rural areas of the state not covered by a parish or city. BoS CoC provides funding for efforts to quickly rehouse homeless individuals and families and for efforts by nonprofit providers to decrease homelessness. BoS CoC services include outreach, intake, assessment, emergency shelter services, and PSH for people with disabilities.

In addition to its goal of eradicating homelessness, Louisiana provides alternative, community-based housing options for inappropriately institutionalized persons with disabilities. The Supreme Court's 1999 decision in *Olmstead v. L.C.* to enable people with disabilities to live in

the least restrictive settings possible that meet their needs and preference was the legal basis for the *Barthelemy v. Louisiana Department of Health Hospitals* class action lawsuit (referred to as "Barthelemy") filed in 2000 by Louisiana's Protection and Advocacy System. The suit against LDH was filed on behalf of individuals living in nursing homes or at imminent risk of being placed in one. The lawsuit aims to increase the options for community-based services and ensure that all individuals are informed of their housing and service options.

#### Existing Programs

After Hurricanes Katrina and Rita, HUD provided Louisiana approximately \$25.9 million in disaster recovery funds for operating assistance, bridge rental assistance, and technical assistance, along with \$72 million in supportive services grants. HUD Disaster Funds are expected to end in early 2018, and most funding for services is now reimbursed by Medicaid. Since 2007, the PSH program has housed more than 2,300 of the most vulnerable individuals with disabilities (TAC, 2012).

LHC's Qualified Allocation Plan provides points to LIHTC applications when those responsible for operating the tax-credited projects agree to participate in the PSH program by allocating 5 to 10 percent of the project's units to PSH-eligible applicants. In the 2017 QAP, LHC plans to indicate that extra points will be awarded to those projects allocating up to 25 percent of the total units to the 811 PRA program. In addition to LIHTC, LHC-LHA administers several other local, state, and federal housing programs with the following outcomes:

- Between 2007 and 2012, it allocated \$75 million in HOME funds to develop 125 affordable housing units.
- The one-time, \$34 million allocation in Neighborhood Stabilization funds developed 328 units of affordable housing.
- The Louisiana Housing Trust Fund 2007 allocation of \$25 million developed 148 homeownerships and 174 rental units.

Table 3.1 provides an overview of the other federal housing programs administered in Louisiana. An examination of the information in table 3.1 indicates that these programs serve a significant number of nonelderly disabled households.

Between 1997 and 2009, Louisiana Housing Authorities received 650 Non-Elderly Disabled Category 1 HCVs (HUD, n.d.). NED Vouchers are available to those in eligible nonelderly households with disabilities that want to live in a community setting, regardless of whether they move from institutional settings. Supportive services are also provided to NED tenants.

Table 3.1: Louisiana Federal Housing Programs

Federal Program	Units Available	Number of Household Members	Percent Extremely Low Income	Percent With Disabilities Among Head, Spouse Aged <62	Percent All Persons With Disabilities
Public Housing	19,872	41,921	66	27	19
Housing Choice Vouchers	55,664	12,1562	68	30	20
Moderate Rehabilitation	112	464	86	23	15
Project-Based Section 8	15,507	26,343	75	28	15
811/PRAC	959	973	80	97	94

PRAC = Project Rental Assistance Contract.  
Source: HUD (2016)

### Rental Housing Market

Renter households comprise 36 percent of all Louisiana households, and 23.5 percent of all renter households are extremely low income (National Low Income Housing Coalition, 2016a). The rental markets in New Orleans and along the Gulf are under intense pressure due to a loss of rental housing from the severe storms and high demand, which in turn puts pressure on other rental markets in the state. New Orleans is the sixth worst city in the United States for renters; with a 9-percent hike in rents and a 1.5-percent decline in income since 2009 (Woodward, 2015). The rental housing market in northern Louisiana, part of the 811 PRA target area, is soft but has tightened since the beginning of 2012. Its estimated overall vacancy rate is 7.7 percent, which is lower than the overall state vacancy rate.

Rental housing affordability is a serious concern in Louisiana. A household paying more than 30 percent of its household income for rent is considered cost burdened. In Louisiana, 53 percent of renter households are cost burdened (Sorrells, 2015). The affordability crisis is more severe for extremely low-income households, such as those served by the 811 PRA program. In January 2016, the National Low-Income Housing Coalition reported that nearly three out of four extremely low-income households were “severely cost burdened,” paying more than 50 percent of their income on rent (NLIHC, 2016b). The Coalition further reported a shortage of 107,438 units for extremely low-income households in Louisiana and that, for every 100 extremely low-income renter households, only 35 units are both affordable and available (NLIHC, 2016a). These data make clear the need for 811 PRA rental subsidies for extremely low-income households that have persons with disabilities.

### Service Provision and Healthcare

#### Policy

Historically, Louisiana’s long-term care has been largely institutional. In the early 1990s, Louisiana had one of the highest numbers of nursing homes and nursing home residents per capita in the United States (Louisiana Department of Health and Hospitals, 2013). In 2000, the state began the process of “rebalancing” by increasing spending on home- and community-based supports and services (Louisiana Department of Health and Hospitals, 2013). Louisiana’s service and healthcare policy is outlined in the state’s 2007 Plan for Choice in Long-Term Care (Plan for Choice) (Louisiana Department of Health and Hospitals, 2007). This plan details how the state intends to reform how long-term care services are delivered.

#### Recent Changes Supporting Community Living

Recent changes in programs have supported Louisiana’s policy shift toward integrated community living through the provision of Medicaid-funded home- and community-based services. Medicaid data examination illustrates these spending and funding changes. Between 2008 and 2014, total Medicaid spending increased from about \$6.1 billion to nearly \$7.4 billion statewide, a 20.5-percent increase (Eiken et al., 2015; KFF, 2017). Funding for overall LTSS increased from approximately \$2 billion in 2008 to \$2.4 billion in 2013 (Eiken et al., 2015). Home- and community-based services, as a portion of LTSS, increased from 34 percent of LTSS in 2008 to 39.5 percent in 2013. The percentage allocated to HCBS, however, is significantly below the 51.3-percent national average (Eiken et al., 2015). Institutional funding decreased as a proportion of LTSS from nearly 66 percent in 2008 to 60.5 percent in 2013.

### Expansion of Medicaid 1915(c) HCBS Waivers

This policy shift away from institutionalization and toward integrated community living is evidenced by LDH's expanded services. With approval from the Centers for Medicare and Medicaid Services (CMS), LDH's expanded its services in its Medicaid 1915(i) Plan for mental health, and its offerings through the 1915(b) Waiver. Most importantly for 811 PRA, LDH was granted approval for the expansion of five 1915(c) Home- and Community-Based Waiver amendments. These approvals resulted in increased services available to 811 PRA program participants.

The following list provides short descriptions of the 1915(c) waivers that LDH uses to provide support services to 811 PRA program participants. For a more detailed description of these services, please see the section titled Service Provision (Types, Transition Versus Ongoing, by Target Population, Gaps).

- **Residential Options Waiver.** This waiver provides a comprehensive set of ongoing and transitional services for individuals with intellectual disabilities, autism, and developmental disabilities. The Residential Options Waiver covers services that include day habilitation, respite care, assistive technology or specialized medical equipment and supplies, dental care, supports for community living, environmental accessibility adaptations as well as transportation and transition supports.
- **Community Choices Waiver.** Community Choices provides a comprehensive set of services for individuals with physical disabilities ages 21–64. This waiver provides services that include caregiver temporary support, assistive technology or specialized medical equipment and supplies, home delivered meals, housing stabilization, monitored inhome caregiving, environmental accessibility adaptations as well as nonmedical transportation and housing transition supports.
- **Supports Waiver.** This waiver provides day habilitation, prevocational services, respite, support coordination, supported employment, housing stabilization service, and housing stabilization transition for individuals with intellectual disabilities, autism, and developmental disabilities ages 18 and older.
- **New Opportunities Waiver.** New Opportunities provides services to individuals with autism, intellectual disabilities ages 3 and older. Services include center-based respite, employment related training, supported living, skilled nursing, adult

companion care, community integration and development, housing stabilization transition, and individual and family support.

### Olmstead Plans, Settlements, Consent Decrees

As discussed previously in the Housing section, the landmark Olmstead decision was the legal basis for the *Barthelemy* lawsuit. *Barthelemy* was settled in 2009, several years before the 811 PRA program. By the terms of the agreement, Louisiana increased its expenditures on HCBS by \$118M from 2009 through 2013.

Although not part of the settlement agreement, the 811 PRA program does play a role in helping Louisiana accomplish its rebalancing efforts by providing rental subsidies to 811 PRA program-eligible individuals to support their community living. Moreover, 811 PRA is completely in line with the state's vision for long-term care reform as outlined in the state's Plan for Choice. As noted in the proceeding section, the Louisiana 811 PRA program has three priority populations, two of which relate to institution related populations—those who are inappropriately institutionalized and those who are at-risk of institutionalization.

### Population Served

To be eligible for the 811 PRA program, individuals are required to meet the following 811 PRA program and local state requirements: (1) have a household member with a disability and be receiving Medicaid services or other funded services; (2) need housing supports offered by the 811 PRA program; (3) be extremely low income (which means total annual household income cannot exceed 30 percent of the AMI); and (4) be between the ages of 18 and 61 at time of admission.

Louisiana has further prioritized the populations it will serve through the 811 PRA program. Persons who are (1) inappropriately institutionalized; (2) homeless persons; or (3) at risk of institutionalization or homelessness (including those persons living in transitional housing or those who are homeless).

The 811 PRA quarterly report of 2015, the first year of program implementation, indicates that of the 207 households referred to the 811 PRA program, 50 percent met the criteria of being at risk of homelessness and 16.4 percent met the definition of being homeless. Only 5.8 percent of 811 PRA program applicants were institutionalized and 9.7 percent were at risk of institutionalization. Because the 811 PRA program application is available to the public via LDH's website and many applications are submitted prior to screening

for eligibility, 37 percent of the households had no designated target population. Finally, the data showed that 28 percent of applicants were categorized with a physical disability, 47 percent with a mental health disability, and 25 percent with an intellectual or developmental disability.

### Outreach, Referral, and Application

#### Outreach, Referral, and Application Methods

The outreach, referral, and application process is centralized and managed by LDH's PSH program unit. Serving the 811 PRA program, this PSH unit has an Outreach Implementation Team. Composed of staff from the Office of Behavioral Health, Office of Aging and Adult Services, Office for Citizens with Developmental Disabilities, Office of Public Health, Medicaid, and the Money Follows the Person program coordinator, Outreach Implementation Team oversees both state and local outreach efforts. This team ensures that program directors are aware of the program eligibility criteria and available housing units.

Regional efforts include—

- Identifying appropriate regional agency representatives of the various target populations.
- Establishing regional stakeholder teams representative of the various populations.
- Providing initial and ongoing briefing for regional stakeholder teams.

State and regional teams also utilize CoC participants, advocates, and other stakeholder groups who work with individuals who have difficulty acquiring services. The PSH Unit monitors outreach efforts and eligible applicants on the waiting list.

However, because the 811 PRA program application is publicly available on the LDH website, some applications come into the 811 PRA program prior to screening for eligibility. As soon as an application is received, Medicaid eligibility is determined. Once eligibility for one or more of the services has been determined, LDH refers individuals who meet the PSH requirements for the 811 PRA program based on the referral protocol established by LHA.

Within the eligible target populations, referrals are prioritized per the target population priorities previously listed in the section titled Comparison of Target Populations: Planned Versus Actual. LDH maintains the database in the Yardi Voyager, or Yardi, system to track each applicant throughout the housing eligibility and selection process. Once determined eligible for the 811 PRA program, the participant is placed on the waiting

list for a residential unit. The waiting list is organized by parish and referrals to units are tracked by parish.

#### Target Population Eligibility

As noted previously, by the end of 2015, the 811 PRA quarterly report showed that 207 households had been referred to the 811 PRA program. Of these households, more than 50 percent (104 households) met the state's priority for being at risk of homelessness and 107 households had a member with a mental health disability. However, of the 207 referrals, 121 were found ineligible for the 811 PRA program with the large majority ineligible because they were not eligible for services.

#### Implications of Outreach, Referral, and Application Methods on Individuals Referred and Placed

Because the outreach, program application and eligibility determination, unit referrals, and waiting list management are centralized, 811 PRA program staff can coordinate 811 PRA program efforts efficiently. In contrast, LHA and LDH administered the PSH program using a decentralized system previously that had many inherent flaws. Varying agency staffing levels, capacities, and program commitments made the former PSH program intake and eligibility process difficult both to manage and to achieve overall consistency. Having a centralized process for the 811 PRA program, from outreach through unit referral, has resulted in an overall systemic improvement, per LHA staff. Therefore, once the 811 PRA program is up and fully operational, the unit occupancy process should be smoother and more efficient than in the past.

### Housing Strategies

#### Property and Unit Characteristics

As of October 2015, Louisiana had two RACs and eight 811 PRA program units; six units were unavailable. As of the end of 2015, 34 units were under RAC, 2 of which were accessible to persons with mobility impairments, and 32 units were not accessible. Of the 34 units, 18 were one-bedroom units, the unit size that most 811 PRA program applicants need. In addition, 14 two-bedroom and 2 three-bedroom units existed under RAC.

#### Property Selection Methods and Financing

PSH and 811 PRA units are identified and funded as part of the state's LIHTC selection process. LHC utilizes the state's QAP to award additional points to developers that integrate PSH units into their developments. As of the end of 2015, of the 34 units under RAC in the 811 PRA program, all the units were financed with LIHTCs, HOME funds, or both.



At the time of applying to the 811 PRA program, LHA expected that 811 PRA units would come from those “existing (already built)” and “new (under construction or to be built)” units awarded LIHTCs during the 2011 and 2013 funding rounds. Further, it was thought that developers who had a positive experience developing properties under the PSH program in the GO Zone would want to participate in the new areas. LHA expected developers who had not exhausted their 25 percent set-aside to participate in the 811 PRA program.

LHA anticipated that it could meet its 811 PRA unit goals quickly by placing identified properties under RAC from its 2011–2013 LIHTC and HOME inventories. However, the long delay in HUD’s program implementation significantly affected Louisiana’s 811 PRA production because several of the projects were already fully rented by the time the grantee received its Cooperative Agreement. Furthermore, LHA realized that it had underestimated the time it would take to educate and form relationships with the developer community in new regions. Obtaining developments for the 811 PRA program proved to be far more time-consuming than LHA had anticipated. Also, at first, LHA found that fewer properties than anticipated were available that met program requirements.

LHA now thinks that it has a good pipeline of units and can meet its program commitment by 2017. It is making some changes to its QAP too, which will increase 811 PRA units. By increasing the points awarded for 811 PRA participation from 5 to 10 percent, and eventually from 10 to 25 percent (the allowable maximum) in its 2017 or 2018 QAP, LHA expects to increase the pool of potential 811 PRA and PSH units more quickly.

### Property Selection Process

The QAP requires developers pursuing PSH points to request a letter of support for their project from the Executive Management Council. When a request is received, the council and its staff meet to assess the bedroom size(s), amenities, accessibility, and geographic location of the proposed units. LDH then designates staff to conduct a site visit to the proposed property to assess the surrounding environment and proximity to public transportation. The Executive Management Council utilizes the information to determine whether to support the project for the 811 PRA program. LHC does not support the selection of projects that LDH determines cannot be reasonably occupied by the 811 PRA program target population. The Executive Management Council makes the final decision about which properties are selected for the 811 PRA program after LHC decides which projects will receive LIHTCs.

Once a project is selected, a RAC is negotiated and executed between the LHA and the property owner of the units. When the property is ready for program participation, a RAC will be executed. The RAC initial term is 20 years plus renewals. The RAC contains a 30-year use agreement that requires units continue to serve extremely low-income individuals with disabilities. 811 PRA properties receive local FMR for the 811 PRA units and are ensured housing vacancy payments for up to 60 days at 80 percent of the total monthly rent. Property owners or managers are informed that 811 PRA program participants are eligible to receive (1) financial assistance to pay the utility and security deposits and (2) supportive services and guidance from case managers. One of the housing or service providers certified under the PSH program assigns these case managers.

### Implementation Schedule

In October 2015, the properties in table 3.2 were either under a RAC or had an application in process.

Per its Cooperative Agreement, Louisiana had initially expected that it would have 24 units under RACs in 2014 with an additional 75 in 2015. With 34 units under RACs at the end of 2015, Louisiana had not achieved its goals but has many properties in the pipeline. As of the beginning of 2016, Louisiana expected to have more than 130 units under RACs by the end of the year.

### Rent and Subsidy Levels

Louisiana projected that the first 100 units available would be covered by five different FMRs. The state also expected to set initial rents to owners based on the 2012 FMRs, increased annually by 2.4 percent in accordance with Louisiana’s Operating Cost Adjustment Factor. In the application for the 811 PRA program, Louisiana projected that the average contract rent for year one would be \$795, with an average monthly rental assistance payment of \$673. The final budget signed for the 2012 Louisiana 811 PRA program differs slightly from the application amounts. The budget establishes an average contract rent of \$813 per unit per month, with \$597 coming from 811 PRA program rental assistance and \$216 from the tenant.

### Unit Offers and Tenant Turnover

Once deemed eligible for Medicaid and the 811 PRA program, an individual is placed on a waiting list. At the end of 2015, Louisiana had 72 households on the 811 PRA waiting list. When a unit becomes available, three individuals on the waiting list are offered the opportunity to view the unit. During 2015, 39 811 PRA-eligible participants were referred to units and seven units were occupied.



Table 3.2: Properties Under RAC or Application in Process

Property	Parish and City	Number of 811 PRA Units	Initial and Expected Occupancy Date
Austin Village	Morehouse	2	2016, 2017
Cypress Landing	Caddo, Shreveport	31	2015
Embassy House Apartments	Caddo, Shreveport	3	2016, 2017
Fairmont Towers	Caddo, Shreveports	60	2016, 2017
Renaissance at Allendale	Caddo, Shreveport	2	2015
Sycamore	Oachita, Monroe	3	2016, 2017
Villages at Eagle Point	Bossier, Bossier City	1	2016, 2017

PRA = Project Rental Assistance. RAC = Rental Assistance Contract.  
Source: Louisiana Housing Authority, Internal Report.

Application for a unit occurs at the property. Eligibility for a unit is determined by housing development's owner or property manager. Property managers establish their own tenant selection plan, which includes admission criteria. These criteria, however, must conform to 811 PRA program eligibility criteria and with Louisiana's Housing First housing policy. The Housing First approach provides, without prerequisites, immediate access to PSH to individuals and families experiencing homelessness. Formerly institutionalized or homeless persons move directly into permanent housing units with no requirement that they first agree to support services or achieve a certain level of self-sufficiency. Intensive voluntary support services are offered to the program participant, aimed at helping the person maintain health and tenancy. A property owner or manager cannot reject a potential resident based on the resident not having supportive services.

As of October 2015, no 811 PRA units had turned over.

## Service Provision and Coordination

### Service Models

LDH ensures services are available to assist the target populations with community living and for helping program participants comply with the rental lease for the 811 PRA program unit. To be eligible for an 811 PRA program unit, applicants must have access, at the time of admission, to one or more of the following.

1. Services for individuals with a disabling chronic health condition, physical, cognitive, or sensory disability who meet requirements for services provided or funded by the Office of Aging and Adult Services.

2. Services for individuals with a developmental disability who meet requirements for services provided by the Office for Citizens with Developmental Disabilities.
3. Services provided by the Office of Behavioral Health for individuals with a serious mental illness including those with co-occurring disorders.
4. Services for individuals with a chronic health condition, physical, sensory, or cognitive disability whose conditions meet the requirements of "in need of PSH" but do not meet the threshold requirements for long-term care services provided by the Office of Aging and Adult Services and whose disabling condition emerged after the age of 22.

These populations are the highest priority for LDH and its agencies. Although eligibility for one or more of the services is required, program participants have the right to refuse services; service participation of individuals residing in 811 PRA program units is voluntary.

### Coordination of Services and Housing

LDH coordinates services and housing. The 811 PRA project coordinator acts as the 811 PRA-PSH tenant service manager and is the primary point of contact between LDH and property owners and managers. The coordinator communicates with property managers and tracks program participants from referral to a housing unit through move-in and residency. Further, the coordinator works to foster good relationships between property managers, program participants, and service providers. In the event of a dispute between a program participant and a property manager, the coordinator manages the initial steps in the resolution process. Lastly, the coordinator conducts site visits, provides feedback, and makes

## Chapter 3. Louisiana Section 811 Project Rental Assistance Program

recommendations to the 811 PRA management team on ways to improve program administration and coordination.

To ensure that 811 PRA program applicants can successfully move into 811 PRA program units, LHA has committed \$1.25 million in HOME Tenant-Based Rental Assistance during the initial 5-year 811 PRA grant period. The funds will provide security and utility deposit assistance to program participants who require additional assistance to secure an 811 PRA program unit.

### Service Provision (Types, Transition Versus Ongoing, by Target Population, Gaps)

LDH administers Medicaid for the State of Louisiana. Louisiana 811 PRA program participants have access to both the traditional Medicaid HCBS [1915(c) waivers] and Louisiana’s Medicaid State Plan services. LDH operates the HCBS waivers listed in table 3.3, which has a detailed listing of the services available under each waiver. CMS approved LDH’s five 1915(c) Home- and Community-Based Waiver amendments. These approvals resulted in increased services to program participants.

Support services are provided by agencies certified by LDH and fall into four categories: (1) HCBS targeted for individuals with chronic or physical health disabilities who meet the threshold for long-term care; (2) HCBS targeted primarily for individuals with developmental disabilities; (3) community-based behavioral health services; and (4) services coordination for individuals with long-term chronic health conditions or physical disabilities who need continuous and long-term support but do not yet meet the threshold for long-term care services.

In addition to HCBS, LDH also provides the Louisiana Medicaid State Plan services, such as Community Psychiatric Support and Treatment (CPST) and psychosocial rehabilitation. CPST are goal-oriented supports and solution-focused interventions. These services are intended to achieve goals or objectives identified in the person’s individualized treatment plan. CPST provides community and home-based case management services and access to behavioral health and medical supports, and illness management skills training.

Table 3.3: Louisiana 1915(c) HCBS Waivers

1915(c) Waivers	Summary
Residential Options Waiver	Provides day habilitation, prevocational, home respite care, shared living services, support coordination, supported employment, assistive technology or specialized medical equipment and supplies, dental, community living supports, companion care, environmental accessibility adaptations, host home, nursing, one-time transitional services, PERS, professional services, transportation and community access for individuals with developmental disabilities.
Community Choices Waiver	Provides adult day health care, caregiver temporary support, support coordination, assistive devices and medical supplies (assistive technology), environmental accessibility adaptation, home delivered meals, housing stabilization, housing transition or crisis intervention, monitored inhome caregiving, nonmedical transportation, nursing, personal assistance services, skilled maintenance therapy, transition intensive support coordination, and transition services individuals with physical disabilities ages 21–64.
Supports Waiver	Provides day habilitation, habilitation, prevocational services, respite, support coordination, supported employment, housing stabilization service, housing stabilization transition, PERS for individuals with developmental disabilities ages 18 and older.
New Opportunities Waiver	Provides center-based respite, day habilitation, employment related training, supported employment, supported living, skilled nursing, specialized medical equipment and supplies, adult companion care, community integration and development, environmental accessibility adaptations, housing stabilization, housing stabilization transition, individual and family support, one-time transitional, PERS, professional services, remote assistance, substitute family care for individuals with developmental disabilities ages 3 and older.
Coordinated System of Care	Provides crisis stabilization, independent living and skills building, parent support and training, short-term respite, youth support and training for individuals with serious emotional disturbances ages 0–17 and individuals with mental illness ages 18–21.

HCBS = home- and community-based services. PERS = Personal Emergency Response Systems.

Psychosocial rehabilitation services assist individuals with mental illness by providing them with support services that mitigate functional deficits and interpersonal or environmental barriers associated with mental illness. Activities are designed to meet the goals outlined in each person's individualized treatment plan. The psychosocial rehabilitation intent is to restore the fullest possible integration of individuals as active and productive members of his or her family, community, or culture with the least amount of ongoing professional intervention.

Pretenancy services (known as transitional services in other states) are available to all 811 PRA and PSH program participants, regardless of the type of waiver under which they receive services. Participation in services voluntary and services are available from prior to move-in through occupancy, if needed and desired. The types of service provisions vary based on each individual's need and Medicaid eligibility. LDH certified agencies receive financial support from other sources and offer additional transitional services on top of the pretenancy services provided by Medicaid waivers. However, the availability and depth of coverage of these additional resources vary greatly from one provider to another.

### 2013 811 PRA Application

Louisiana decided not to pursue additional 811 PRA program assistance in the 2013–2014 funding round. The state wanted to fully implement its 2012 program first. LHA confirmed that it approved that decision, because program implementation has been challenging.

### Leveraging

To provide rental assistance to extremely low-income individuals with disabilities, LHA secured 125 housing choice vouchers from three local housing authorities—Calcasieu, East Baton Rouge, and Shreveport. No vouchers have been leveraged yet. LHA is working on Memorandums of Understanding (s) with the three housing authorities.

### Program Administration, Assessment, Information Systems, and Data Infrastructure

LHA conducts daily program administration. Biweekly, LHA and LDH meet to discuss 811 PRA program implementation. In addition, LHA and LDH hold biweekly calls with interested stakeholders.

By exchanging emails daily with LDH PSH staff and participating in monthly meetings with the Executive Management Council, LHA assesses program progress that is reported to HUD. Using TRACS and the LOCCS, LHA accepts, processes, and makes payment to property owners or managers in the 811 PRA program.

As mentioned in the Outreach, Referral, and Application Methods section, 811 PRA program staff use Yardi to track each 811 PRA program applicant through the housing referral, selection, and placement process. Some LDH staff members stated that Yardi is difficult to navigate and some methods are cumbersome. Staff reported maintaining their own spreadsheets to track program participants. Yardi is also the financial system used to generate payments to owners in the PSH program. Owners are required to utilize Electronic Funds Transfer to receive payment.

### Successes and Challenges

Building from the design, organizational structure, and management of the GO Zone PSH program, LHA and LDH have extensive experience starting up and implementing a supportive housing program. Nonetheless, 811 PRA program staff and their partners expect the startup phase of the program to require a significant time and effort to put all program components in place. The following sections provide the successes of and challenges to program implementation as reported by 811 PRA program staff and their partners.

#### Successes

**Program experience and commitment.** Despite challenges in 811 PRA program implementation, Louisiana's experience in PSH program administration gave the state a head start because some program components were already developed under the PSH program. By the end of 2015, 811 PRA program staff thought that they had "finally turned a corner" in program implementation and could make much more progress in 2016. In addition, the 811 PRA program staff are highly committed to achieving program success. From the most senior staff person to the service providers, all stakeholders connected with the 811 PRA program have voiced their commitment to "doing whatever it takes."

**811 PRA program staff's relationship with property owners and managers.** Both LHA and LDH staff feel that their relationship with property owners or managers participating in the program is strong. Because staff have established and maintained a strong relationship with property owners or managers in the program, 811 PRA program staff and property managers worked patiently

through all program implementation aspects, including the long delay in the start of the program and in payment of security deposits and rent.

**Units under RAC and occupied units.** Despite some initial difficulty obtaining participating properties in the target areas of the state, Louisiana has executed three Rental Assistance Contracts with a total of 34 units. In addition, 7 of those units were occupied at the end of 2015. With all 2015 grantee production considered, Louisiana was one of only four grantees able to house more than one occupant during the first year of program implementation.

**Providing gap funding to expedite unit occupancy.** To ensure that 811 PRA program applicants can successfully move into 811 PRA program units, LHC committed \$1.25 million in HOME Tenant-Based Rental Assistance during the initial 5-year 811 PRA grant period. This funding will help remove an impediment to community-based housing by covering the cost of 811 PRA tenant security and utility deposits not covered by 811 PRA or other funds.

### Challenges

**Delay in program startup.** 811 PRA implementation by the grantee was impeded by the delay in HUD's implementation of the 2012 program, including the delay in the execution of the Cooperative Agreement. Louisiana had identified units for availability in 2013 through 2014 that it planned to include in its 811 PRA program. However, by the time the Cooperative Agreement was finally issued, these projects were no longer available. Further, these delays affected the grantee's ability to develop a waiting list. The grantee was concerned that given the target populations' vulnerability, applicants would have to wait too long for housing assistance.

**The amount of time program implementation is requiring.** Although the 811 PRA program is a part of the existing PSH structure, the 811 PRA management team had to reengineer processes and structures to meet 811 PRA requirements and to expand its work into areas outside of the GO Zone. 811 PRA program staff greatly underestimated the time it would take to implement a program with the complexity of the 811 PRA program.

All stakeholders, from service agency staff to developers, have required 811 PRA program training because it is a new program, with new guidelines, processes, and requirements. Per LHC staff, the most challenging procedures and requirements for stakeholders to acclimate were related to Medicaid waiver billing for service agencies, and payment requests in Tenant Rental Assistance Certification

System by property owners. Thus, the actual amount of staff time required to implement the program has greatly exceeded what LHA and LDH anticipated in their application to the 811 PRA program.

### Attracting property owners and developers.

LHA experienced some difficulty attracting property developers and owners to the 811 PRA program. LHA reported that it takes multiple interactions to convince property owners or managers to become interested in applying to the program. LHA staff members have strong connections to the development community in the northern and central parts of the state because of their involvement with other housing programs. Despite these well-developed relationships, LHA staff reported that the learning curve for the 811 PRA program has been surprisingly steep for developers or owners. The time it has been taking for (1) program staff to educate property owners or managers about the program and (2) property owners or managers to apply and be accepted into the program has affected the number of units available for the program.

The development community in the northern and central parts of the state reported wanting to wait to see how the program is being implemented before participating. In addition, because of the demand for rental housing, property owners and managers can receive higher market rate rent for their units than they would receive under the 811 PRA program. Despite some initial hesitancy, developer participation has increased in subsequent QAP funding rounds.

**Unit size restrictions and not having enough of the housing units that best meet the needs of program participants.** Most 811 PRA program participants on the waiting list for housing need a one-bedroom unit. 811 PRA program staff reported that finding property owners or managers with existing one-bedroom units has been difficult. Program management would find it very helpful if the program received a waiver to enable single-person households to lease two-bedroom units at the one-bedroom payment standard. 811 PRA program staff also stated that property owners or managers with one-bedroom units have been interested in program participation. However, they were ineligible, because no support services were nearby, as would be the case in rural parts of the state. However, it is important to note that LHC is changing its QAP to give preference to one-bedroom units for the 811 PRA program. This change will result in an increase in the unit size needed for the 811 PRA program as units become available in the future.

**Coordinating LIHTC timing to achieve 811 PRA occupancy.** A concern expressed by LHA was that

significant time is needed to prepare and house applicants from the target populations, such as moving institutionalized persons to a community rental unit. The time required to move an applicant to a community-based unit does not always coincide with the deadlines imposed by Low-Income Housing Tax Credit regulations, such as occupancy deadlines. Even the provision of vacancy payments does not necessarily solve this problem, because investors will accept only actual occupancy of the units as meeting the regulatory occupancy requirement. A payment in lieu of occupancy does not meet initial LIHTC occupancy requirements. Such situations can result in a unit being filled by a non-811 PRA program tenant, which means that the unit is unavailable for an 811 PRA program tenant until vacated at turnover.

**811 PRA program sustainability.** LDH voiced concern about the long-term sustainability of the 811 PRA program. Before execution of the LDH-OCD Cooperative Endeavor Agreement, LDH brought up the sustainability issue. The administrative costs of the 811 PRA program far exceed the amount provided under the administrative portion of the 811 PRA grant. The Louisiana 811 PRA program depends heavily on MFP funds for operational support. On June 26, 2015, CMS issued guidance on coverage of housing-related activities and services for individuals with disabilities. It is crucial that LDH understands how it can use the provisions of the CMS guidance to fill funding gaps on the service side between now and until MFP ends and funds are exhausted.



# Maryland Section 811 Project Rental Assistance Program

## Introduction

In 2012, HUD awarded the Maryland Department of Housing and Community Development (DHCD), in partnership with the Maryland Department of Health and Mental Hygiene (DHMH) and Maryland Department of Disabilities (MDOD), \$11,229,308 in Section 811 Project Rental Assistance program funds to support 150 units with rental assistance. DHCD proposed to make available 150 units of PSH from existing housing stock, as well as units from newly constructed or renovated properties. These units will be in the Baltimore and Washington metropolitan areas.

Evaluators conducted a site visit in November 2015 to learn about Maryland's 811 PRA implementation experiences. At the end of 2015, 13 units were available under RAC and 4 units were occupied.

## Grantee Partnership, Organizational Structure, and Management

### Overview

DHCD is the primary applicant and grantee for 811 PRA and has partnered with DHMH and MDOD for full program implementation and delivery. The division of responsibilities is based on areas of functional and specialized capabilities. This section begins more broadly with an overview of each agency, its role within the state, and the relevant programs they administer. The section then reviews the specifics of the partnership and each agency's roles and responsibilities for the 811 PRA program.

### Maryland Department of Housing and Community Development

DHCD is the state agency charged with promoting homeownership, increasing and preserving affordable rental housing, as well as preventing and eliminating homelessness in Maryland. DHCD is the state's housing

finance agency. DHCD administers affordable housing programs throughout Maryland. These programs include federal LIHTC, Federal Housing Administration Risk Sharing Program, HOME, Community Development Block Grant, and HCVs, as well as state-funded housing development and rental assistance programs such as the Rental Housing Program, and Partnership Rental Housing Program (Partnership). DHCD also serves as a Performance Based Contract Administration (PBCA) for HUD, and is a public housing agency (PHA) operating the HCV, formerly Section 8) program primarily in Maryland's rural jurisdictions.

DHCD operates a wide range of programs to assist persons with disabilities. Four of them are (1) Homeownership for Individuals with Disabilities Program; (2) Individuals with Disabilities and Special Needs (IDSN) program; (3) Bridge Subsidy Program; and (4) Harry and Jeanette Weinberg Foundation's Maryland Affordable Rental Housing Opportunities for Persons with Disabilities Initiative (Weinberg Apartments Initiative).

Together, these varied programs increase PSH opportunities in the community. DHCD incentivizes development of affordable rental housing for persons with disabilities through the state's QAP. DHCD also finances group homes and the Special Housing Opportunities Program, which enables persons with disabilities who elect to live in a group living situation. Taken together, these DHCD programs have produced thousands of units of affordable housing for persons with disabilities.

### Maryland Department of Health and Mental Hygiene

DHMH is the state Medicaid agency. DHMH operates the Medicaid program and oversees the Developmental Disabilities Administration, Behavioral Health Administration,<sup>6</sup> and the MFP Demonstration program. DHMH operates nine home- and community-based Medicaid waivers, including six that serve adults with disabilities as an alternative to institutionalization.

- Community Pathways Waiver.
- Home- and Community-Based Options Waiver.
- Brain Injury Waiver.
- Medical Day Care Waiver.
- Community First Choice.
- Community Personal Assistance Services.

These waivers are described in more detail in the section

<sup>6</sup> In July 2014, Mental Hygiene Administration merged with the Maryland Alcohol and Drug Abuse Administration to form the Behavioral Health Administration.

titled Service Provision and Healthcare. Community Pathways Waiver, Home- and Community-Based Options Waiver, and Brain Injury Waiver are Medicaid-funded services. Community First Choice and Community Personal Assistance Services are services provided by the Maryland State Medicaid Plan. DHMH also provides community-based supports to individuals with behavioral health disabilities. In 2011, DHMH provided psychiatric rehabilitation services to 2,851 individuals and other supportive services to 8,686 people.

Maryland's MFP program has transitioned 1,260 people out of institutions to home- and community-based settings. MFP has experienced a very low reinstitutional rate of less than 6 percent since it began.

### Maryland Department of Disabilities

MDOD's mandate coordinates the delivery of state services to people with disabilities to improve outcomes. Established in 2004, MDOD is the first state cabinet level department of its kind in the United States. This department works to remove barriers for people with disabilities and create new opportunities in education, employment, transportation, community living and housing. MDOD and DHMH have a long history of partnership. In addition to the peer outreach and support services component of the MFP program, MDOD operates several federal grants for DHMH, such as the Medicaid Infrastructure Grant.

MDOD initiated the Statewide Taskforce for Affordable Housing to take advantage of additional private, public-sector, and federal funding opportunities in 2010. In 2011, this effort resulted in DHMH's successful application for the Building Sustainable Partnerships for Housing Real Choice Systems Change Grant funded by CMS. MDOD co-chaired the Advisory Group for Real Choice Systems Change Grant with DHMH. The project was instrumental in providing program infrastructure to implement a permanent supported housing program such as 811 PRA. MDOD also directly manages the Maryland Attendant Care Program, the Maryland Technology Assistance Program, and the Constituent Service Program, which helps people with disabilities navigate the state service system and increase their ability to self-advocate.

### Partnership

The DHCD, MDOD and DHMH collaboration started in 2001 as staff from all three agencies worked together on the Community Access Steering Committee<sup>7</sup> and

continued on as they participated in the Governor's Commission on Housing Policy. MDOD's Secretary served as Chair of the Commission's Affordable and Accessible Housing for Individuals with Disabilities Subcommittee.

DHCD, DHMH, and MDOD worked on a few initiatives together, including the Real Choice Systems Change Grant effort described previously, the Bridge Subsidy Program and the Weinberg Apartments Initiative.

### Design and Structure of Maryland's 811 PRA Program

Eligible 811 PRA applicants will lease units within properties supported with federal resources, including LIHTC, private activity bonds used for multifamily development (MF-Bond), Federal Housing Administration Risk Sharing Program, and HOME, as well as state resources such as Maryland's own Rental Housing Program (RHP), Partnership Rental Housing Program (Partnership), and other resources.

Rental assistance is provided to individuals with disabilities who are making or are ready to make the transition to integrated housing arrangements. 811 PRA provides this population access to housing units that may have been previously out of reach. Individuals in the 811 PRA program are automatically placed on the HCV waiting lists of DHCD and other PHAs who have partnered with DHCD, DHMH, and MDOD for the program. If an 811 PRA participant is offered an HCV, he or she may not have to move from the unit.

Extremely low-income nonelderly adults with disabilities between 18 and 61 years old who are enrolled in Medicaid are generally eligible for 811 PRA. However, the Maryland 811 PRA program established priority target populations. This prioritization is discussed in greater detail in the section titled Population Served of this report.

The organizational structure is modeled after the Bridge Subsidy Program. This structure is a centralized model wherein responsibilities for enrollment, waitlist management, and referrals to units for the 811 PRA program are performed by one entity. In Maryland, these responsibilities are held by MDOD. DHCD sources the units, and DHMH and others provide support services.

Supportive services for persons in the 811 PRA program are mainly provided by DHMH. DHMH provides several voluntary support services available to 811 PRA participants through 1915(c) Medicaid waivers. These

<sup>7</sup> A 2001 Executive order established the Community Access Steering Committee to explore Olmstead-related policy actions. This committee is discussed in more detail in the section titled Service Provision and Healthcare.

## Chapter 4. Maryland Section 811 Project Rental Assistance Program

services are described in detail in the section titled Service Provision and Healthcare. However, MDOD also made the Attendant Care Program available to 811 PRA participants.

### 811 PRA Roles and Responsibilities

Each agency’s responsibilities for the program effectively fold into its existing operations. Table 4.1 provides a summary of each organization’s responsibilities.

**Maryland Department of Housing and Community Development responsibilities.** DHCD’s responsibilities are centered around housing. DHCD is charged with sourcing and managing housing units for the 811 PRA program. However, it is important to note that although it is ultimately DHCD’s responsibility to select units for 811 PRA funding, it works diligently with DHMH and MDOD in sourcing and selecting units for the program. The three agencies engage in weekly dialogue to ensure units sourced are meeting the service needs and geographic preference of the 811 PRA program applicants. DHCD modified its QAP application process to incentivize the participation of developers seeking financing for projects in the 811 PRA program. These efforts are discussed in more detail in the section titled Financing.

DHCD also creates, executes, and monitors all RACs, including use agreements and other contractual documents. DHCD is charged with making rental assistance payments to property owners and conducting site visits to 811 PRA units to ensure compliance with

program requirements. DHCD is also responsible for overall program administration including reporting to HUD.

**Maryland Department of Health and Mental Hygiene responsibilities.** Through its contracted support service providers, DHMH will enroll eligible applicants on the 811 PRA waiting list into voluntary supportive services. DHMH also provides long-term supports and services to program participants, including case management services that are designed to assist recipients in maintaining good tenancy in the units. DHMH provides several a number voluntary support waiver and state plan services available to tenants in 811 PRA Demo units who are eligible for Medicaid-funded services. These services are described in detail in the Service Provision and Healthcare section.

DHMH, in collaboration with MDOD, established memorandums of understanding with the six centers for independent living in Maryland. This partnership is designed to ensure that individuals in the target populations who do not have case management as part of their service package, or who lose Medicaid eligibility during tenancy, have access to community services and supports to ensure successful tenancy. These supports and services include independent living training and counseling; information and referral (designed to identify resources, services, and service providers in public, private and community organizations that can assist living independently); individual and systems advocacy; and peer counseling.

Table 4.1: Maryland 811 PRA Program Division of Responsibilities

DHCD	DHMH	MDOD
<ul style="list-style-type: none"> <li>Identify and finance eligible units for 811 PRA program.</li> </ul>	<ul style="list-style-type: none"> <li>Make available Medicaid services.</li> </ul>	<ul style="list-style-type: none"> <li>Manage waiting list</li> </ul>
<ul style="list-style-type: none"> <li>Execute Rental Agreement Contracts with property owners.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor performance of support service providers.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct outreach to 811 PRA eligible individuals.</li> </ul>
<ul style="list-style-type: none"> <li>Outreach to developers, landlords, and property owners.</li> </ul>	<ul style="list-style-type: none"> <li>Outreach, training, and technical assistance to support service providers.</li> </ul>	<ul style="list-style-type: none"> <li>Manage referrals to 811 PRA units.</li> </ul>
<ul style="list-style-type: none"> <li>Monitor 811 PRA unit occupancy and compliance with eligibility requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Assist in training housing and support services providers.</li> </ul>	<ul style="list-style-type: none"> <li>Assist DHCD in outreach to developers or landlords or property owners.</li> </ul>
<ul style="list-style-type: none"> <li>Make rental payments to property owners.</li> </ul>	<ul style="list-style-type: none"> <li>Collect and report data on service delivery, costs, and outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Provide education, training, and technical support to housing and support service providers.</li> </ul>
<ul style="list-style-type: none"> <li>Collect and report required occupancy and financial information.</li> </ul>	<ul style="list-style-type: none"> <li>Assist in program evaluation and data collection.</li> </ul>	<ul style="list-style-type: none"> <li>Assist in program evaluation and data collection.</li> </ul>
<ul style="list-style-type: none"> <li>Ongoing support and communication with DHMH, MDOD, housing providers, and support services providers.</li> </ul>	<ul style="list-style-type: none"> <li>Assist in providing education, training and technical support to housing and support service providers.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing support and communication with DHMH, MDOD, housing providers, and support services providers.</li> </ul>

DHCD = Maryland Department of Housing and Community Development. DHMH = Maryland Department of Health and Mental Hygiene. MDOD = Maryland Department of Disabilities. PRA = Project Rental Assistance.

## Chapter 4. Maryland Section 811 Project Rental Assistance Program

DHMH and MDOD will provide housing training and technical assistance to The Center for Independent Living staff and Medicaid-funded case managers across all support services agencies to support the tenancy 811 PRA program participants.

**Department of Disabilities responsibilities.** MDOD's role is integral to the 811 PRA program. MDOD staff manage the daily operations of the 811 PRA program. For example, MDOD staff handle application requests, manage the waiting list and oversee the referral process to 811 PRA units. Also, MDOD staff ensure that available units are tracked in the system and that eligible applicants are notified about available units. MDOD also provides training to support services providers.

### Program Staffing

In all, the program operates with a total of 6.75 full-time equivalents across all positions. DHCD contributes 2.15 FTE, and DHMH contributes 1.45 FTE (this staff excludes Projects for Assistance in Transition from Homelessness, or PATH, and MFP staff). MDOD contributes the most staff time to the 811 PRA program with 3.2 FTE staff assigned.

DHCD's responsibilities for the 811 PRA program are very well interwoven into its staff's current responsibilities. As such, at DHCD only the project manager spends the most time on the 811 PRA program. All other team members spend a small amount of time on the 811 PRA. The core team at DHCD working on 811 PRA include—

- Program director (0.1 FTE on 811 PRA).
- Project manager (0.75 FTE on 811 PRA).
- Grants manager (0.2 FTE on 811 PRA).
- Contract administrator (0.2 FTE on 811 PRA).
- PHA administrator (0.1 FTE on 811 PRA).

The program director oversees DHCD staff work dedicated to 811 PRA and the Project Manager is the most heavily involved. The Project Manager is the primary point of contact at DHCD for 811 PRA and works with property owners to ensure RAC execution. The Grants Manager assists with grant reporting and communications. The Contract Administrator ensures that rent payments are delivered on time and paid accurately.

DHMH staff working on 811 PRA are fully dedicated to MFP. Therefore, even though they contribute only a portion of their time to the 811 PRA, their daily work is completely aligned with 811 PRA. DHMH staff working on 811 PRA include—

- MFP program director (0.5 FTE on 811 PRA).
- MFP housing director (0.5 FTE on 811 PRA).
- MFP housing specialist (0.25 FTE on 811 PRA).

- Quality and compliance specialist 1 (0.1 FTE on 811 PRA).
- Quality and compliance specialist 2 (0.1 FTE on 811 PRA).

The MFP program director helps MDOD problem solve and troubleshoot issues with the pipeline of moving individuals out of institutions and into integrated housing. The housing director provides technical assistance and training to housing providers as well as support to service providers. The housing specialist provides technical assistance to supports planners regarding enrollment and service provision standards.

DHMH has two quality and compliance specialists for MFP who contribute part of their time to 811 PRA. The quality compliance specialists monitor all the transitions from nursing facilities, including 811 PRA participants. The housing specialist, together with the quality and compliance specialists, work collaboratively to ensure that individuals successfully move into 811 PRA units.

MDOD has the most staff committed full time to 811 PRA. Of the four staff assigned to 811 PRA, two spend most of their time on the program. Two of the positions are funded by MFP funds through DHMH via a memorandum of understanding. MDOD staff working on 811 PRA are—

- Chief of staff (0.1 FTE on 811 PRA).
- Program director (0.4 FTE on 811 PRA).
- Housing program liaison (0.85 FTE on 811 PRA).
- Waiting list manager (0.9 FTE on 811 PRA).

DHCD, DHMH, and MDOD will use their existing infrastructure and processes to manage the 811 PRA program. Maryland estimates the 811 PRA program will cost the agencies an estimated \$2 million to operate. Meanwhile, only \$831,800 of the 811 PRA program funds can be used for administrative costs. Agencies must leverage funds from other sources to cover the gap. As noted previously, DHMH and MDOD staff working on the 811 PRA program are funded primarily through MFP funds with some support coming from Medicaid funds. DHCD is mainly using internal resources to support its commitment to the 811 PRA program.

## State Context: Housing Programs

### Financing

Under Maryland's QAP, property developers who receive funding for family projects from DCHD are required to target and market 5 percent of their units for persons with disabilities with incomes at 60 percent or below of Area Median Income. These requirements are



in place for at least 60 days after the property is ready for occupancy.

DHCD modified its QAP to encourage property developers to participate in the 811 PRA program. Property developers have an opportunity to earn bonus points in their application if they agreed to restrict up to 25 percent of the units in the property for persons with disabilities who have incomes at or below 50 percent of AMI. Furthermore, property developers must hold this restriction for at least 90 days after the property reaches 80 percent occupancy.

To create a pipeline of eligible properties for the 811 PRA program, DHCD used its LIHTC allocation, as well as other federal and state financing programs, to catalyze the creation of 811 PRA units in the state. The following is a list of DHCD's affordable rental housing financing programs.

- DHCD receives about \$13 million in 9-percent LIHTC annually. LIHTCs are awarded on a competitive basis, typically with State Rental Housing funds. In addition, projects financed with tax-exempt bonds may also be eligible for LIHTCs (4 percent) outside of the competitive process. LIHTC projects are rent and income restricted for 30–40 years. DHCD monitors these properties regularly.
- The Multifamily Bond Program provides below-market construction and permanent financing for affordable rental housing. It finances new construction, acquisition, and rehabilitation of existing housing.
- The HOME Investment Partnerships Program is a federal program that provides funds to state and local governments to promote affordable housing activities. DHCD sets aside a portion of its annual allocation to be awarded competitively with LIHTC and Rental Housing Funds.
- State Rental Housing Funds is a financing program designed to spur the creation of new affordable rental housing units. These funds can also be used to substantially rehabilitate existing affordable rental housing stock. The program is compatible with tax-exempt bond financing, LIHTCs, and other private or public funds. Rental housing funds are awarded competitively, typically in conjunction with LIHTCs. All projects must be in Priority Funding Areas. For-profit, nonprofit, and public entities submit applications, which are evaluated against criteria set forth in Maryland's Qualified Allocation Plan including—
  - Restricting units to tenants with incomes below 60 percent of AMI.
  - Restricting units to low-income tenants for more than 40 years.
  - Providing tenant service packages.
  - Leveraging nonstate funds.
  - Being near good job, transportation, educational, and recreational opportunities.
  - Sponsorship with demonstrated development and management ability.
- The Partnership Rental Housing Program finances affordable housing projects, by local governments or PHAs, for households below 50 percent of the statewide median income. The Partnership Rental Housing Program may also be used by nonpublic entities to create permanent supportive housing for persons with disabilities or special needs (IDSN units) at 30 percent of AMI. Typically, IDSN units do not exceed 10 percent of the units in a project.
- The Rental Housing Works initiative and the Maryland Housing Rehabilitation Program provides financing to create or preserve rental housing with federal, state, or local affordability requirements. The Rental Housing Works initiative and the Maryland Housing Rehabilitation Program are primarily used in conjunction with the Multifamily Bond Program.

### Supportive Housing Programs

DHCD, DHMH, and MDOD have worked on several PSH programs under the umbrella of Maryland Partnership for Affordable Housing. The group has operated the Bridge Subsidy Program and the Weinberg Apartments Initiative for several years. Both programs serve target populations like that of 811 PRA. Moreover, both programs are designed and implemented very similarly to 811 PRA.

Bridge Subsidy Program was one of the Governor's Commission on Housing Policy's recommendations. The Bridge Subsidy Program is a tenant-based rental assistance program designed to provide housing for extremely low-income persons with mental or physical disabilities. To be eligible, individuals must be at least 18 years old, have an annual income of \$15,000 (or less), and receive Supplemental Security Income or Social Security Disability Insurance.

Individuals in the Bridge Subsidy Program are given preference in a participating PHA's HCV waiting list. Bridge Subsidy Program participants receive rental assistance payments until they receive HCVs. Maryland has successfully implemented two versions of a Bridge Subsidy Program, 2006 and 2010, respectively. Through 2013, Bridge Subsidy Program had 130 recipients.

Maryland secured an additional \$2.6 million in funding through MFP Rebalancing Initiatives to implement a third



## Chapter 4. Maryland Section 811 Project Rental Assistance Program

version of this program in 2014. The 2014 Bridge Subsidy Program provides 3 years of rental assistance payments to individuals transitioning from institutions to the community. Maryland anticipates serving an additional 94 households in the third cohort.

The agencies also collaboratively administer the Weinberg Apartments Initiative, which began in 2011 and is funded by a Harry and Jeannette Weinberg Foundation grant. The Weinberg Apartments Initiative creates project-based housing for individuals with disabilities and their households. Weinberg Apartments Initiative units have 40-year use agreements. Through 2013, 20 units have been created through this initiative with \$2 million in funding.

DHCD also administers Non-Elderly Disabled Category 1 and 2 vouchers. NED Category 1 vouchers are designed to provide nonelderly individuals with disabilities with an opportunity to obtain affordable community-based rental housing; NED 2 vouchers are targeted to persons with disabilities currently residing in nursing homes or other healthcare institutions who want to transition to community living. Through 2009, Maryland received 1,310 NED 1 vouchers and 112 NED Category 2 vouchers.

Both DHMH and MDOD work closely with supports planners or case managers to identify eligible participants for the Bridge Subsidy Program and Weinberg Apartments Initiative. They also provide voluntary services and supports. DHMH makes the referrals for NED Category 2 HCVs.

### Additional Federal Housing Programs

In addition to state agencies, local governments, housing authorities, and private owners develop and administer affordable housing in Maryland for people with disabilities. Table 4.2 provides an overview of the number of persons

served by six major federally funded housing programs. HCVs is Maryland's largest federal housing program. It accounts for 51,796 units, which is 45 percent of the total units (114,730) made available by federal programs in the state. A significant number of households receiving HCVs are headed by a nonelderly person with a disability. Moreover, table 4.2 shows that 33 percent of Section 8 recipients and roughly 4 out of 10 households (39 percent) in public housing are also headed by a nonelderly person with a disability. In addition, Maryland has 1,422 NED Vouchers, 112 of which are Category 2.

### Service Provision and Healthcare

DHMH administers Medicaid for Maryland. Maryland 811 PRA program participants have access to both the traditional Medicaid home- and community-based services [1915(c) waivers] as well as Maryland's expanded Medicaid State Plan. DHMH operates the HCBS waivers listed in table 4.3, with a detailed listing of services available under each waiver.

Community Pathways Waiver: serves 20,000 persons with intellectual and developmental disabilities. Home- and Community-Based Options Waiver: serves 3,943 adults 18 and older who meet nursing facility level of care.<sup>8</sup> Brain Injury Waiver: assists 49 adults with traumatic brain injury acquired after age 22. Medical Day Care Waiver: serves 4,532 individuals aged 16 and above

In addition to HCBS, DHMH also provides the Maryland Medicaid State Plan services, such as Community Personal Assistance Services, which serves 5,400 adults and Community First Choice (CFC). The agency expanded services and coverage for its Medicaid State Plan because of the Affordable Care Act. Through the Affordable

Table 4.2: Other Federal Housing Programs in Maryland

Program	Number of Units Available	Number of Household Members	Percent With Disabilities Among Head, Spouse Aged <62	Percent of All Persons With Disabilities
Public Housing	14,600	27,381	39	26
Housing Choice Vouchers	53,519	115,355	37	24
Moderate Rehabilitation	419	1,005	31	22
Project-Based Section 8	24,021	38,316	33	18
811/PRAC	1,185	1,156	99	13

PRAC = Project Rental Assistance Contract.  
Source: HUD (2016)

<sup>8</sup> In January 2014, the Older Adults Waiver and Living at Home Waiver merged to become the Home- and Community-Based Options Waiver.

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Table 4.3: 1915(c) Waivers (Home- and Community-Based Services)

Service Type	Service	HCBO	CP	TBI
Home- and community-based services	Assisted living	X		
	Assistive devices, equipment, technology		X	
	Attendant care, personal care, personal supports, CSLA		X	
	Behavior consultation and supports	X	X	
	Case management, service coordination, resource coordination	X	X	
	Clubhouse model of day supports			New
	Day habilitation		X	X
	Dietitian, nutritionist services	X	X	
	Environmental accessibility modifications		X	
	Environmental assessments		X	
	Family and individual support services		X	X
	Family and consumer training	X	X	
	Fiscal intermediary		X	
	Home-delivered meals			
	Medical day care	X	X	
	Nurse monitoring for personal care services		X	
	Personal emergency response system		X	
	Residential habilitation		X	X
	Respite care		X	
	Senior center plus	X		
Supported employment			X	
Supports brokerage			X	
Transition services			X	
Transportation			X	

CP = Community Pathways waiver. CSLA = community-supported living arrangements. HCBO = Home- and Community-Based Options Waiver. TBI = Traumatic Brain Injury.

Care Act, DHMH implemented the CFC program. CFC consolidated previously overlapping services within the Medical Assistance Personal Care, Living at Home, and Older Adults Waiver programs into a unified and expanded program. This expansion increased access to vital services that prevent institutionalization and hospitalization. Home- and Community-Based Options Waiver participants are also eligible to receive CFC services. The CFC program provides the following services.

- Community First Choice
  - Supports planning
  - Personal assistance services

- Personal Emergency Response Systems
  - Consumer training
  - Nurse monitoring
  - Transition service
  - Items that substitute for human assistance
    - Home delivered meals
    - Assistive technology
    - Environmental assessments
    - Environmental modification
    - Other

## Chapter 4. Maryland Section 811 Project Rental Assistance Program

- Community Personal Assistance Services program
  - Personal assistance services
  - Support planning
  - Nurse monitoring
- Disposable medical supplies and durable medical equipment
- Home health
- Psychiatric Rehabilitation Program

DHMH also provides community-based supports to individuals with behavioral health disabilities, which is limited to Medicaid eligible adults. DHMH has provided psychiatric rehabilitation services to 2,819 individuals and other supportive services to 8,704 individuals in 2013. Additionally, DHMH's Waitlist Equity Fund is utilized to fund services for—

- Individuals transitioning from Intermediate Care Facilities for Individuals with Intellectual Disabilities. These facilities are also called state residential centers.
- People not yet receiving services.

Lastly, DHMH implemented Money Follows the Person in 2007. MFP has successfully transitioned 1,933 people with disabilities from institutions into the community. Through MFP, Maryland has encouraged the use of HCBS supports by streamlining the transition process.

### Funding

#### Changes in Medicaid resources away from institutional settings and toward community living.

Between 2008 and 2014, total Medicaid spending in Maryland increased from about \$5.7 billion to nearly \$9.4 billion, a 63.4-percent increase. Funding for long-term services and supports went from \$2 billion in 2008 to nearly \$2.8 billion in 2013 (Eiken et al., 2015; KFF, 2017). Home- and community-based services, as a portion of LTSS, also increased during this period, indicating the continuing trend of decreased funding for institutionalized care and increased funding for community-based services and supports. HCBS funding increased from 35.4 percent of LTSS in 2008 to 53.6 percent in 2013, which is more than the national average of 51.3 percent (Eiken et al., 2015). Maryland ranks 21st in the nation for its percentage of Medicaid funds spent on HCBS (Eiken et al., 2015).

**Other sources of support.** In 2012, Maryland received funding through the Balancing Incentive Program. The Balancing Incentive Program, which is administered by Centers for Medicare and Medicaid Services, incentivized the state to expand HCBS and improve the

healthcare service infrastructure. BIP supplements the resources provided by MFP and helped Maryland invest \$106 million in HCBS.

### Olmstead Settlement

Maryland does not have an Olmstead Settlement Agreement and does not have an Olmstead plan. However, the Community Access Steering Committee was created in 2001 by Executive Order and placed under DHMH. The committee consisted of the secretary of DHMH, the director of the Governor's Office for Individuals with Disabilities, the secretary of Budget and Management, a representative from the governor's office, and six other members appointed by the governor. The Steering Committee made several recommendations to develop additional supportive housing opportunities in the state, as well as develop systems that help people transition from institutions into the community.

Because of the Steering Committee's work, Maryland passed legislation that increased the number of people to be served through Community Pathways Waiver and required the Department of Health and Mental Hygiene to submit an amendment to expand the Home- and Community-Based Options Waiver.

It is also worth noting that the City of Baltimore is under a consent decree because of a settlement agreement in the 2004 housing discrimination lawsuit (Ricky D. Bailey, et al., v. Housing Authority of Baltimore City, or Bailey. Bailey required the City of Baltimore to provide HCVs and other accommodations to persons with disabilities.

### Population Served

To be eligible for the 811 PRA program, applicants must meet mandatory program requirements. Also, Maryland has established placement priorities to ensure that the state's priority policy issues, such as aligning with Olmstead requirements and ending homelessness, are addressed. These priority target populations are in this priority order.

1. Institutionalized Medicaid recipients.
2. Households at risk of institutionalization due to current housing situation.
3. Community Pathways Waiver participants moving from group homes or ALUs to independent renting and Residential Rehabilitation Program participants moving to independent renting.
4. Homeless persons who are Medicaid recipients, prioritized in the HEARTH Act definition order (HEARTH Act of 2009).

Within these target priorities, the 811 PRA program serves persons with mental, physical, or developmental disabilities. The target populations for the 811 PRA program units will access a range of inhome and community services through Maryland's HCBS waiver programs, such as Home- and Community-Based Options Waiver, Brain Injury Waiver, and Community Pathways Waiver, as well as Maryland's Medicaid State Plan programs including CFC and Community Personal Assistance Services.

### Outreach, Referral, and Application

#### Outreach

811 PRA program outreach to potentially eligible persons will be conducted through regular supports planner or case manager client contact, MFP outreach efforts in institutions, as well as program informational materials distributed to CILs, advocacy organizations, consumer groups, service providers, and other healthcare organizations. Program information and outreach activities include information about eligibility criteria and instructions for enrollment procedures.

Outreach activities include efforts to contact difficult-to-reach populations, including non-English speaking populations, and persons with visual impairments and disabilities that affect their ability to communicate. Program information and outreach activities are tracked and analyzed to determine the effectiveness of the outreach efforts in reaching certain populations, geographic regions, and service systems.

Program applications are submitted by an applicant's supports planner or case manager. The Center for Independent Living staff will provide case management-like services to people who do not have access to case management services. The Center for Independent Living staff submit applications on their behalf.

On identifying an interested person, supports planners or case managers will screen for eligibility based on program criteria. Supports planners or case managers log into the Maryland Housing Search, or SocialServe system to enter demographic and program information about the applicants, including their priority category, current living situation, unit size and desired county of residence. MDOD staff will review each application and approve, deny, or request additional information from case managers, depending on the circumstances. Successful applications are logged and date stamped by the system. MDOD staff also maintain the waiting list and update applicant status as appropriate.

Supports planner and case managers and The Center for Independent Living staff received continuous training in 811 PRA program requirements, affirmatively furthering fair housing marketing requirements, enrollment procedures, unit application processes, transition planning, and person-centered planning for community-based housing by DHMH and MDOD.

#### Referral and Application

Successful applications are entered into the waiting list, which is maintained by MDOD. Selection of participants for referral to available units will be based on date of application, priority population status, selected geographic area, and readiness to transition to an 811 PRA unit.

Property managers notify MDOD staff of unit availability via telephone or email. Within one week of notice that an existing unit is available or 6 months in advance of new or substantial rehabilitation unit availability, MDOD staff sends notification letters to the applicants, their assigned case manager, and other identified contacts. MDOD staff also follows up by telephone, email, or both. Applicants have a specified time from the date of mailed notification letter to respond if they are interested in the unit.

Supports planners or case managers assist applicants with obtaining required documents and completing other necessary forms. These documents are provided to property managers or owners. Property managers review the applications and select a tenant based on their selection criteria and the applicants order in the priority. An offer of tenancy is provided to the applicant who is ranked highest based on priority category, property screening, application date, and readiness for transition.

Tenant training is provided and required for all 811 PRA residents. The training curriculum includes a briefing on the 811 PRA program and covers topics regarding lease terms, financial responsibility, tenant responsibilities, and fair housing or reasonable accommodations. This training should be completed within 2 months of move-in. Should the selected applicant refuse or fail to complete the transition process, the unit will be offered to the next eligible applicant. Applications not selected will be returned to the waiting list and resume their place in line.

Property managers receive the contact information of case managers to help with participant tenancy. MDOD staff and the MFP Housing Director also provide their contact information to all property owners and managers, and will continue to serve as points of contact related to participant tenancy. A Tenant Issue Process exists to ensure timely and responsive handling of issues affecting tenancy.

The daily management and coordination of services to tenants are provided by supports planners or case managers and other selected service providers, based on the individual needs of participants identified in their person-centered plan.

Per the fourth-quarter 811 PRA report, 834 people were referred to the Maryland 811 PRA program throughout 2015. Of those referrals, 59 were institutionalized, 14 were at risk of institutionalization, 227 were homeless, 40 were at risk of homelessness, 118 were leaving group homes, adult care homes or other residential settings, 376 were classified as “other.” Out of 834 referrals, 15 were found ineligible for 811 PRA. As of December 31, 2015, the 811 PRA waiting list has 819 applicants.

Compared with other 811 PRA grantees, Maryland has a very large 811 PRA waiting list. At the end of the first quarter of 2015, Maryland already had 693 persons on the 811 PRA waiting list, of which 548 came from previous waiting lists and 145 came from new 811 PRA applicants. Because eligibility criteria are comparable, Maryland was able to place eligible Weinberg applicants on the 811 PRA waiting list. As noted previously, the Weinberg Initiative predates the 811 PRA program by a few years and the waiting list for this program was already robust, which accounts for the size of the 811 PRA waiting list. In addition, Maryland chose to have one portal for all three programs to make it easier for case managers to access the programs for their clients.

As of December 31, 2015, 28 811 PRA applicants were referred to 811 PRA units. Of the 28 applicants referred to 811 PRA units, 4 moved into 811 PRA to units.

### Implications

**Centralized design lends itself to program size.** The centralized nature of the program seems to complement the design of the program. Overly centralized programs often run into issues in larger scale operations. Centralized programs when faced with a lot of activity either experience bottlenecks or suffer lower quality when staff get overwhelmed. However, Maryland seems to have automated many of the tasks that could have resulted in bottlenecks. This automation has enabled the state to operate the program at scale.

**Implications of unit location and amenities preference.** As noted previously in this section, a key feature of the referral process is the match between the location or amenities of a unit and the preference of the 811 PRA participant. One aspect of this process that requires special attention is the way in which the supports planners or case managers enter this information on the program application.

It would be easy for savvy 811 PRA applicants or their supports planner or case manager to indicate a preference for areas of the state in which they do not intend to live to increase their chances of being selected for a unit. Maryland 811 PRA staff should monitor this situation closely.

## Housing Strategies

### Property and Unit Characteristics

**Existing versus new construction.** DHCD intended to utilize existing properties and new construction or substantial rehabilitation properties to source units for the 811 PRA program. Initially, DHCD estimated that about one-half of the 811 PRA units would be sourced from existing properties financed by the agency and through new construction and substantial rehabilitation projects in the pipeline during the next 4 years.

**Property selection methods and financing.** DHCD will select projects for the 811 PRA program using DHCD’s existing portfolio of properties, as well as projects in the pipeline which are awarded DHCD financing. Only those projects with DHCD oversight or funding are selected for 811 PRA.

For existing developments, DHCD created a Notice of Funding Availability for its existing portfolio of properties that would be eligible for 811 PRA. In sourcing 811 PRA properties, DHCD works closely with DHMH and MDOD to ensure that units selected for the program are in areas where the target population wants to live. DHCD also ensures that 811 PRA units are near public transportation, and public and private amenities, such as shopping, medical, and recreation.

For newly constructed projects, DHCD updated its QAP to give developers of affordable housing bonus points for accepting 811 PRA units (see the Financing section for a description of how Maryland modified its QAP to incentivize property developer participation in the 811 PRA program). The incentive initially applied only to projects in the Baltimore and Washington, D.C. metropolitan statistical areas (MSAs). The incentive area was expanded after Maryland received its FY2013 811 PRA grant.

**Current status.** As of December 31, 2015, DHCD executed 1 RAC, which accounts for 13 two-bedroom units. Maryland’s 811 PRA program goal for 2015 was 45 units under RAC, out of its total goal of 150 units during the 5-year grant period. Maryland is 32 units below its goal for 2015 and 137 units short of its 150 target. To date, Maryland has successfully moved four households into 811 PRA units.



## Chapter 4. Maryland Section 811 Project Rental Assistance Program

Initially, DHCD anticipated sourcing one-half, or 75 out of 150 units, of its 811 PRA units through existing properties. However, DHCD was not able to source 811 PRA units from existing properties. The one NOFA issued received very little response. DHCD attributes this difficulty to two factors. First, at the time of the application for the 811 PRA grant, DHCD was not aware that Environmental Regulations and Responsibilities (ERRs) would be applied to existing properties selected for 811 PRA. Second, DHCD's existing portfolio has a high occupancy rate (90 to 95 percent). Very few properties have vacancies, and many properties have waiting lists.

DHCD has found success in securing commitments through new construction. DHCD's goal is to source 105 one-bedroom and 45 two-bedroom units. Aside from the 13 two-bedroom units under RAC, DHCD has commitments for 43 one-bedroom units and 20 two-bedroom units in the construction pipeline. If these commitments materialize, it will push DHCD past the halfway point at 51 percent of its total goal (when units already under RAC are included). Moreover, these commitments, plus those already under RAC, represent 41 percent of DHCD's one-bedroom goal and 73 percent of its two-bedroom goal.

**Rental housing market.** A quick review of the Baltimore and Washington D.C. rental housing market seems to corroborate DHCD's suggestion. For the calendar year ending 2012, the average rent for a one-bedroom

apartment in the City of Baltimore was \$893 per month. In 2015, however, the average rent for a one-bedroom apartment in Baltimore was \$1,077. In 3 years, the average rent for a one-bedroom unit in Baltimore increased by 21 percent. The same could be said of two-bedroom apartments. In 2012, the average rent for a two-bedroom apartment in Baltimore was \$1,076. By 2015, the monthly rent of two-bedroom apartments increased by 22 percent to \$1,316 (see table 4.4).

Although rental prices in Washington D.C. are much higher than in Baltimore, the increases in rental costs are less pronounced, albeit still significant. In 2015, the average one-bedroom unit in Washington D.C. was \$1,763, 7 percent higher than it was in 2012 (\$1,651) (see table 4.5). Two-bedroom units were similarly more expensive in 2015 (\$2,250) than it was in 2012 (\$2,091). Although the Maryland 811 PRA program will not source units in Washington, D.C., the rental prices can be used as a barometer for the Maryland communities surrounding the city.

### Rent and Subsidy Levels

DHCD's goal is to evenly distribute units between the Washington, D.C. and Baltimore MSAs. The Washington, D.C. MSA refers to units in the Maryland counties of Calvert, Charles, Frederick, Montgomery, and Prince George's. The Baltimore MSA refers to units in the Maryland counties Baltimore City, Baltimore County, Anne Arundel, Carroll, Harford, Howard, and Queen Anne's.

Table 4.4: Average Rents in Baltimore (2012 Versus 2015)

Year	One Bedroom	Two Bedrooms	All Beds
2012	\$893	\$1,076	\$1,163
2015	\$1,077	\$1,316	\$1,264
Difference	\$184	\$240	\$101
Percent increase or (decrease)	21	22	9

Source: Rainmaker Insights (n.d.)

Table 4.5: Average Rents in Washington, D.C. (2012 Versus 2015)

Year	One Bedroom	Two Bedrooms	All Beds
2012	\$1,651	\$2,091	\$1,833
2015	\$1,763	\$2,250	\$1,947
Difference	\$112	\$159	\$114
Percent increase or (decrease)	7	8	6

Source: Rainmaker Insights (n.d.)

DHCD assumed that 70 percent of the units will be one-bedroom units and 30 percent will be two-bedroom units. The 811 PRA rent structure developed is based on this unit mix and on a blended rate of rents, called the “blended rent maximum,” in Washington, D.C., and Baltimore. The “blended rent maximum” was calculated by considering an even distribution of units in the Washington, D.C. and Baltimore MSAs. For the Washington, D.C. MSA, one-bedroom rents are \$1,328 and two-bedroom units are \$1,506. The Baltimore MSA one-bedroom rents are \$1,025 and two-bedroom unit rents are \$1,231. The “blended rent maximum” calculates to an average 811 PRA monthly rent of \$1,235 per unit based on DHCD’s assumptions. The anticipated monthly average 811 PRA subsidy is \$1,055 per unit and the average tenant payment is \$180 per unit.

DHCD’s initial estimate seems to be fairly accurate thus far. For example, for the two-bedroom units in the 811 PRA program at a property in Baltimore MSA, the rent is \$1048 per month. The tenants also receive \$137 in utility allowance, which varies between participating properties.

### Unit and Tenant Turnover

Maryland has not experienced any unit turnover yet. Four individuals were housed in 811 PRA units in the fourth quarter of 2015.

## Service Provision and Coordination

### Service Provision

Maryland 811 PRA program participants access ongoing healthcare services and transition services through both traditional Medicaid HCBS as well as Maryland’s expanded Medicaid State Plan. These services are discussed in detail in the Service Provision and Healthcare section. Supports planners or case managers assist participants with development of their individualized and person-center service plans. Afterward, the supports planners or case managers help 811 PRA participants receive these services.

Integral to Maryland’s transition efforts is its MFP policy codified in State law:

The Department may not deny an individual access to a home- and community-based services waiver due to a lack of funding for waiver services if: 1. The individual is living in a nursing facility at the time of the application for waiver services, 2. At least 30 consecutive days of the individual’s nursing facility stay are eligible to be paid for by the program, 3. The individual meets

all the eligibility criteria for participation in the home- and community-based services waiver, and 4. The home- and community-based services provided to the individual would qualify for federal matching funds.<sup>9</sup>

Maryland’s MFP policy ensures that the highest priority population can enroll in waivers regardless of the programs’ budget caps. This approach ensures that 811 PRA participants will have access to support services.

### Coordination

DHCD, DHMH, and MDOD developed procedures to ensure that the program operates within the principles of the PSH model. Under this model, services are strictly voluntary but are available when needed. Once a tenant moves into a unit, the primary relationship will be between the tenant and the property manager. To support tenancy, however, contact information will be shared between tenants, case managers, property managers, and 811 PRA program management staff. Moreover, to support this relationship, the program will provide every tenant with education regarding the rights and responsibilities of tenancy, reasonable accommodations, use and care of the unit, and financial responsibilities.

Under the Tenant Issue Process, property managers are trained to contact the tenant directly to resolve any issue. If resolution cannot be reached with the tenant, the property manager is instructed to contact the tenant’s case manager to discuss the issue and possible strategies for resolution. The property manager can contact the MFP Housing Director as a last resort.

Like the process established between tenants and property managers, participants and service providers have a direct and primary relationship. Supports planners or case managers help in developing the plan and selecting service providers. Once a participant is engaged with a provider for a service, the service provider is instructed to work with the client directly. If an issue comes to the attention of property managers concerning service providers that may affect continued tenancy, property managers are instructed to contact the tenant, and involve the case manager or housing director as an escalation procedure.

## 2013 811 PRA Application

Maryland received two rounds of 811 PRA funding—\$11,229,308 in 2012 (first round) and \$9,808,054 in 2013–2014 (second round). For its 2012 program, DHCD proposed to source 150 811 PRA units through the annual LIHTC funding round for new construction or rehabilitation

<sup>9</sup> Maryland Code, Health—General §15-137.

projects as well properties in its existing affordable housing portfolio. DHCD proposed to source an additional 150 units for its 2013 program using the same methods. The design for both rounds of funding are the same. Both will focus on the same target populations and leverage the same support services and staffing arrangements. However, the 2012 program is only sourcing 811 PRA units in the Baltimore and Washington, D.C. metropolitan areas although the 2013 program is sourcing units statewide.

## Leveraging

### Housing Choice Vouchers

DHCD leveraged set-asides of 97 housing choice vouchers from Maryland’s PHAs. The commitments do not include HCVs already reserved for nonelderly people with disabilities as part of a PHA’s NED baseline. Through 2015, no HCVs have been leased yet under the 811 PRA HCV commitment. Table 4.6 outlines the PHAs and their commitments.

### Other Sources Leveraged

DHMH contributed \$1 million in MFP rebalancing funds to support the 811 PRA program. DHCD holds the MFP funds in a trust. This fund will cover the housing subsidy for 811 PRA participants for up to 6 months if 811 PRA is not renewed and HUD funding is no longer available. The 6-month period will provide time for residents to move to new homes or secure vouchers. If 811 PRA receives ongoing funding past the first 5-year period, the MFP funds will be directed toward an expansion of the Weinberg Apartments Initiative, which also increases affordable and accessible integrated housing for the same population.

## Program Administration, Assessment, Information Systems, and Data Infrastructure

### Program Administration

DHCD, in consultation with DHMH and MDOD, selects projects for 811 PRA. DHCD performs all reviews and underwriting tasks. DHCD also creates, executes, and monitors all Rental Assistance Contracts and use agreements managing the rental assistance payments. DHCD ensures compliance with 811 PRA requirements and mandatory reporting to HUD. DHCD conducts regular physical inspections of the 811 PRA units using UPCS and by following a frequency and sample size used for the LIHTC program.

DHMH provides voluntary long-term support services through the four HCBS waivers and Maryland Medicaid State Plan services to 811 PRA participants.

DHMH ensures that case managers and other providers maintain contact with tenants in 811 PRA units per the individual’s plan of service. DHMH and MDOD train and support case managers across all support services agencies to better ensure housing stabilization for 811 PRA tenants.

MDOD staff will manage the daily operations of the 811 PRA eligibility and unit identification lists. MDOD will be responsible for ensuring that available units are tracked in the system and that eligible applicants are notified about available units.

Table 4.6: Leveraged Housing Choice Vouchers

Public Housing Agency	Vouchers
Maryland Department of Housing and Community Development	15
Housing Authority of Prince George’s County	10
Rockville Housing Enterprises	10
Housing Authority of College Park	2
Housing Authority of the City of Hagerstown	15
Baltimore County Department of Social Services	25
Saint Mary’s County Public Housing Authority	5
Housing Commission of Anne Arundel County	10
Housing Authority of the City of Frederick	5
<b>Total</b>	<b>97</b>

Source: 2012 Maryland 811 Project Rental Assistance application

### Financial Management

DHCD has extensive experience with financial management of HUD programs, including PBCA, HCVs, HOME, CDBG, Emergency Solutions Grants program, CSBG, Weatherization, and others. For 811 PRA, DHCD expects to follow rules and regulations of these programs, including—

- Maintaining separate accounting records for the activities of the 811 PRA. Payments to owners will also be maintained separately from the administrative expenses.
- The 811 PRA account will be reconciled monthly by DHCD DFA staff and reviewed by the Grant Accounting Manager.
- Complete and accurate records will be maintained for 811 PRA units in a Grant Accounting sub-ledger database, which would be reconciled monthly by the DHCD DFA Grant Accountant and reviewed by the Grant Accounting Manager.

DHCD leverages its PBCA payment infrastructure to process 811 PRA vouchers. The process for payment begins when the property owner or the property owner's agent submits the voucher and tenant data to DHCD through the Tenant Rental Assistance Certification System. DHCD reviews this information, bundles all the property owner's submission under its parent account<sup>10</sup> and sends the data to HUD via TRACS. If HUD accepts the submission, the total amount for payment is reserved in the Line of Credit Control System. LOCCS then transfers the payment to DHCD, which then processes the funds and distributes payment to each property electronically.

### Information Systems

DHCD, DHMH, and MDOD measures and tracks the performance of the 811 PRA by using a variety of HUD, DHCD, DHMH, and MDOD systems. The following is a description of the systems used to collect data and measure 811 PRA outcomes.

- **TRACS.** A web-based database collects data files that support the certification, recertification, and subsidy billing for HUD multifamily projects. TRACS provides authorized users with summary and status data on submitted vouchers. DHCD will use the TRACS system to accept process, approve, and submit voucher payment requests for all 811 PRA Demo projects. TRACS will also be monitored to ensure data compliance thresholds are met and all errors requiring correction are addressed by owners or agents. Existing DHCD automated and accounting systems interface with the TRACS system and LOCCS to provide timely payments to owners.

- **LOCCS.** HUD's primary grant disbursement system, handling disbursements for most of its programs. Once voucher data are submitted to TRACS and approved for payment, a LOCCS payment is triggered. On receipt of a LOCCS notification email, a pending state warrant is prepared from the payment detail that is uploaded from the LOCCS email notification and sent to Maryland's Disbursement System. Once the funds noted in the LOCCS email have been received in DHCD's bank account, the state's disbursement system sends an electronic funds transfer to the owner's account on the same day. The tracking system keeps a complete record of the LOCCS deposits and voucher payments made on behalf of each contract.
- **Enterprise Income Verification (EIV).** EIV is a web-based database containing employment and income information on participants in HUD's rental assistance programs. This information is made available to ensure "the right benefits go to the right persons." The income information displayed in this system is supported through a matching agreement between HUD, National Directory of New Hires or Department of Health & Human Services, and the Social Security Administration. DHCD will use EIV to monitor the number and type of discrepancies associated with an 811 PRA Demo project and will assist projects in investigating and resolving any errors with either tenant identifiers or income data entered into the TRACS system.
- **Maryland Housing Search (SocialServe).** SocialServe is a web-based application specifically designed for a PSH system enables case managers to assist in enrolling and determining the eligibility of applicants for the Weinberg Apartments Initiative and the 811 PRA programs. The same application is used by MDOD to centrally manage the waiting list and select applicants for referral to owners.

## Successes and Challenges

### Challenges

**811 PRA implementation delay.** 811 PRA program staff reported some challenges in the initial program administration due to HUD implementation delays. It took more than 18 months from the initial award for HUD to issue program materials and the Cooperative Agreement. The Maryland 811 PRA program could not begin formal program implementation without having a signed Cooperative Agreement.

<sup>10</sup> Each participating property submits its vouchers and tenant data via a child account to the state agency administering the 811 PRA program. The state agency bundles all the submissions under its parent account and submits the data to HUD in TRACS.



**Burdensome environmental review requirements.** 811 PRA program staff reported some challenges in the initial program administration due to the constraints of the 811 PRA program requirements or structures. 811 PRA program staff were not initially aware that environmental review requirements would be applicable to existing properties. These requirements eliminated several potential properties from which 811 PRA units could have been sourced. Maryland had planned for one-half of its 150 811 PRA units to come from existing properties.

**Struggle to source existing units.** The 811 PRA program staff reported challenges in finding and bringing existing units into the program. The sole NOFA issued for the existing housing portfolio received minimal responses as very few properties have vacancies and many properties also have long waiting lists. Property owners are not inclined to participate in a relatively new program like 811 PRA as they would much rather lease the vacant units to applicants on their existing waiting lists.

The challenge of not being able to source one-half of the 150 811 PRA units from existing properties as planned slowed the program staff's ability to house applicants on the waiting list. Program staff expressed desire to find more proactive ways to source existing units.

### Successes

**Maryland's web-based referral system.** The web-based system designed for a PSH system has enabled the 811 PRA program to absorb the number of referrals to the system by enabling case managers to assist in enrolling and determining the eligibility of applicants for the Weinberg Apartments Initiative and the 811 PRA programs. The system is also used by MDOD to manage the waiting list and select applicants for referral to owners.

**Money Follows the Person-funded Bridge Subsidy Program.** DHMH contributed \$1 million in MFP rebalancing funds to support the 811 PRA program. The MFP funds will finance rental assistance for 811 PRA participants for up to 6 months if the 811 PRA is not renewed and HUD funding is no longer available. This MFP funding availability has allayed some property owner concerns about fund availability for future years. Additionally, Maryland's MFP policy ensures that the highest priority population will be able to enroll in waivers regardless of the programs' budget caps, thus guaranteeing that 811 PRA participants will have access to support services.

**Staffing continuity.** Although key positions within the Maryland 811 PRA program have experienced some staff

turnover, it has not significantly affected the program's operations. Staff working on 811 PRA from one agency took a position at another agency that also works on 811 PRA; the shifts have not affected program continuity. The team has maintained institutional knowledge.

**Maryland Department of Disabilities.** MDOD is a cabinet department focused exclusively on serving persons with disabilities. It acts as an advocate for the population within the service delivery system. MDOD can coordinate available resources within larger agencies, such as DHCD and Maryland Department of Health and Mental Hygiene and help focus their service delivery.

**Partnership strength.** DHCD, MDOD, and DHMH staff began working together in 2001 on the Community Access Steering Committee and later participated in the Governor's Commission on Housing Policy. MDOD's Secretary chaired the Commission's Affordable and Accessible Housing for Individuals with Disabilities Subcommittee. MDOD initiated the Statewide Taskforce for Affordable Housing to take advantage of additional private, public sector, and federal funding opportunities in 2010. In 2011, this effort resulted in DHMH's successful application for the Building Sustainable Partnerships for Housing Real Choice Systems Change Grant funded by CMS. MDOD co-chaired the Advisory Group for Real Choice Systems Change Grant with DHMH. The three agencies also worked on other initiatives, including the Bridge Subsidy Program and the Weinberg Apartments Initiative.

DHCD's Director of Multifamily Housing attributed the success of 811 PRA program and the partnership to the following.

1. All three agencies have shown continuous commitment to the partnership since collaboration began in 2001.
2. Staff from all three agencies were immersed in cross training and mutual learning to understand each other's language and expertise, leading to the building of mutual respect for each agency's roles and responsibilities in various initiatives.
3. The principle of trust and transparency is emphasized and valued by the three agencies, which guides their collaboration continuously.
4. The 811 PRA program staff from all three agencies communicate with each other as often as every other day to exchange ideas, share experiences and knowledge, and address challenges collectively. This level of frequent engagement directly contributes to the program success and the partnership accomplishment.



## Chapter 4. Maryland Section 811 Project Rental Assistance Program

Besides interacting with each other, the three agencies collectively are in constant communication with the developer community in Maryland. Building relationships and trust with various developers and property owners not only facilitates goal alignment, but also ensures cooperation from property owners and management companies at the program operation and management level.

# Minnesota Section 811 Project Rental Assistance Program

## Introduction

In 2012, HUD awarded the Minnesota Housing Finance Agency (Minnesota Housing), in partnership with the Minnesota Department of Human Services (DHS), \$3,085,500 in Section 811 Project Rental Assistance program funds to support 85 units with rental assistance. Minnesota Housing proposed to make available 85 units of permanent, supportive housing from existing housing stock for extremely low-income, nonelderly adults with disabilities. Although Minnesota's 811 PRA program is statewide, the initial program interest came from development owners in the Twin Cities region, which is composed of two counties—Hennepin and Ramsey. The city of Minneapolis is in Hennepin County, and the city of St. Paul is in Ramsey County.

Evaluators conducted a site visit in October 2015. At the close of 2015, Minnesota Housing had placed 67 units under RACs, exceeding its 2015 annual goal of 35. One unit was occupied.

## Grantee Partnership, Organizational Structure, and Management

### Overview

Minnesota Housing is the primary applicant and grantee for the 811 PRA program and has partnered with DHS for full program implementation and delivery. This section begins with an overview of each agency, its role within the state more broadly, and the relevant programs each agency administers. The section continues with a discussion about the partnerships and a description of each agency's roles and responsibilities for the 811 PRA program. This division of responsibilities is based on areas of functional and specialized capabilities.

### Minnesota Housing Finance Agency

Minnesota Housing promotes homeownership and increases and preserves affordable rental housing, as well as prevents and eliminates homelessness. Minnesota Housing's 2010-11 Affordable Housing Plan

included investments of nearly \$1.4 billion to support a continuum of affordable housing activities, including internally generated resources, to serve high-priority populations, including persons with disabilities.

Minnesota Housing administers and allocates Low-Income Housing Tax Credits. It annually revises the QAP and develops selection criteria and eligibility requirements for tax-credit allocations that reflect the state's priorities. Minnesota Housing partners with local foundations and other state agencies, including DHS, to award capital funding to projects through the annual consolidated request for proposals. This agency administers state-appropriated funding and federal resources, including the HOME and the Housing Opportunities for Persons With AIDS Program; it is preparing to administer the National Housing Trust Fund.

Minnesota Housing has a long history of administering HUD programs that operate very similarly to the 811 PRA program. Minnesota Housing has experience managing rental assistance programs, such as the project-based Section 8 developments that include Performance Based Contract Administration and Traditional Contract Administration (TCA) programs, as well as Section 236 contracts. Minnesota Housing's Multifamily Division—which includes approximately 120 permanent staff organized into four functional areas: (1) Supportive Housing; (2) Production or Underwriting; (3) Asset Management, Compliance, and Contract Administration; and (4) Operations and Reporting—administer these programs.

The state has increased Minnesota Housing's funding level significantly during the past several years through Housing Infrastructure Bonds. Minnesota Housing's Housing Infrastructure Bonds funding increased from \$30 million in 2012 to \$80 million in 2014. According to Minnesota Housing, it dedicates most of these funds (approximately 66 percent) to supportive housing for the long-term homeless population. This funding is separate from the funds Minnesota Housing allocates from other state-appropriated programs such as the Minnesota Housing Trust Fund (HTF). Minnesota Housing also allocates most of its \$19 million HTF to serve the long-term homeless population.

### Minnesota Department of Human Services

DHS is the state's lead Medicaid agency and administers a variety of healthcare and supportive services. These services generally fall into one of four categories.

- Medicaid Home- and Community-Based Services, including 1915(c) waivers for persons with disabilities and home care services.

## Chapter 5. Minnesota Section 811 Project Rental Assistance Program

- Adult Mental Health Services, including Adult Rehabilitative Mental Health Services, Assertive Community Treatment, and Adult Mental Health Targeted Case Management.
- MFP Rebalancing Demonstration program.
- State-funded programs, such as Minnesota's state-funded Long-Term Homelessness Supportive Services, Group Residential Housing, Housing With Supports for Adults With Serious Mental Illness (HSASMI).

DHS administers its programs through local lead agencies that implement many aspects of Medicaid, including eligibility determination, assessment of individual need for services, coordination of services, oversight of service providers, and direct service provision. DHS oversees and monitors the performance of local lead agencies and overall compliance with federal regulations, state statutes, rules, and policies. DHS provides informational updates and policy guidance, as well as training opportunities, for local lead agencies and other service providers. DHS also uses Substance Abuse and Mental Health Services Administration (SAMHSA) evidence-based practices fidelity standards to evaluate PSH.

### Minnesota Housing and Department of Human Services Partnership

Minnesota Housing and DHS have worked together since the Bridges Rental Assistance Program began in the late 1990s. Bridges Rental Assistance Program is a state-funded program that provides interim supportive housing subsidies for people with severe mental illness who are waiting for appropriate longer-term subsidies. The agencies reinforced their collaborative efforts in 2004 when Minnesota Housing made ending long-term homelessness a strategic priority. The partnership has continued to strengthen over time.

Historically, the agencies have collaborated by way of interagency agreements, interagency councils, and serving as advisors on each other's programs. Prior to the 811 PRA program, the two agencies executed interagency agreements for the Bridges Rental Assistance Program, Operating Subsidy Program, and HSASMI in conjunction with Homeless Management Information System and the Wilder Research Survey.

The agencies have collaborated on the Minnesota Interagency Council on Homelessness (Interagency Council) since 1993 (Minnesota Housing and DHS co-chair the interagency council). Minnesota Housing and DHS have also raised money together to support the Wilder Research survey that focuses on people who are experiencing homelessness (Wilder has been

administering this survey since 1989). According to Minnesota Housing staff, "the long history of partnership has made this work easier for us. A core group of our staff and a core group of their staff work together weekly, if not daily." The ongoing partnership resulted in benefits for the 811 PRA program. The agencies were able to build off existing objectives and deliverables from other interagency agreements when developing the 811 PRA agreement.

In their 2013 collaboration with many of the state's leading advocacy groups and service providers through the Interagency Council, Minnesota Housing and DHS adopted a new state plan to end homelessness in Minnesota, entitled *Heading Home: Minnesota's Plan to Prevent and End Homelessness*. Along with the Olmstead plan and programs such as Moving Home Minnesota, which is Minnesota's MFP program, this new plan serves as the platform to build Minnesota's 811 PRA program.

### Design and Structure of Minnesota's 811 PRA Program

For its 2012 811 PRA application, Minnesota Housing determined that the most advantageous opportunity to implement the 811 PRA program in the 24 month limited time frame was to use only existing developments as the source of 811 PRA units. Developments with rent-restricted units (such as those in the LIHTC portfolio), as well as developments with existing unsubsidized units in Minnesota Housing's Section 8 portfolio, provided great initial sources of 811 PRA units. Already monitored, these properties have staff with federal program administration experience and may have staff with previous experience coordinating supportive housing. By using existing rental properties, Minnesota Housing anticipates that extremely low-income renters will be able to access current, nonsubsidized rental units, which have been typically unaffordable.

Minnesota Housing determined the number of 811 PRA units to apply for by checking the existing portfolio for the number and location of studio and one-bedroom units with rent limits at 50 percent AMI or less. Minnesota Housing also reviewed its staff capacity and how many RACs it could reasonably bring online with its current staffing levels.

Minnesota Housing decreased the units it could support with its first round of 811 PRA funding from 95 to 85 after receiving HUD guidance on how the budget should be calculated. The agency initially planned for a project timeline that ramped up over time, which would eventually lead to 95 units leased by the end of the 5-year program. HUD clarified that all units must be funded for a full 60 months of rental assistance. Consequently, although the program is labeled as a

## Chapter 5. Minnesota Section 811 Project Rental Assistance Program

5-year grant program, in reality it will take about 8 years before each 811 PRA unit receives rental assistance funding for 60 months. Consequently, Minnesota Housing had to adjust its unit calculation to 85 slots.

### 811 PRA Roles and Responsibilities

Minnesota’s 811 PRA program folds into each of the two agencies’ existing operations (in contrast to being run as a “standalone” program). Table 5.1 provides a summary of each organization’s responsibilities.

#### Minnesota Housing Finance Agency responsibilities.

Minnesota Housing is charged with sourcing and managing housing units for the 811 PRA program. Agency staff conduct outreach to property owners educating them about the 811 PRA program. Minnesota Housing has identified specific properties within its portfolio that may contain housing units eligible 811 PRA program participation. Minnesota Housing also modified its request for proposals application process to incentivize participation of developers seeking financing for new construction projects in the 811 PRA program. Specifically, for the 2016 request for proposals, Minnesota Housing increased the points available (from 5 to 10) to owner or developers building supportive housing for special populations. Minnesota Housing staff work with selected property owners in executing RACs. Once properties are accepted into the 811 PRA portfolio, Minnesota Housing staff are charged with compliance monitoring and ensuring timely rental assistance payments. The specific strategies

for property selection are covered in more detail in the Housing Strategies section.

Minnesota Housing treats the 811 PRA program as another “arrow in its quiver” of housing programs. The 811 PRA program benefits from this arrangement leveraging Minnesota Housing’s existing programmatic infrastructure.

Operationally, within Minnesota Housing, the 811 PRA program is implemented in the following manner.

- A Supportive Housing program manager oversees the 811 PRA program.
- The 811 PRA program review team reviews and selects applications and oversees projects under development.
- 811 PRA housing management officers review the tenant selection plans, although housing assistance payment officers execute RACs.
- HMOs within the asset management and compliance team perform inspections and site visits and ensure compliance with RACs and federal and state program requirements.
- TRACS data analysts ensure compliance with federal and state program requirements, as well as make accurate and timely payments to property owners.

**Minnesota Department of Human Services responsibilities.** DHS uses the same operating principles as Minnesota Housing. The 811 PRA program responsibilities of DHS are woven into its existing program

Table 5.1: Minnesota—811 PRA Program Division of Responsibilities

Minnesota Housing	Department of Human Services
Identify or finance eligible units for 811 PRA program.	Recruit and collaborate with local lead agencies responsible for implementing the Projects for Assistance in Transition from Homelessness, or PATH, program. Recruit and collaborate with Money Follows the Person providers.
Execute RACs with property owners.	Manage waiting list. Oversee referral process in collaboration with local lead agencies and MFP providers.
Provide outreach to developers, landlords, and property owners.	Provide outreach, training, and technical assistance to local lead agencies and MFP providers.
Monitor 811 PRA unit occupancy and compliance with eligibility requirements.	Monitor local lead agencies and MFP provider processes for referring individuals for housing placement.
Make rental payments to property owners.	Monitor local lead agencies and MFP providers to ensure tenants have necessary access to housing and support services.
Collect and report required occupancy and financial information.	Collect and report data on service delivery, costs, and outcomes.
Provide ongoing communication with Department of Human Services, local lead agencies, and housing providers.	Provide ongoing communication with Minnesota Housing, local lead agencies, MFP providers, and housing providers.

MFP = Money Follows the Person. PRA = Project Rental Assistance. RAC = Rental Assistance Contract.

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infrastructure. Minnesota Housing's focus is on housing; the responsibilities of DHS center on providing services and supports. As the Medicaid lead agency, DHS offers a wide variety of healthcare programs.

811 PRA program participants access these services and supports either through Projects for Assistance in Transition from Homelessness, or PATH, or MFP.

- PATH is a federal and state-funded program dedicated to providing outreach to people with a serious mental illness experiencing homelessness and connecting them with housing and services. Program funds are awarded to county governments that then either provide the services directly or subcontract the work to vendors (typically private social services agencies). Currently, 11 PATH projects in the state serve an estimated 1,400 people.
- MFP is dedicated to increasing use of HCBS and reducing use of institutionally based services. MFP referrals are administered through county governments, managed care organizations, tribes, and service contractors. MFP operates in a small unit within the continuing care administration. Currently, 167 people are enrolled in MFP, of which 103 moved into community-based settings, with another 25 in the pipeline.

DHS assumes important responsibilities for the 811 PRA program. DHS staff provide the quality assurance function and are charged with making sure that 811 PRA participants receive the services they need. DHS staff also manage services that 811 PRA participants access through the Medicaid state plan, which includes home- and community-based waivers.

DHS provides information to lead agencies and other stakeholders about opportunities through the 811 PRA program. The agency also provides training and 811 PRA program technical assistance to PATH agencies, especially referrals, access to services, and utilization of 811 PRA program rental assistance.

Furthermore, DHS staffs the Housing Coordinator, a critical role in the Minnesota 811 PRA program. The Housing Coordinator must be a DHS staff member so that he or she has access to participants' confidential, health-related service information. The Housing Coordinator's responsibilities include—

- Coordinating with the Minnesota Housing program manager to track 811 PRA unit availability and occupancy status.
- Matching referrals to units from 811 PRA-eligible MFP and PATH participants.
- Managing the 811 PRA waiting list.
- Ensuring service coordination.

- Coordinating DHS data collection and analysis.
  - Participating in knowledge sharing, outreach, training, and technical assistance for the 811 PRA program.

Working on the 811 PRA program, key DHS staff fill the following positions.

- Housing coordinator.
- MFP director.
- An Adult Mental Health Division administrator oversees housing policies for people with serious mental illness and provides the state contact for PATH.

### Program Funding

In all, the program operate with a total of 3.15 full-time equivalents across all positions. Minnesota Housing contributes 2.15 FTE, and DHS contributes 1.0 FTE. These numbers exclude PATH and MFP staff.

The core Minnesota Housing team working on the 811 PRA program includes—

- Program manager (0.4 FTE on the 811 PRA program).
- Operations project manager (who supports the program manager) (0.4 FTE on the 811 PRA program).
- Asset management and compliance supervisor, PBCA (0.25 FTE on the 811 PRA program).
- TRACS and housing assistance payment (0.1 FTE on the 811 PRA program).

In addition, asset management staff who report to the asset management and compliance supervisor, include—

- 0.25 FTE from the housing management officers who do annual inspections and program monitoring. HMOs travel to property sites, conduct physical inspections and audit tenant files. These staff members are the same staff who monitor their project-based Section 8 properties; they modified the monitoring process to meet 811 PRA requirements.
- 0.15 FTE for staff to process monthly vouchers coming in from Project-Based Rental Assistance sites, rolling up the payments from the properties and submitting the data to HUD.
- 0.15 FTE for the Contracts Team executing RACs and amending rents.

Initially, Minnesota Housing's 811 PRA staffing plan was expected to need about 0.75 FTE for the initial program setup, which would then gradually decrease to a 0.5 FTE level as it exits the startup phase. Minnesota Housing has, however, spent considerably more staff time on program administration than it had envisioned in the application. Currently, Minnesota Housing dedicates



about 2.15 FTE across all roles. Minnesota Housing leadership understood that some initial investment of staff time was required, but never expected it would be at a FTE level for this long of a period.

The 811 PRA program has also used a small amount of time from the legal and accounting departments. In addition, Minnesota Housing anticipates allocating more staff time for collecting and reporting data and performance metrics once the program begins to lease its units.

In its application, Minnesota Housing estimated that it would cost about \$350,000 to fund the positions it committed to during the 5-year period. However, that dollar figure was based on a much lower level of effort. Minnesota Housing estimated the program would require the most effort during the first 4 months and allocated 1.5 FTE during this period. Minnesota Housing believed the level of effort would taper to 0.75 FTE for months 5 through 9 and eventually level off to 0.5 FTE from month 10 through the end of the 5-year period. Although the 811 PRA program will provide a \$235,500, or 8 percent of the 811 PRA rental subsidy amount, toward administrative expenses during the 5-year term, Minnesota Housing staff now believe that program costs will be much higher than initially estimated. Minnesota Housing is using its own resources to fund its staff commitments to the 811 PRA program that have not been adequately covered by the 811 PRA grant.

DHS supports the program by providing resources for the Housing Coordinator position. This position, covered DHS funds received from MFP, is a 1.0 FTE set-aside for the 811 PRA program. DHS estimates it will spend more than \$385,000 for the first 5 years of the program for this position alone.

### State Context: Housing Programs

#### Housing Programs

Minnesota Housing administers several multifamily financing programs. Besides providing capital financing for rental housing, all these programs also include supportive housing units. Detailed here are three of the agency's housing programs that fund supportive housing.

- **LIHTC.** This program is Minnesota Housing's largest fund with nearly \$600 million in outlays on 122 projects from 2006 to 2011. This investment translates to 8,752 units, 8,394 units assisted, and 369 supportive housing units. This program provides federal income tax credit to owners and investors in the construction or acquisition with substantial rehabilitation of housing properties. Properties receiving LIHTC must meet income and rent restrictions for at least 30 years. Minnesota Housing

leverages funds available through this program to promote the development of supportive housing using point incentives in the Qualified Allocation Plan.

- **Minnesota HTF and Ending Long-term Homelessness Initiative Fund (ELHIF).** In the initial startup of Minnesota's Business Plan to End Long-Term Homelessness, HTF and ELHIF were two primary capital-funding vehicles for supportive housing, particularly for developments that composed of 100 percent supportive housing units. During the 5-year period ending in 2011, these funds provided more than \$29 million in capital loans and another \$4.2 million in operating subsidies, resulting in funding for 44 projects and 20 new contracts, which led to the creation of more than 1,000 supportive housing units.
- **Low and Moderate Income Rental (LMIR) Program.** The LMIR program provides mortgages for the construction, acquisition, rehabilitation, or refinancing of affordable housing units. It is Minnesota Housing's third-largest program with \$176 million in outlays during the 5-year period. These loans funded 84 projects with 5,448 units, 4,937 of which were assisted and 229 of which are supportive housing.

Minnesota Housing believes that the 811 PRA program will assist in increasing supportive housing production, especially at LIHTC properties. Applications received extra points for agreeing to incorporate permanent supportive housing in their proposed developments in Minnesota Housing's consolidated request for proposals process. (These extra points were significant because applying for state financing is very competitive.)

Aside from providing the needed financial incentive (through rental assistance), Minnesota Housing believes that property owners may be more likely to participate knowing that the 811 PRA program has the necessary services infrastructure in place to support their participants.

**Resources to prevent and end long-term homelessness.** In addition to the capital programs previously listed, Minnesota Housing has rental assistance programs and operating assistance funds. A discussion of some of these programs follows.

- Long-Term Homeless Rental Assistance and Operating Support is funded through HTF and ELHIF. The two resources provide operating subsidies and rental assistance for permanent, supportive housing for persons experiencing long-term homelessness. Rental assistance is provided to 1,200 households annually and operating assistance is provided to 1,450 households annually.

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- Bridges Rental Assistance Program grants provide rental assistance payments to households with at least one adult with serious mental illness. Bridges Rental Assistance Program provides 850 supportive housing opportunities annually.

**Supportive housing programs.** In addition to these varied programs, Minnesota Housing and DHS have collaborated in delivering housing programs that assist persons with disabilities—particularly those with a mental health disability, experiencing homelessness, or both. These programs include—

- HSASMI grants and Operating Subsidy Program funds provide operating support to multifamily housing units that have integrated supportive service options to assist individuals with a serious mental illness.
- Bridges Regional Treatment Center Pilot Program is similar to the Bridges Rental Assistance Program but is focused on individuals currently staying at a 175-bed psychiatric hospital that serves those who have a mental illness.
- The Minnesota Supplemental Aid (MSA) Shelter Needy program provides an income supplement for persons with a disability to help make housing in the community more affordable.
- Group Residential Housing provides income supplements in certain qualified licensed or registered settings.
- The Crisis Housing Fund provides financial assistance to help recipients with serious and persistent mental illness retain their housing in instances where they need to receive temporary residential treatment.

**Plans to end homelessness.** Adopted in 2004, the Business Plan to End Long-Term Homelessness ended in 2013, by which time more than 4,000 opportunities for long-term households for homeless people had been created. Most of the opportunities have been funded from state-run housing financing programs, such as LIHTC, HTF, Housing Infrastructure Bonds, and ELHIF. Since 2013, a new state plan has been adopted: *Heading Home: Minnesota’s Plan to Prevent and End Homelessness*. In this plan, Minnesota has committed to developing 5,000 new affordable and supportive housing units for extremely low-income households. The 811 PRA program will help Minnesota in its efforts to end homelessness by providing rental subsidies for the long-term homeless target population.

**Additional federal housing programs.** In addition to state agencies, other entities such as local governments, housing authorities, and private owners develop and administer affordable housing in Minnesota for people with disabilities. Table 5.2 provides an overview of the number of persons served by five major federally funded housing programs. As shown, a nonelderly person with a disability heads about one-half of Public Housing residents and 44 percent of Section 8 recipients. In addition, Minnesota has 640 Non-Elderly Disabled Vouchers.

### Rental Housing Market

Although the 811 PRA program is statewide, Minnesota’s initial focus is on obtaining participating properties in the Twin Cities area. Rents in the Minneapolis-St. Paul area have risen significantly during the past decade. This trend poses a challenge to the development of affordable and supportive housing.

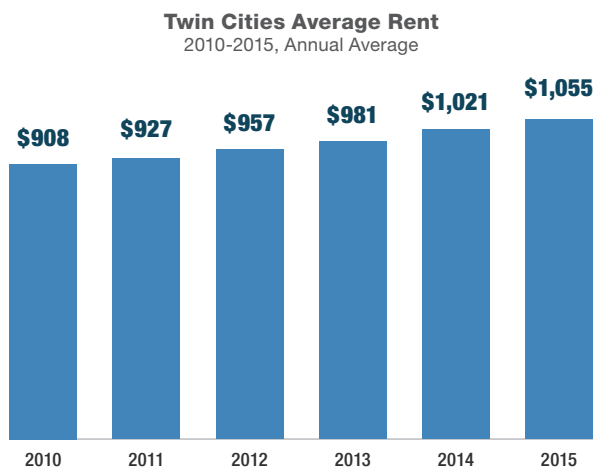
Table 5.2: Minnesota—Other Federal Programs

Program	Number of Units Available	Number of Household Members	Percent With Disabilities Among Head, Spouse Aged <62	Percent of All Persons With Disabilities
Public Housing	20,746	36,208	48	31
Housing Choice Vouchers	36,270	86,877	39	20
Project-Based Section 8	30,866	46,866	44	21
202/PRAC	2,419	2,448	95	7
811/PRAC	762	802	99	193

PRAC = Project Rental Assistance Contract.  
Source: HUD (2016)

Rental prices in the Minneapolis-St. Paul area climbed steadily from 2010 through 2015. According to Minnesota Housing Partnership, the average market rate rent (a composite of average rents that incorporates all unit types) increased from \$908 per month in 2010 to \$1,055 per month in 2015 (for more detailed information, see figure 5.1). This change represents an increase of 16 percent, or \$147 per month during the past 5 years (Minnesota Housing Partnership, 2016).

**Figure 5.1: Minnesota—Average Market Rents in Twin Cities (2010–2015)**

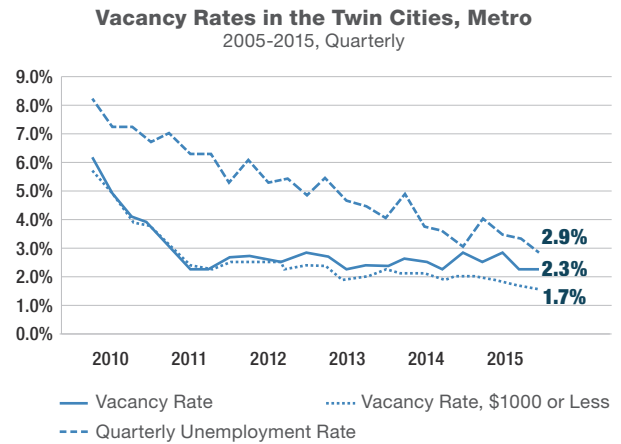


Source: Minnesota Housing Partnership (2016)

Minnesota Housing Partnership noted that the increase in demand and the shortage in supply are the main drivers of the increase in rental costs. Vacancy rates in the Twin Cities are at their lowest levels in decades. As figure 5.2 demonstrates, vacancy rates in the area have steadily declined during the past 10 years, from roughly 6 percent in 2005 to 2.3 percent in 2015.

The increase in rental prices throughout the Twin Cities metro area is a real problem for the supportive housing development, in general, and for the 811 PRA program, in particular. As noted previously, the average rent for a one-bedroom unit in the Twin Cities is \$859. This price is much higher than the \$743 contract rent per month at 50 percent of Area Median Income, as estimated by Minnesota Housing, or the \$796 that is allowable for this unit type under HUD’s FY 2015 Fair Market Rent requirement for the Minneapolis-St. Paul-Bloomington MSA. To circumvent this issue, Minneapolis Housing identified units in its existing portfolio with rents limited to 50 percent AMI so that owners did not have to lower rents to participate in 811 PRA.

**Figure 5.2: Minnesota—Rental Vacancy Rates in Twin Cities (2010–2015)**



Source: Minnesota Housing Partnership (2016)

## Service Provision and Healthcare

Minnesota has programs individually dedicated to each target population. 811 PRA participants entering the program through Money Follows the Person receive targeted support from the state’s MFP program. These services include person-centered planning, transition, and coordination services, access to assistive technology, and personal emergency monitoring, as well as assistance with moving costs, such as transportation, furnishings, and groceries.

PATH participants are recruited for the 811 PRA program by outreach workers employed by local lead agencies. 811 PRA participants entering the program through PATH have access to PATH-supported programs and services. These services include case management, screening and diagnostic treatment, community mental health, alcohol or drug treatment, support and supervision in residential settings, as well as referrals and assistance with accessing financial and health benefits.

In addition to targeted services supporting each target population, as previously outlined, 811 PRA participants will have access to other DHS programs. DHS administers a variety of federally funded healthcare services, including Minnesota’s Medicaid program, as well as other state- and grant-funded services. These services are highlighted in table 5.3. Please see the section on Service Provision and Coordination for a more detailed description of these services.

Table 5.3: Minnesota—Services Available to 811 Project Rental Assistance Participants

Medicaid Services	State- and Grant-Funded Services
<ul style="list-style-type: none"> <li>• 1915(c) waivers for persons with disabilities, or developmentally disabled, traumatic brain injury, Community Access for Disability Inclusion, Community Alternative Care.</li> </ul>	<ul style="list-style-type: none"> <li>• Adult Mental Health Community Support Program</li> </ul>
<ul style="list-style-type: none"> <li>• Medicaid Home Care Services.</li> </ul>	<ul style="list-style-type: none"> <li>• Minnesota’s state-funded Long Term Homelessness Supportive Services.</li> </ul>
<ul style="list-style-type: none"> <li>• Medicaid Adult Rehabilitative Mental Health Services.</li> </ul>	<ul style="list-style-type: none"> <li>• Housing With Supports for Adults With Serious Mental Illness.</li> </ul>
<ul style="list-style-type: none"> <li>• Department of Human Services is proposing a new Medicaid service to add. Tenancy Support Services using a Critical Time Intervention model.</li> </ul>	
<ul style="list-style-type: none"> <li>• 1915(i) to support individuals with mental illness.</li> </ul>	

### Changes in Medicaid Resources

Between 2008 and 2014, total Medicaid spending increased from about \$7 billion to about \$10 billion statewide, a 43.6-percent increase (Eiken et al., 2015; KFF, 2017). Funding for long-term services and supports rose from approximately \$3.4 billion in 2008 to \$3.9 billion in 2013 (Eiken et al., 2015). Home- and community-based services, as a portion of LTSS, also increased during this period, continuing a trend of decreased funding for institutionalized care and increased funding for community-based services and supports. HCBS funding increased from 68 percent of LTSS in 2008 to 73.6 percent in 2013, significantly more than the national average of 51.3 percent (Eiken et al., 2015). Minnesota has been at the forefront of supporting HCBS funding and ranks second in the nation for allocating the highest amount of its LTSS funds to HCBS (Eiken et al., 2015).

### Olmstead Settlement

Minnesota has an Olmstead plan to settle a class action lawsuit in U.S. District Court (*Jensen v. Minnesota Department of Human Services*). In 2011, that case was resolved through a settlement agreement, but it took nearly 4 years for the state to develop a comprehensive plan that was accepted by the U.S. District Court on September 29, 2015. Governor Mark Dayton appointed an Olmstead Subcabinet, now chaired by Minnesota Housing, to develop the plan and carry it out.

The plan has five main topic areas.

- 1. Person-centered planning.** This topic area is focused on listening to individual preferences and valuing their choices.
- 2. Services.** This topic area is focused on transition services, housing, employment, learning, and waiting lists.

- 3. Housing and services.** This topic area contains goals aimed at moving people with disabilities out of institutional settings.

- 4. Supports** (transportation, health care, positive support, crises services, assistive technology, and abuse and neglect prevention). This area focuses on building program capacity and on increasing the resources that will support people with disabilities as they live, work, and learn in the settings that they choose.

- 5. Community engagement.** This topic focuses on engaging people with disabilities.

The state has set very ambitious goals in its Olmstead plan. The overarching goal of housing services is to assist people with disabilities to live in the most integrated setting of their choice and receive person-centered planning. DHS’s transition service providers seek to significantly increase the number of people with disabilities who live in their communities of choice and receive financial assistance. The specific goal is to increase assistance to people from 6,017 in 2015 to 11,564 by 2019, an increase of 5,547 or 92 percent. The 811 PRA program will help Minnesota meet some of its Olmstead goals, particularly as it relates to housing and transition services.

### Population Served

Initial eligibility under the Minnesota 811 PRA program meets the criteria set forth by HUD under the Notice of Funding Availability, which includes single adults or families. 811 PRA eligible households are those who—

- 1.** Are extremely low income (30 percent AMI or less).
- 2.** Are eligible for community-based, long-term services funded through Medicaid or state funding sources.
- 3.** Have a disability and are at least 18, but less than 62 years of age at the time of admission, or who are

members of a family who has at least one member who has a disability and is at least 18, but less than 62 years of age at the time of admission.

In its 811 PRA application, Minnesota designated two target populations to be served under the 811 PRA program. The identification of the two following target populations was designed to leverage current efforts in two statewide initiatives: MFP and Minnesota’s Plan to Prevent and End Homelessness.

1. Individuals experiencing long-term homelessness who have a serious mental illness.
2. Individuals with physical or mental disability who are exiting institutional settings after a long-term stay (90 days or more) and are assisted by MFP.

No changes to the target population served have occurred since the submission of the 2012 811 PRA application. Units are offered on an alternating basis between the two target populations previously cited, based on the date and time applications are received. Participants are asked to indicate their location preferences.

When units become available, 811 PRA participants are referred to the property owner based on (1) the participant’s place on the waiting list, (2) the participant’s indicated preference to live in the community where the unit is located, and (3) whether the available unit fits the requirements of the 811 PRA participants, in terms of characteristics, such as bedroom types and accessibility.

## Outreach, Referral, and Application

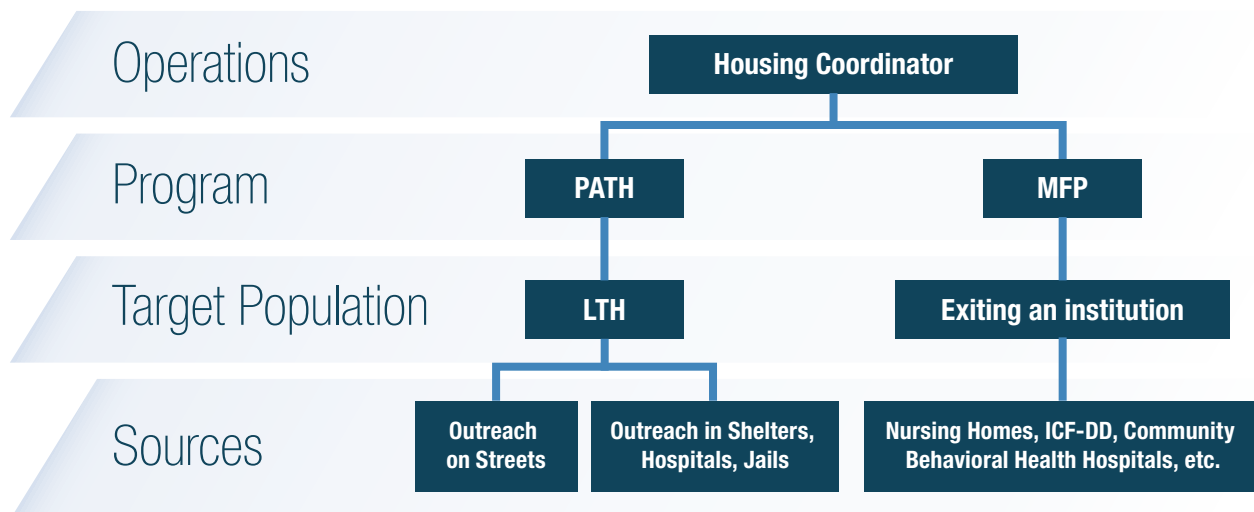
### Outreach

The Minnesota 811 PRA program will use a combination of existing resources for outreach services (see figure 5.3). PATH outreach workers will do extensive outreach on the streets and in institutions. Their goal will be to connect with people who are both experiencing homelessness and having a serious mental illness or other disability. For MFP, case managers at institutions will identify potential 811 PRA participants and refer them to transition coordinators.

### MFP Outreach

As part of the required annual assessment, case managers at DHS facilities must ask whether an individual in their care is interested in moving from the facility to a community setting. For individuals who wish to move to a community setting, the case manager will develop an application for MFP or for a relocation service coordinator. If the client chooses MFP, MFP staff will verify eligibility and once the individual signs a consent form, will enroll the individual in the MFP program. Once individuals are accepted into MFP, they are provided the opportunity to select a lead agency that then assigns a transition coordinator. Transition coordinators will assess each individual’s housing needs and connect with the housing coordinator to check for housing opportunities in the 811 PRA program. The housing coordinator places applicants on the waiting list.

Figure 5.3: Minnesota—811 Project Rental Assistance Outreach





The Housing Coordinator also conducts research and outreach in the community to find out about institutions and nursing homes that may be closing or residents looking for housing in community-based settings.

Minnesota statute requires a 60-day public notice requirement to announce the closing of an institution. Embedded within this process is the requirement that families be informed of the impending closure before the public announcement. The Housing Coordinator is also given notice of this termination and reaches out to the families after they have been formally notified by the institution.

DHS will also conduct outreach to eligible individuals through periodic mailings and other outreach activities. MFP is developing a plan to have consumers, who have successfully transitioned from institutional placements to community residences, do outreach on its behalf. MFP believes that this peer-to-peer marketing strategy will be successful in generating interest.

### **PATH Long-Term Homelessness Outreach**

PATH outreach workers will connect with individuals on the street and in more stable settings (like shelters, treatment centers, or correctional facilities) to identify, engage with, and enroll PATH-eligible clients. PATH outreach workers have dedicated office hours in shelters within their service area. They also will conduct outreach to other areas with a high concentration of long-term homeless population, such as hospitals, libraries, and even county jails.

The housing needs and preferences of PATH clients are assessed by the PATH outreach workers. These workers will identify individuals who are 811 PRA-eligible and help them apply to the program. PATH staff will communicate via email or phone with the Housing Coordinator to submit the individual's application to the 811 PRA program. The Housing Coordinator reviews and verifies this application. If accepted, the Housing Coordinator places the applicant on the waiting list.

PATH staff will assist with the tenant transition to housing. County-operated PATH outreach workers will then connect the individual with ongoing supports and services before ending the transitional efforts. These services are contracted out to third-party social service agencies.

The 811 PRA program has been very well received by the PATH program staff in Hennepin County. A PATH outreach team supervisor commented, "[811 PRA] offers a huge opportunity. We haven't had a housing tool in our bucket before to offer people. We can attract people into our program by providing long-term supports and case

managers." For PATH outreach workers employed by social service agencies, connecting individuals to LTSS often involves making inhouse referrals, as the agency already provides many of these services. The supervisor previously quoted further indicated having a permanent housing resource is critical to the ongoing provision of services for the target population. If consumers do not have permanent housing, they may become transient and then lost to the case workers. Hence, having permanent housing options raises the likelihood target populations will get the services they need.

### **Referral and Application**

A key Minnesota 811 PRA program feature is the centralized coordination of all outreach, referrals, and management of the 811 PRA waiting list. The Housing Coordinator performs these centralized functions. According to the 2015 fourth-quarter 811 PRA report, 70 applicants were placed on the waiting list.

MFP transition coordinators and PATH outreach workers determine eligibility and submit 811 PRA applications directly to the Housing Coordinator, who reviews the applications and places applicants on the waiting list. The waiting list is a Microsoft Excel workbook with some functionality built in for reporting.

According to the fourth-quarter 811 PRA report, 88 referrals were to the Minnesota 811 PRA program during 2015. Of those, 12 were institutionalized, 3 were at risk of institutionalization, and 73 were homeless. Most of those referred to the 811 PRA program, 76 people, had a mental health disability, and 11 had a physical disability. At the end of 2015, out of 88 referrals, 70 applicants were on the 811 PRA waiting list, 12 were found ineligible for the 811 PRA program, 4 were referred to units, and 1 applicant was housed in a 811 PRA unit.

### **Implications**

**Centralized design lends itself to program size.** The centralized nature of the program seems to complement program design. Overly centralized programs often run into issues in larger-scale operations. Centralized programs when faced with a lot of activity either experience bottlenecks or suffer from quality when staff get overwhelmed. However, given the size of Minnesota's 811 PRA program, this centralized design seems to fit very well.

**Implications of unit location and amenities preference.** As noted previously in this section, a key feature of the referral process is the match between the location and amenities of a unit and the preferences of the 811 PRA applicant. One aspect of this process that

requires special attention is the way in which the PATH outreach workers and MFP transition coordinators enter this information on the program application.

It would be easy for a savvy 811 PRA participant or referring provider to indicate a preference for all areas of the state to increase the chances of being selected for a unit. The Hennepin PATH providers were selecting the entire state initially, without consulting the applicant, thinking they would acquire a unit more quickly for their participants. Since then, the Housing Coordinator has worked to educate the referring providers to allow for applicants to select locations where they want to live for the long term and not merely any location. Minnesota 811 PRA staff will have to monitor this situation closely.

### Housing Strategies

#### Property and Unit Characteristics

**Rents and tenant contributions.** Rents for the Minnesota 811 PRA program are based on 50 percent AMI. The average contract rent shown in the 811 PRA budget is \$743 per unit per month, which includes an average tenant contribution (rent and utilities) of \$240 per month. Subtracting the expected average tenant contribution from the contract rent, Minnesota Housing expects that the average 811 PRA monthly subsidy would be \$503 per month.

Minnesota Housing staff have expressed concern about how the budgeting for RAC amounts and tenant contributions would play out during the life of the grant term, but know that a clearer picture will emerge once the program is fully operational. At this point, staff believe that many of the 811 PRA participants will have no income when they enter the program. If this assumption is correct, this lack of tenant's contribution will place a significant strain on 811 PRA program finances. Minnesota Housing staff acknowledge that incomes will fluctuate over time; thus the real average tenant contribution will not be known for some time.

**Urban versus rural.** In administering a statewide 811 PRA program, Minnesota Housing determined the Twin Cities metro area and northeast, west central, central, and southeast Minnesota as priority regions. Minnesota Housing, with assistance from DHS, prioritized 811 PRA developments that are in regional hub cities, which thereby are close to necessary services and other amenities. "Our strategy was that half of the units would be in the metro area," stated a senior Minnesota Housing staff member. "We focused on the 'bright lights,' places where participants will have access to services. In rural areas, less access to services may

exist. If people have been placed away from their institution, they may choose to locate back where they came from," the official concluded.

DHS determined where its institutionalized participants came from using nursing home and institution data. "That's what we used to focus on: the high-need counties and communities that had regional HUBs that had good access to services," noted a DHS staff.

As a result of its analysis, Minnesota Housing has established some 811 PRA program participation criteria for interested properties. Interested property owners must have the appropriate background and experience in managing multifamily properties and Section 8 and Housing Choice Voucher programs. Certain locational criteria also apply. Minnesota Housing requires that participating properties be in areas that have access to transportation and service providers, and be in "job growth communities." In addition, access to the target populations is important. Properties must either be in close proximity to target institutions and facilities that MFP participants may exit from or be close to an identified population of long-term homeless households in PATH service areas.

**Property selection methods and financing.** Minnesota Housing procured 811 PRA units from existing developments in its portfolio, owned by developers with Section 8 experience that already had one- and two-bedroom units rent-restricted to 50 percent AMI. Minnesota Housing selected units in these developments for the 811 PRA program that were not already subsidized by other programs.

The logic behind this strategy is simple. Properties that are currently in the agency's LIHTC and Section 8 portfolio are already monitored by Minnesota Housing staff. Moreover, these properties are staffed by professionals with federal housing and supportive housing program experience.

Minnesota Housing conducted extensive outreach to owners to gauge their interest in the 811 PRA program. Minnesota Housing started with properties that were previously financed under its multifamily programs (such as LIHTC, HTF, and Affordable Rental Investment Fund) from the agency. From this list, they targeted only properties that had units with rent levels set at 50 percent AMI or units with no rent restrictions but were affordable to households at or below 50 percent AMI. Minnesota Housing targeted this segment of units to expand the number of housing units that would be affordable to extremely low-income households. However, only a portion of Minnesota Housing's LIHTC properties had units that fit these criteria. Most of Minnesota Housing's LIHTC properties have units with

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rent levels that are set at 60 percent AMI.<sup>11</sup> By targeting only properties with rent levels set at 50 percent AMI or were naturally affordable to households at 50 percent AMI, Minnesota Housing was limited in the number of properties from which it could choose.

Minnesota Housing narrowed the list further by taking out developments that were already restricted to long-term homeless or persons with disabilities. Placing 811 PRA units in the developments already serving persons with disabilities would likely cause the property to exceed the 25-percent limit of supportive units for low-income nonelderly people with disabilities.

However, this approach did have its downsides. Minnesota Housing had difficulty recruiting owners with existing rental properties that fit the previous criteria. Intense marketing and educational efforts by Minnesota Housing staff have helped to mitigate some of the initial reticence of some property owners about the 811 PRA program. One of the factors creating difficulties was the lack of financial incentive for owners. Little to no financial reward exists for owners to accept the 811 PRA program at their existing properties. The program comes with extra restrictions that add to already complex funding and compliance measures for their properties. Partners and investors have concerns about how two restrictions (on long-term rent levels and on 30-year use) will affect the property's long-term financial viability and marketability. Additionally, owners who are inexperienced in serving the target populations may have felt that it was too risky to pursue without any compensating financial reward.

Once owners indicate an interest in participating in 811 PRA, they are asked to complete an application, which gives Minnesota Housing basic information about the property, rents, the ramp-up schedule, location, access to services, and amenities. Minnesota Housing uses a 25-question form to review the application.

The 811 Application Review Committee reviews every application, then assigns an individual or a cohort to review specific sections of the application. These sections include program administration, income and rent, experience, service and location, accessibility features, and environmental requirements.

Once the selection is approved by the 811 review committee, its recommendation is forwarded to the Clearinghouse Committee, a decisionmaking group made up of a core staff drawn from all Minnesota Housing divisions.

At each of these Clearinghouse Committee meetings, the 811 PRA program Manager gives a presentation on the owner and property. At the start of the 811 PRA program, these presentations took approximately 20 to 30 minutes each, allowing for time to discuss many aspects of the 811 PRA program. Now the presentations take less time as only the specific development is discussed in detail, not aspects of the entire 811 PRA program. After the presentations, the Clearinghouse Committee then approves or disapproves the selections.

Once an application receives Clearinghouse approval, the application is presented to the Minnesota Housing Board, the final approving authority, during the regularly scheduled monthly meeting.

Once approved, owners are given 30 days to provide the required documentation and paperwork (the checklist items). Minnesota Housing then has up to 15 days to review this information. The checklist items form the basis of the closing documents.

**Current status.** In 2015, Minnesota Housing executed five Rental Assistance Contracts, with a total of 67 units. Minnesota's 811 PRA program goal for 2015 was 35 units under RAC, so it exceeded its goal by 32 units and is only 18 units short of meeting its goal for the entire 85-unit program. However, Minnesota has occupied only one unit to date; 66 of its 67 811 PRA units are not available because they are currently occupied. Minnesota Housing collects turnover rate estimates from each property owner based on historical data, then estimates when 811 units will be filled. The agency then updates quarterly its lease up tracking based on actual lease ups so that they can project turnover as accurately as possible.

### Determining the Initial Rent Level

Minnesota Housing used the FMR for a one-bedroom unit in the Minneapolis-St. Paul metro area to develop its 811 PRA rent projection. However, the average tenant contribution was determined by HUD's published guidelines for tenant contribution, which were higher than the grantee's calculations.

The 811 PRA Budget for Minnesota's Programs indicates that the 811 PRA rental assistance budget is set at 50 percent of AMI. The section on Rents and Tenant Contributions provides information on average contract rent, subsidy and tenant payments.

<sup>11</sup> Minnesota Housing did not target units with rents set at 30 percent AMI, because these units were already affordable to extremely low-income households.

### Unit and Tenant Turnover

Minnesota has not experienced any unit turnover yet. As mentioned previously, one applicant was recently housed in an 811 PRA unit.

## Service Provision and Coordination

### Service Provision

The types of services available to 811 PRA participants vary based on the program they enter. For instance, although both PATH and MFP provide transition services in the form of downpayment assistance and moving costs, MFP participants also receive funds to purchase furniture, groceries, and other household supplies.

In addition, although both PATH and MFP participants receive ongoing services, such as case management, MFP participants will receive targeted home- and community-based services for 60 days after they move from the institution to ensure their successful transition.

DHS administers a variety of federally funded healthcare services and other state and grant funded services that will be made available to all 811 PRA participants, regardless of target population.

811 PRA program participants will have access to the following Medicaid services.

- 1915(c) waivers for persons with disabilities provide a range of services, such as adult day care, assisted living, personal care assistant, transitional services, and transportation. Examples of waivers include Developmentally Disabled, Traumatic Brain Injury, and Community Access for Disability Inclusion, and Community Alternative Care.
- Medicaid Home Care Services provide equipment and supplies and other home-based services, including home health aides (HHA), personal care assistance (PCA), and private duty nursing.
- Medicaid Adult Rehabilitative Mental Health Services provide a comprehensive set of mental health services, including Assertive Community Treatment and Targeted Case Management.

Program participants will also have access to the following state- and grant-funded services.

- Adult Mental Health Community Support Program provides a wide range of services focused on connecting people with resources, such as housing, health insurance, and employment support.

- Minnesota's state-funded Long-Term Homelessness Supportive Services provide services that can be tailored to individual needs. The program is designed to maximize independent living. Services include intensive case management, advocacy support, support through treatment and recovery (including aftercare), and helping people get access to benefits.

Lastly, recognizing the need for additional services to support this population and program participants, in particular, DHS proposes to expand Medicaid funding to increase services in the following programs.

- Housing Stability Services provide additional outreach capacity, as well as tenancy support services, community living assistance, and service coordination.
- PATH Critical Time Intervention uses a time-limited case management model designed to prevent homelessness for people with mental illness following their discharge from institutions. It focuses its intervention during that critical transition period to help individuals get settled in a more stable living situation.
- 1915(j) to support individuals with mental illness provides indepth assessment as well as clinical direction of services, development of recovery-oriented service plans, and other supports that foster independent community living.

### Coordination of Services

Participants can enter the 811 PRA program from either MFP or PATH programs. The sequence of steps and coordination of service providers varies between the two programs.

**MFP.** Once participants are accepted into MFP, the case manager at the facility works with them to select a local lead agency for transition services.<sup>12</sup> Local lead agencies then assign an MFP transition coordinator to help the MFP participants access transition services, including applying for the 811 PRA program (through the Housing Coordinator). If an 811 PRA unit becomes available, the MFP transition coordinator works with the Housing Coordinator in assisting the MFP participant with the application to the unit. If the participant is accepted to the unit, the MFP transition coordinator assists the participant with the logistics of the move, including arranging for transportation, making downpayment assistance, and helping purchase groceries, furniture, and supplies.

Once participants are moved into the 811 PRA unit, an MFP case manager is assigned to the participants to ensure they receive appropriate ongoing services

<sup>12</sup> Local lead agencies working on MFP are typically private social services organizations, while PATH services are usually carried out by county governments or contracted service organizations.



and supports. The MFP case manager is employed by local lead agencies; sometimes both the MFP transition coordinator and the MFP case manager are employed by the same local lead agencies. The MFP case manager is available to provide intensive case management for at least 60 days after the move-in date. This service is a voluntary option for participants. If a participant selects this service, the MFP Case Manager conducts a person-centered assessment of the participant and assists him or her in accessing HCBS. Ongoing case management, after the initial 60-day period, is also available for up to 365 days, if needed. HCBS continues for as long as the participant requests it.

**PATH.** Compared with MFP participants, the process is somewhat simpler for PATH participants. PATH outreach workers identify long-term homeless individuals who are eligible for the 811 PRA program. Those interested in the program are referred to the Housing Coordinator. The PATH outreach worker assists the PATH participant with the application. If an 811 PRA unit becomes available, the PATH outreach worker collaborates with the Housing Coordinator in assisting the PATH participant with the application to the unit. If the participant is accepted to the unit, the PATH outreach worker then assists the participant with the logistics of the move, including arranging for transportation, making downpayment assistance, and helping purchase groceries and supplies.

Once a participant is moved into the 811 PRA unit, PATH outreach worker transitions out and a case manager is assigned to the participant to conduct a needs assessment, develop a plan of service, and ensure he or she receives ongoing services and supports.

As a general observation, although participants entering the 811 PRA program from either program receive HCBS, typically 811 PRA participants that come in through MFP will have access to a wider range of services and supports.

### 2013 811 PRA Application

HUD also awarded Minnesota Housing \$3 million in a second round of 811 PRA funding in 2013 to develop an additional 75 units from new construction or for use at existing developments. Picking the size of the second round funding request was easier for Minnesota Housing due to the experience it gained during the 2012 application process. By the time of the application for the second round, the agency better understood its property owners' interest in the program, and it used historical application data to identify potentially eligible properties and units that would fit the program criteria.

The 2013 round of funding will—

- Provide services to the same target populations as in the 2012 funding round (long-term homeless with severe mental illness and MFP populations).
- Focus on the same statewide geographic areas.
- Leverage the same support services and staffing arrangements.

The difference between the first and second round of 811 PRA grants is the manner in which Minnesota Housing will identify and develop potential 811 PRA units. For its 2012 program, Minnesota Housing had proposed to obtain 85 811 PRA units through existing properties. For its 2013 program, Minnesota Housing proposes to develop 75 units through the annual Multifamily Request for Proposal for new construction projects and draw on applications from the existing portfolio.

## Leveraging

### Housing Choice Vouchers

The St. Paul Public Housing Agency (PHA) and Metro Housing and Redevelopment Authority (HRA) each agreed to set aside 30 vouchers for 60 housing choice vouchers set aside for the target population as part of the 811 PRA program. The St. Paul PHA serves only the City of St. Paul. The Metro HRA is a PHA that serves Anoka, Ramsey, Hennepin, and Carver Counties, excluding the cities of St. Paul, Minneapolis, Plymouth, Richfield, St. Louis Park, and Bloomington.

Both PHAs agreed to do a one-time set-aside of HCVs for the target population. An HCV will be set aside for the target population once it becomes available through turnover. However, after HCVs provided to individuals from the target population turnover, the HCVs will no longer be set-aside for the program. HCVs will not be allocated all at once. PHAs will build up to the 60 voucher commitments over time. Minnesota Housing expects that the HCVs set aside for the target population will be allocated within a year. Minnesota Housing reported that 24 HCVs were issued to the target population in 2015.

### Other Sources Leveraged

Minnesota Housing set aside \$50,000 in grant funds from its operating budget. The funds were earmarked to fund environmental reviews that may be triggered as a result of an owner exploring options to participate in the 811 PRA program. Minnesota Housing and Department of Human Services committed to leveraging \$350,000 and \$385,848 in salary costs, respectively, as noted in the section titled Program Funding.



### Program Administration, Assessment, Information Systems, and Data Infrastructure

#### Program Administration

Minnesota Housing and DHS co-manage the implementation and administration of the Minnesota 811 PRA program. Minnesota Housing enters into RACs and monitors for federal regulation and compliance. DHS coordinates referrals and manages the waiting list. DHS also manages HCBS and makes sure that each participant's preferences are consistently central to housing and services decisions.

To monitor program performance, the 811 PRA program manager, employed by Minnesota Housing, works closely with the Housing Coordinator, employed by DHS. Together, the Program Manager and the Housing Coordinator work on—

- Development of policies and procedures for housing coordination and program performance.
  - This collaboration includes developing policies and procedures for managing the waiting list, status of referrals, availability of units, housing placement, and service connections.
- Quality assurance, collecting and analyzing feedback from participants as well as housing and service providers.
- Program evaluation, implementing system improvement initiatives, training and technical assistance, and reporting.

The Housing Coordinator is the central referral source for 811 PRA units and works with service coordinators to ensure access to housing and connections to services.

#### Financial Management

Minnesota Housing leverages its Performance Based Contract Administration and Traditional Contract Administration (TCA) payment infrastructure to process 811 PRA vouchers. The process for payment begins when the property owners or their agents submit the voucher and tenant data to Minnesota Housing through Tenant Rental Assistance Certification System. Minnesota Housing reviews this information, bundles all the property owner submission under its parent account, and sends the data to HUD via TRACS.<sup>13</sup> If HUD accepts the submission, the total amount for payment is reserved

in the electronic Line of Credit Control System. LOCCS then transfers the payment to Minnesota Housing. The agency then processes the funds and distributes payment to each property electronically.

#### Information Systems

Minnesota Housing and DHS measure and track the performance of the 811 PRA program by using a variety of HUD, Minnesota Housing, and DHS systems. The following describes the systems used to collect data and measure outcomes of the 811 PRA program.

HUD systems—

- TRACS is a web-based database collecting data files that support the certification, recertification, and subsidy billing for HUD multifamily projects. TRACS provides authorized users with summary and status data on submitted vouchers. Minnesota Housing will use TRACS to accept, process, approve, and submit voucher payment requests for all 811 PRA program projects. TRACS will also be monitored to ensure data compliance thresholds are met and all errors requiring correction are addressed by owners and their agents. Existing Minnesota Housing automated and accounting systems interface with TRACS and LOCCS to provide timely payments to owners.
- LOCCS is HUD's primary grant disbursement system, handling disbursements for most of HUD programs. Once voucher data are submitted to TRACS and approved for payment, a LOCCS payment is triggered. On receipt of a LOCCS notification email, a pending State Warrant is prepared from the payment detail that is uploaded from the LOCCS email notification and sent to the State of Minnesota's Disbursement System. Once the funds noted in the LOCCS email have been received in Minnesota Housing's bank account, the State's Disbursement System sends an Electronic Funds Transfer to the owner's account on the same day. As described more completely in the section titled Minnesota Housing Systems, the Tracker system is an internal system that keeps a complete record of the LOCCS deposits and voucher payments made on behalf of each contract.
- Enterprise Income Verification is a web-based database containing employment and income information about participants in HUD's rental assistance programs. This information is made available to ensure "the right benefits go to the right persons." The income information displayed in this system is supported through a matching agreement

<sup>13</sup> Parent account refers to the "parent voucher" for the entire state. Each individual Section 811 PRA property within the state that has a "child voucher."

## Chapter 5. Minnesota Section 811 Project Rental Assistance Program

between HUD, National Directory of New Hires and Department of Health & Human Services, and the Social Security Administration. Minnesota Housing will use EIV to monitor the number and type of discrepancies associated with the 811 PRA Demo project and will assist projects in investigating and resolving errors with either tenant identifiers or income data entered into TRACS.

Minnesota housing systems—

- Tracker is an integrated database linked to Housing and Development Software and Minnesota Housing’s accounting software. Tracker is the core tool Minnesota Housing will use to manage, measure, and drive performance of 811 PRA Demo requirements, including all dates, tasks, and outcomes (such as RACs completed, inspection scheduled, inspections completed, rents paid, tenant income, and so on). Tracker enables staff to easily pull all required HUD quarterly program and budget data.
- Housing and Development Software is what Minnesota Housing uses—for Section 8 purposes—to receive, review, and complete final submission of TRACS files and monthly voucher payment requests. Including certifications, recertifications, terminations, all tenant data files are logged into this Housing and Development Software database, as are Special Claims. TRACS data housed in this system can be queried and provided in several report formats.
- Surveys and other specialized data collection will be designed, as needed, to support the performance measurements required to analyze the program internally and to report externally to HUD, DHS, and other appropriate parties.

DHS systems—

- Homeless Management Information System, or HMIS, is used by Minnesota for all homelessness assistance programs, including supportive housing. With HMIS, PATH providers can enter data and provide reports on the PATH services received by the persons they assist in 811 PRA program units.
- MAXIS is a computer system used by state and county workers to determine eligibility for public assistance and health care. For cash assistance and food support programs, MAXIS also determines the appropriate benefit level and issues benefits. Certain data elements are regularly extracted from MAXIS and maintained in a data warehouse for internal users.
- MMIS is a claims-based system that will be used to look at service and health cost data to evaluate the

program. Collected in MMIS are data elements from data authorizations and paid claims, including data that will enable assessment of service usage and costs for healthcare and long-term services.

Certain data elements are regularly extracted from MMIS and maintained in a data warehouse for internal users. For example, DHS uses MMIS to look up the current service provider for a tenant.

- Federal Minimum Data Set is maintained by the Minnesota Department of Health and contains diagnosis, health, and functioning status.
- Disability Linkage Line tracks referrals and services for all callers in its database.
- Waiting lists, surveys, and specialized data collection will be developed and used by DHS as needed.
- For example, the Housing Coordinator at DHS will maintain a waiting list in Excel for all 811 PRA Demo participants. DHS will also track housing needs and barriers for MFP participants. MFP participants will also be asked to regularly join in a participant experience survey.

## Successes and Challenges

### Successes

**Reaching unit goals under RAC.** Despite initial difficulties and with great effort, through 2015, Minnesota has 67 811 PRA units under a RAC and expects to have all 85 units under a RAC by June 30, 2016. Although Minnesota still aims to reach the initial goal of 100 percent of the units leased by October 2016, achieving that goal seems unlikely as only one unit is occupied and 66 of its 67 units are currently “not available.” Turnover rates vary at each property and are estimated based on historical data, but until vacancy occurs at turnover, 811 PRA applicants will not have access to most of the units under RAC. However, given the limitations of this pilot program and other market factors, this progress should be considered successful as Minnesota had the second highest number of units under RAC at year-end of all 2012 grantees.

**Utilizing existing developments and finding good partners.** Minnesota created a successful strategy for identifying 811 units. First, it utilized developments with rent-restricted units or existing unsubsidized units within Minnesota Housing’s Section 8 portfolio. The properties were already staffed with people who have administered federal housing programs, including staff that has coordinated supportive housing. Additionally, Minnesota Housing pursues partnerships with nonprofit property owners. Of the 10 property owners they were

in conversation with during the site visit, 9 are nonprofits and only 1 is for profit. In Minnesota, nonprofit owners are more likely to want to participate in the 811 PRA program. Minnesota Housing has found that nonprofit owners are mission driven and are already targeting their housing to the 811 PRA's population.

Minnesota Housing has found a partner in Aeon Properties, a large nonprofit developer operating in the Twin Cities region. The agency secured three RACs with Aeon that will make 55 units available to 811 PRA. Aeon currently administers about 1,200 units targeted to reach and support homeless persons and persons with disabilities. It currently participates in DHS's Group Residential Housing program and Hennepin County's Housing First program.

**Developing organizational structure for program and improving agency efficiency.** As mentioned previously, given the small size of Minnesota's 811 PRA program, its centralized design seems to fit its operations very well.

The DHS Housing Coordinator is an integral key to program success. The coordinator has developed systems and processes to work with the referring providers, applicants, and housing providers. Most importantly, the coordinator has established relationships with transition coordinators, PATH providers, and property managers to quickly fill units as they become available and to work on process improvements.

Minnesota Housing and DHS meet monthly to develop program implementation, check on progress, and address issues as needed. The DHS Housing Coordinator and 811 PRA program Manager consult regularly on an array of daily operational and implementation issues.

As a current PBCA, Minnesota Housing has very experienced staff in place, which has proven to be a great advantage for program administration. Minnesota Housing's experience has also provided the advantage of having systems in place to process payment vouchers and receive payments from HUD. The agency has adapted an internal database structure used for PBCA to use for 811 PRA program job tasks, data tracking, and reporting.

DHS accesses multiple existing agency databases to verify applicant income and disability and track services provided to tenants.

### Challenges

**Securing units and attracting property owners to program due to HUD Section 811 PRA restrictions and requirements.** Those implementing the 811 PRA program in Minnesota have faced at least three major

challenges—HUD procedural delays, the booming rental market in the Twin Cities, and property owner resistance.

A major challenge in implementing this program has arisen from HUD's delays in (1) developing program guidelines and materials; (2) adjusting its data systems to work for the 811 PRA program, such as LOCCS and TRACS; and (3) giving clear guidance on the program requirements prior to receiving the cooperative agreement and program regulations (for example, program design, environmental requirements, the use agreement, budgeting parameters, completing the AFHMP, and how payments would be made in HUD systems). It took more than 18 months from the initial award for HUD to issue program materials and the cooperative agreement.

The rental housing market in the Twin Cities (Minneapolis-St. Paul and the surrounding communities) is on an upswing similar to that in many other metro areas around the country. According to *StarTribune* (Minneapolis' biggest newspaper), the average rent for a one-bedroom unit in the metro area was \$859 in 2014 (higher in cities of Minneapolis and St. Paul; *StarTribune*, 2014). This rent is much higher than the \$740 figure that would be allowable given the FMR requirement. Property owners are easily able to get market-rate rents for their units, so Minnesota Housing chooses units that already have rent restrictions so owners are not accepting lower rents when they participate in 811 PRA.

When implementing the 811 PRA program, Minnesota Housing has met significant resistance from property owners. The requirement to enter into a 30-year use agreement and 20-year RAC, with 811 PRA funding guaranteed only for the first 5 years, proved to be difficult for owners to accept. Most owners of tax credit properties have partners and investors who are concerned about the bottom line, long-term sustainability, and the future real estate market.

Under these long-term agreements, which are longer than the 15-year use restrictions for tax credit properties, owners have a limited ability to increase rents to cover rising expenses or go to the market rate in the future. These agreements also limit owners' ability to sell the property with the use restriction attached. Gaining buy-in from owners in these situations may require multiple discussions with investors and lawyers.

Also owners have been reluctant to take on renters who are new to them or are from unknown populations. The unknown factors can be many. To cite three examples, applicants may—

- Be referred from numerous types of institutions.
- Have lived lives of long-term homelessness.

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- Have complex or unfamiliar disabilities and service needs.

With the 811 PRA program, owners will not have a contractual relationship with the service provider, and each household could potentially have more than one service provider. Owners need assurance that they can contact someone if tenants are having a problem or need assistance to maintain their housing. Having the DHS Housing Coordinator as a central contact has helped to alleviate this concern.

Many owners have become comfortable (over time) providing supportive housing units for long-term homeless individuals and families using the current funding model, which requires the owner to have a partnership with a designated service provider. Owners are reminded that it is likely that they already have quite a few tenants with disabilities and receiving HCBS; they merely are not aware of it and do not need to be.

Educating and negotiating with property owners takes considerable time, and Minnesota Housing is trying to meet the 24-month timeline to have all 811 PRA units leased. Reaching full, stabilized occupancy will also take considerable time as 99 percent of the properties currently under RAC are occupied and will not be available for 811 PRA tenants until turnover.

Minnesota Housing has leveraged existing relationships with mission-driven developers who work with Minnesota Housing as partners to address the needs of low-income people in the state. These developers are willing to take the risk to embark on this new program, knowing they will have agency support to address issues as they arise. However, Minnesota Housing staff also note that they have had conversations with supportive housing property owners who expressed interest in adding more units for the target population to their properties but found out they were not eligible. Their participation would have exceeded the 25-percent limit for units targeted to nonelderly people with disabilities in a particular property.

**Staff turnover.** Staff turnover in the 811 PRA program has occurred, especially on the services side. The current housing coordinator is the third person to assume this position. The staff member joined DHS in January on loan from one of the county governments. Moreover, considerations exist for funding this position during the long term. The housing coordinator position is funded through MFP, which is in year 2 of a 5-year grant. The Minnesota 811 PRA program will have to find other sources of funding for this position or restructure its program.

# Pennsylvania Section 811 Project Rental Assistance Program

## Introduction

HUD awarded Pennsylvania \$5,870,880 to administer a Section 811 Project Rental Assistance program in the 2012 funding round. The fully executed Cooperative Agreement was not received from HUD until October 30, 2014. Under this program, the Pennsylvania Housing Finance Agency (PHFA) and its partner, the Pennsylvania Department of Human Services (DHS), anticipate housing nonelderly adults with disabilities in 200 housing units. The units will be located statewide throughout 34 regions served by local lead agencies. These regions are mostly single counties, but in three cases the regions are composed of multiple counties. Beyond the statutory eligibility requirements of the 811 PRA program, Pennsylvania prioritizes—

1. Individuals living in institutions who are able to live in the community with permanent supportive housing.
2. Individuals at risk of institutionalization without PSH.
3. Individuals living in congregate settings who desire to move to the community.

At the time of the site visit in October 2015, only 1 of 34 local lead agencies had begun implementation. Pennsylvania chose Dauphin County to act as a pilot site, helping to test and refine the 811 PRA program.

As of October 2015, no individuals had been housed through the program. However, by the close of 2015, one RAC had been signed, representing two units, and one unit was occupied.

## Grantee Partnership, Organizational Structure, and Management

### Partnerships and Organizational Structure

PHFA is Pennsylvania's 811 PRA program grantee. For the past 40 years, PHFA implemented and operated programs to increase affordable housing available to low- and moderate-income households. Programs include multifamily rental and single-family homeownership programs. PHFA also serves as

the PBCA for the Commonwealth of Pennsylvania, administering Section 8 contracts representing 45,000 units across the Commonwealth. PHFA allocates LIHTCs and administers Tenant-Based Rental Assistance (TBRA) programs statewide.

DHS, the key state-level supportive services partner in the 811 PRA program, administers Medicaid for the Commonwealth, one of the country's largest Medicaid programs. DHS had built up supportive housing experience prior to the 811 PRA program award. Within DHS, four agencies play key roles in the funding or provision of services to the 811 PRA program target populations.

- The Office of Mental Health and Substance Abuse Services (OMHSAS), an office within DHS, administers programs for people with serious mental illness, as well as the Medical Assistance Program, which covers both mental health and co-occurring disorders. OMHSAS also manages a small number of state-run psychiatric hospitals and monitors funding to counties administering services through block grants, coordinates other funding sources to provide education, and services for people transitioning into community-based settings. In many cases, OMHSAS will also coordinate services for people after their placement.
- The Office of Developmental Programs (ODP) administers programs that provide supportive services and care for people with cognitive and intellectual disabilities (including persons with autism), and people with physical disabilities. ODP manages five state-operated intermediate care facilities for people with intellectual disabilities. ODP provides funding, coordination, and transition support for people with intellectual disabilities in the 811 PRA program. It will also provide continuing services to individuals after they have moved into the unit.
- The Office of Long-Term Living (OLTL) helps identify housing solutions for people with disabilities who currently reside in institutions. OLTL provides community transition services, including financial assistance, for people moving to community-based settings.
- The Office of Medical Assistance Programs (OMAP) purchases health care for more than 2.3 million people in Pennsylvania, administering the Medicaid program. OMAP works with providers to process claims, establish rates and fees, and contract with managed care organizations.



**Partnership Between PHFA and DHS**

PHFA and DHS have developed partnerships around supportive housing programs for both elderly and nonelderly people with disabilities, most notably through the Rental Subsidy Fund initiated in 2005. Pennsylvania’s 811 PRA program is modeled after this program, through which PHFA uses developer fees to create units affordable to households with incomes at or below 20 percent of AMI. These units are dedicated to extremely low-income people with disabilities. DHS coordinates services for people with disabilities residing in the units. Because this structure already existed, Pennsylvania made progress implementing the 811 PRA program despite key staff turnover in the years following submission of the 811 PRA program grant application.

PHFA and DHS worked together as partners on the application approach and program design and structure, and they collaborated on decisions related to 811 PRA program implementation. In addition, both agencies conducted outreach and marketing to encourage 811 PRA program participation. As a result, PHFA and DHS feel a shared responsibility over the role of “grantee,” meeting weekly to review issues and track 811 PRA program progress.

**Overview of 811 PRA program structure.**

Pennsylvania’s 811 PRA program is expected to operate statewide, with nearly all counties (58 out of 67) participating. The organizational structure and design features have not changed since Pennsylvania submitted the program application to HUD in 2012.

PHFA and DHS continue to perform their roles and responsibilities as were originally described in the program application and detailed in table 6.1.

Pennsylvania’s 811 PRA program relies on a system of community-based organizations that serve as local lead agencies in each county or for multiple counties. DHS recruits and cultivates relationships with community-based organizations in each county and approves them to serve as local lead agencies. Various agencies can and do serve as local lead agencies, including county human services departments, behavioral health departments, Community Action Agencies, local service provider organizations, and other nonprofit groups. This system has been used in Pennsylvania for the Rental Subsidy Fund program, another supportive housing program using LIHTC-financed units affordable to people with disabilities who are at or below 20 percent Area Median Income. DHS expects to hire a staff person to act as a full-time liaison with all 34 local lead agencies involved in the program.

Local lead agencies engage service providers, creating formal referral relationships with chosen property managers and landlords, and coordinate housing transition and services for participants. Designated local lead agencies in each of the participating counties will serve as the single point of contact and central intake for the 811 PRA program serving their area.

Although the 811 PRA program is still in the early implementation stage in Pennsylvania, the partners expect the model will rely on local lead agencies to organize a group of stakeholders that serve their target populations. These stakeholders will serve as referral sources to link

Table 6.1: Pennsylvania—811 PRA Program Roles and Responsibilities

Pennsylvania Housing Finance Agency	Department of Human Services
<ul style="list-style-type: none"> <li>Identify or finance eligible units for 811 PRA program.</li> </ul>	<ul style="list-style-type: none"> <li>Recruit and collaborate with local lead agencies responsible for implementing the program.</li> </ul>
<ul style="list-style-type: none"> <li>Execute Rental Agreement Contracts with property owners.</li> </ul>	<ul style="list-style-type: none"> <li>Oversee referral process in collaboration with local lead agencies.</li> </ul>
<ul style="list-style-type: none"> <li>Perform outreach to developers, landlords, and property owners.</li> </ul>	<ul style="list-style-type: none"> <li>Provide outreach, training, and technical assistance to local lead agencies.</li> </ul>
<ul style="list-style-type: none"> <li>Monitor 811 PRA program unit occupancy and compliance with eligibility requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor local lead agencies processes on prioritizing individuals for housing placement.</li> </ul>
<ul style="list-style-type: none"> <li>Make rental payments to property owners.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor local lead agencies processes, ensuring tenants have necessary access to housing and support services.</li> </ul>
<ul style="list-style-type: none"> <li>Collect and report required occupancy and financial information.</li> </ul>	<ul style="list-style-type: none"> <li>Collect and report data on service delivery, costs, and outcomes.</li> </ul>
<ul style="list-style-type: none"> <li>Provide ongoing communication with Department of Human Services, local lead agencies, and housing providers.</li> </ul>	<ul style="list-style-type: none"> <li>Provide ongoing communication with Pennsylvania Housing Finance Agency, local lead agencies, and housing providers.</li> </ul>

PRA = Project Rental Assistance.

## Chapter 6. Pennsylvania Section 811 Project Rental Assistance Program

eligible persons to the 811 PRA program. Local lead agencies will review units chosen by PHFA and DHS and refer potential eligible tenants to property managers with vacant 811 PRA program units.

With assistance and oversight from DHS and PHFA, local lead agencies will manage the outreach and referral process, oversee the waiting list for program participation, provide housing assistance, and ensure coordination of support services. Local lead agencies will sign a memorandum of understanding with each of the community stakeholders and properties, outlining each party's commitment to the tenants of the 811 PRA program. This county-based program model aligns with the Commonwealth's overall decentralized model of housing and service provision.

Pennsylvania began program implementation with Dauphin County, the home to Harrisburg, the state capital. The county is geographically diverse, with both urban and rural areas; it has some areas near to service hubs and transportation (such as downtown Harrisburg) and other areas not as connected to service centers or public transportation. Furthermore, PHFA has a well-established relationship with Pennrose Properties, LLC, a large property developer with available units in Dauphin County.

Dauphin County was selected as the first pilot local lead agencies because it met the following criteria.

- Local lead agencies has signed memorandum of understandings or anticipated memorandum of understandings with property owners or property developers.
- Local lead agencies has met with and signed memorandum of understandings with service agencies.
- Local lead agencies has conducted outreach to institutional staff and outreach staff to obtain priority one referrals.
- Local lead agencies has provided a sufficient level of communication with the Regional Housing Coordinator (RHC).
- Local lead agencies has developed and managed waiting lists.

**Program financial structure.** The 811 PRA program budget provides \$434,880 in administrative funds, or 8 percent of the total rental subsidy amount. For the first 6 months, PHFA and DHS each receive 50 percent of the allowable administrative fees to cover the startup costs associated with the program. After the first 6 months, PHFA and DHS agreed that PHFA will receive 90 percent of the administrative grant fees, with DHS using 10 percent

for eligible activities, such as outreach and engagement of local lead agencies and data collection on tenant outcomes. All fees must be documented, and PHFA will collect and retain records on administrative costs.

### State Context: Housing Programs

Each State administers a number of key waivers that are critical to the functioning of the program. The key waivers by state follow.

#### Housing

Pennsylvania operates its housing and social services programs in a decentralized way, with programmatic and policy decisions often made at the county level. PHFA and Department of Community and Economic Development (DCED), the two primary agencies that administer housing programs, provide funding to initiatives designed at a local or county level. Pennsylvania has some of the most urban counties in the country, but also large regions of rural counties (most notably the "Rural T," positioned in the middle of the state), resulting in a range of housing needs and local priorities. In this way, implementing the 811 PRA program across the Commonwealth, with its requirement for local adherence to a single set of eligibility requirements and program features, would be an achievement.

**Existing housing programs for nonelderly people with disabilities.** PHFA is a state-affiliated agency that administers programs and funds on behalf of the Commonwealth government and the federal government. For more than 10 years, PHFA has committed considerable resources toward supportive housing initiatives. In 2005, DHS and PHFA implemented the Rental Subsidy Fund to help move extremely low-income people with disabilities out of nursing homes and into housing in the community. PHFA has not created a specific budget for this program, but instead includes it as a preference in the annual LIHTC allocation. Funded through developer fees, this program has subsidized rents in approximately 570 supportive housing set-asides to provide affordable housing for people with disabilities.

In 2008, PHFA expanded its commitment to community-based housing for people with disabilities by setting aside 5 percent of tax credits for properties with supportive housing units. To qualify, properties must set aside no more than 25 percent of units in a single property for supportive housing target populations (including people experiencing homelessness or at risk of homelessness, people with disabilities, people with HIV, and veterans), Rents could not exceed 30 percent of tenant income. Beginning in 2009, PHFA required that any developer

seeking LIHTCs for multifamily rental housing must set aside 10 percent of units for households with incomes at or below 20 percent of AMI, including DHS target populations, such as people living in or at risk of institutionalization, people with disabilities who are homeless or at risk of homelessness, adults with autism, and youth aging out of foster care. As a result of this provision, from 2009–2015, PHFA has added 1,425 set-aside units for households at or below 20 percent of AMI.

Pennsylvania anticipated that the 811 PRA program would provide additional long-term rental subsidies for nonelderly people with disabilities. In this way, the 811 PRA program would serve to expand the Rental Subsidy Fund Program, although for a more targeted population as the 811 PRA program requires.

Other affordable housing programs in Pennsylvania that may also serve persons with disabilities are—

- **HOME TBRA.** PHFA administers two similar TBRA programs, one of which is only for households with a person with a disability. HOME TBRA aims to hasten access to community-based housing through rent subsidies. The amount of rental assistance is based on Fair Market Rent using the appropriate bedroom size for the household. The maximum subsidy is the difference between 30 percent of the household's adjusted income and the FMR for the county. From program inception (2008) to the time of the site visit, PHFA has housed 150 households through this program.
- **Supportive Housing Set-Aside.** This effort by PHFA sets aside 5 percent of LIHTC funds to develop community-based supportive housing and has produced nearly 550 units of housing since 2008. This program is separate and distinct from the 10-percent set-aside previously mentioned.
- **Homeless Assistance Program (HAP).** HAP is administered by DHS and provides people experiencing homelessness or at risk of becoming homeless with financial assistance for rent and utility assistance and case management to help move them toward self-sufficiency.
- **Emergency Shelter Allowance (ESA).** This DHS program works with low-income families and individuals—including extremely low-income people with disabilities—who are experiencing homelessness or at risk of homelessness to help them avoid eviction or secure housing. The county department administering the funds coordinates with HAP to combine HAP's funds with ESA's to prevent or end the household's housing crisis.

Federally funded public housing and Section 8 housing vouchers are also important sources of affordable housing for people with disabilities in Pennsylvania. Pennsylvania has 61,290 units of public housing, 90,002 HCVs, and 59,656 units of Section 8 housing. Approximately 42 percent of nonelderly households, in which the head or spouse is under age 62, residing in public housing units have a disability (HUD, 2016). The head of household or spouse has a disability in 42 percent of nonelderly households housed through HCVs and 39 percent in Section 8 housing (HUD, 2016).

Of the HCV inventory, between 1997 and 2009, Pennsylvania was awarded 2,054 vouchers across the Commonwealth under the Non-Elderly Disabled Category 1 Voucher program. The Dauphin County Housing Authority was awarded 10 vouchers under NED2 in 2010. The first NED program allocated vouchers to Public Housing Authorities (PHAs) to provide to nonelderly people with disabilities who wanted to access affordable housing in the private market; NED Category 2 program is specifically intended to enable nonelderly people with disabilities living in institutions to move into private housing. Both NED programs are designed to provide supportive services for those persons utilizing the vouchers (HUD, n.d.).

The other state agency that administers housing programs and funds for low-income populations is the DCED. This agency administers the Emergency Solutions Grants Program, which provides funding for services and facilities serving people experiencing homelessness, all whom have extremely low incomes and many of whom have a disability. In addition, DCED administers funds for specialized programs for homeless populations, such as the Supportive Services for Veteran Families program, a new rapid rehousing pilot program, targeted to homeless or at-risk veterans and their families. Although DCED does not participate in the 811 PRA program, PHFA indicated that DCED is well-informed and supportive of the initiative.

### **Trends in the production of supportive housing.**

Since the early 2000s, Pennsylvania has implemented policies that expanded options for people with disabilities. PHFA provides incentives to produce community-based housing for people with disabilities in the Commonwealth. Pennsylvania has established a priority for the allocation of LIHTCs in its Qualified Allocation Plan to properties that include units for extremely low-income people with disabilities. A top concern in state housing policy is to move people from institutions to community-based settings, and people with disabilities are a priority population in the DHS's forthcoming housing plan. Although the policy shift is recent, PHFA began committing considerable resources to supportive housing

initiatives more than a decade ago. PHFA also gave robust preferences for new construction of supportive housing through the QAP, to expand the inventory of units set aside for people with disabilities. According to Pennsylvania's 2012 811 PRA program application, PHFA has financed more than 1,250 units of accessible and affordable housing (including some supportive housing) to extremely low-income populations during the past decade.

At the time of the site visit in October 2015, the state budget was not enacted, and the state's Housing Trust Fund only had revenue to support housing activities in communities with active Marcellus Shale wells. (Marcellus Shale is sedimentary rock buried thousands of feet that runs north, south, and through Pennsylvania.) In November 2015, Governor Tom Wolf signed Act 58 into law, which dedicates a portion of the increase in the Realty Transfer Tax into the Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Fund, the Commonwealth's HTF. PHARE provides a mechanism by which allocated Commonwealth and federal funds can be used to create or rehabilitate affordable housing for Commonwealth residents, including very low-income seniors and people with disabilities. The only specific legislative requirement of PHARE is that 30 percent of the funds benefit households with incomes below 50 percent of AMI.

**Rental housing market.** The rental housing market across Pennsylvania varies. Although the rental housing market is tight (less than 5 percent of vacant units) in the urban areas, in the more rural areas of the Commonwealth, plenty of rental vacancies exist. Housing affordability also varies by county, with fewer affordable units in the tighter rental markets. The National Low Income Housing Coalition (NLIHC) estimated that a statewide shortage exists of more than 280,000 affordable units for extremely low-income populations (NLIHC, 2016a). Although rental housing is available in most rural areas, access to transportation and services are often problematic, causing people to travel long distances to access services. Furthermore, NLIHC's research found that many units in Pennsylvania, "...particularly in areas with high vacancy rates, that may rent for affordable prices may be in such poor condition that they are not suitable living environments" (Mierzwa, Nelson, and Newburger, 2010).

### Service Provision and Healthcare

Access to services is necessary for the successful transition to community-based living. Due to the small number of occupants at the time of the site visits, specific data on service mix and the role services play in continued

occupancy was not available. Services should be reviewed to determine if a link exists between specific types of services and successful long-term occupancy of 811 PRA units. Given that one of the challenges noted by grantees is the uneven provision of services throughout the states, service mapping would be a useful tool in developing individual service plans for potential tenants in locations where services are less abundant.

DHS has worked on supportive housing initiatives with PHFA for the past decade. DHS has developed capacity for supportive housing through a series of initiatives targeted to institutionalized populations and people with disabilities. During the past 5 years, DHS built and supported the local lead agencies infrastructure and initiated a RHC Program, as explained in Existing Efforts section that follows. The 811 PRA program was designed and implemented using the local lead agencies model as its foundation.

### Policy and Funding: Prioritization of Medicaid Resources Toward Home- and Community-based Services

Between 2008 and 2014, total Medicaid spending increased from about \$16 billion to \$23.6 billion statewide, a 45.4-percent increase. Funding for long-term services and supports went from approximately \$7 billion in 2008 to \$8.3 billion in 2013 (Eiken et al., 2015; KFF, 2017). HCBS, as a portion of LTSS also increased during this period, indicating the continuing trend of decreased funding for institutionalized care and increased funding for community-based services and supports. HCBS funding increased from about 30 percent of LTSS in 2008 to 41.9 percent in 2013; however, this increase is below the national average of 51.3 percent (Eiken et al., 2015). Between 2008 and 2013, overall funding for HCBS increased 64.2 percent, and funding for institutional Long Term Support Services decreased nearly 2 percent. This shift in funding again shows the Commonwealth's priority toward community-based services (Eiken et al., 2015).

Despite the overall Medicaid spending increase, waiting lists exist for some of the Medicaid waivers that help serve nonelderly people with disabilities, although Money Follows the Person helped to reduce some waiting lists.<sup>14</sup> The various agencies serving nonelderly people with disabilities noted an expansion of need, which has put a strain on the pool of available direct service providers. At the time of the site visit in October 2015, the state budget had not been passed. The funding for services expected to be used in the 811 PRA program was largely through Medicaid (Home- and Community-Based Waiver), MFP, and other rebalancing funds.

<sup>14</sup> From 2008 to the fall of 2015, 2,136 people have transitioned out of institutions through MFP.



### Existing Efforts

DHS has programs that support community-based-living housing and moving people from institutions to community-based settings. The following programs will be involved in providing assistance in the 811 PRA program.

- **Regional Housing Coordinator Program.** This initiative is a state program that funds 10 housing experts statewide to act as liaisons between the housing and service systems, working with housing providers and Nursing Home Transition (NHT) Program coordinators to help people with disabilities achieve their housing goals. Implemented in 2003, this program, partially funded through MFP, has resulted in the widespread use of the Prepared Renters Program (PREP), which helps prepare people in institutions to become successful renters. In some counties, RHC Program secured local PHA preferences for people with disabilities.
- **Nursing Home Transition Program.** This program provides financial assistance (up to \$4,000) and transition support services to people moving from nursing homes to community-based housing. The Commonwealth launched this program in 2008 and funds it annually. There are 52 Nursing Home Transition partners serving people ages 60 and over, and 13 Nursing Home Transition partners serve people under the age of 60. Area Agencies on Aging are the 52 organizations serving the over-60 population.

Other programs that serve people with disabilities, and therefore may also serve the 811 PRA program target populations, include the following.

- **OMHSAS and HealthChoices.** Since 2008, OMHSAS and the county-based behavioral health HealthChoices Medicaid managed care contractors have allocated more than \$130 million in Medicaid reinvestment (savings) funds to develop supportive housing and related programs. HealthChoices programs are given options to target funds into Project Based Operating Assistance (managed through agreements with PHFA, bridge rental subsidy programs, target capital funds, local housing clearinghouses, contingency funds, master leasing, and housing support services. Most programs allocate funds across multiple categories.
- **Community Hospital Integration Projects Program.** This program is a state initiative that partners with local county mental health agencies to help transition people in state hospitals who have extended lengths of stay or complex service needs to community-based programs and supports.
- **Projects for Assistance in Transition from Homelessness (PATH).** The PATH program provides funding for services to individuals who have a mental illness or a co-occurring substance abuse disorder and who are experiencing homelessness or are at-risk of homelessness.
- **Home Modification and Assistive Technology Initiative.** Funded through OLTL, this initiative targets seniors and people with disabilities served by OLTL waiver programs. Its aim is to increase the number of people who are living safely and independently in their own homes by improving the quality of their homes. This increase is achieved by providing funding to make home modifications or secure necessary technical resources.
- **SSI/SSDI, Outreach, Access, and Recovery (SOAR).** The SOAR program helps people who are experiencing homelessness or at-risk of homelessness and who have a mental illness or co-occurring disorder access Supplemental Security Income or Social Security Disability Insurance benefits, which may lead to eligibility for Medicaid and access to supportive housing.

### Olmstead Plan and Settlements

In 2011, Pennsylvania's OMHSAS proactively developed an Olmstead plan for the State Mental Health System. Updated in 2015 and undergoing an internal review process, Pennsylvania reissued the plan in 2016. The state-level plan targets individuals with mental illness, focusing on diversion and transitioning people out of state psychiatric hospitals and into community settings. Toward the goal of deinstitutionalization, Pennsylvania has closed three state hospitals between 2006 and 2010.

The updated Olmstead plan identifies the 811 PRA program as a new funding source for integrated housing in the Commonwealth. The plan's priorities are consistent with Pennsylvania's 811 PRA program priorities, making the 811 PRA program an excellent resource for furthering Pennsylvania's efforts to provide housing and supports in the most integrated setting possible for people with disabilities identified with serious mental illness.

The plan references the six PHAs in Pennsylvania that committed a collective 151 HCV or public housing units for people with serious mental illness. The plan also requires that counties have local Olmstead plans specific to the mental health system, either on their own or in partnership with other counties in their region. Each local plan will specify the support services and infrastructure need to be developed to meet the needs of people being discharged from state hospitals. Counties that host the



six PHAs that committed units to the 811 PRA program are aware of the preference for people with serious mental illness and understand their role in making referrals and providing supportive services to individuals as they move into integrated housing.

Also, three Olmstead-related lawsuits have been filed, one with OMHSAS and two with the ODP. As a result, three settlements were enacted, resulting in Pennsylvania undertaking major remediation actions by moving people from institutions to community-based settings. OMHSAS's settlement is known locally as "Fred L. Settlement" and ODP's two settlements are known as the "Jimmie Settlement" and the "Benjamin Settlement."

- **Fred L. Settlement.** The case was filed in September 2000. The result was an agreement in 2004 to conduct 210 discharges during a 4-year period at Norristown State Psychiatric Hospital. The discharges were conducted in phases of 30, 30, 60, and 90 people being discharged at a time. All 210 discharges were completed by 2012.
- **Jimmie Settlement.** This case was a class action lawsuit challenging the unnecessary segregation of individuals with a dual diagnosis of serious mental illness and intellectual disability in state psychiatric beds. This settlement resulted in the provision of discharge planning for class action lawsuit members over the course of 3 years.
- **Benjamin Settlement.** This settlement resolves a class action lawsuit filed against DHS alleging that DHS unnecessarily segregated people in state Intermediate Care Facilities for Individuals with Intellectual Disabilities. The settlement requires DHS to provide community placements to class members to move to and stay in the community (should they choose to do so) by June 30, 2018.

Pennsylvania has completed the Jimmie Settlement discharge planning. In the 18 months since the Benjamin Settlement was enacted, Pennsylvania has moved 46 people from state institutions to the community or to group homes, with considerable help from ODP.

At the time of the site visit, the Pennsylvania 811 PRA program was in the beginning stages of implementation. As planned, the program could involve 58 of the Commonwealth's 67 counties. The effort required to implement an involved program like the 811 PRA program across such a large geographic area is enormous, especially because each county has its own unique characteristics and issues. Also, working with the wide network of local lead agencies and their service provider, partners makes this program challenging to implement

and administer. Once Pennsylvania determines how and if it will allocate 811 PRA program units geographically, it will be easier to predict how this program will unfold and how production goals will be met.

### Population Served

Pennsylvania's 811 PRA program serves the population in accordance with HUD-established criteria, such as: extremely low-income people between the ages of 18 and 61 who have a disability and are eligible for Medicaid services. Pennsylvania further prioritizes people with physical disabilities, intellectual disabilities, and mental illness disabilities. Pennsylvania targets the 811 PRA program's resources by prioritizing the three subpopulations described.

- The Priority 1 population consists of people who are institutionalized, but who are able to live in the community in PSH. Institutions include, but are not limited to, mental health hospitals, nursing facilities, and immediate care facilities for persons with intellectual disabilities.
- The Priority 2 population consists of people who are at risk of institutionalization in the absence of PSH. This population includes, but is not limited to, people who are living with elderly caregivers or in unstable situations; homeless; aging out of the Early and Periodic Screening, Diagnosis and Treatment Program with no family support; and individuals aging out of foster care.
- The Priority 3 population consists of people who are currently residing in congregate settings who want to move into the community. This population includes, but is not limited to, people in community residential rehabilitation facilities, long-term structured residences, personal care homes, and domiciliary care.

Local lead agencies will have some discretion over additional eligibility criteria for the 811 PRA program, depending on local needs and priorities. For people to be considered eligible for the Dauphin County 811 PRA program pilot (the only site implemented as of October 2015), they must meet the basic criteria for the 811 PRA program and be receiving medical assistance for one of the following disability categories.

- Adults with autism.
- Intellectual disabilities.
- Physical disabilities.
- Serious mental illness.
- Transitional age youth with disabilities.

At the time of the site visit, Pennsylvania had not yet housed anyone through the Dauphin County pilot program, but conversations with both PHFA and DHS indicate that the actual population served will be the same as the population proposed in Pennsylvania's 811 PRA program application.

A potential issue that may arise with the targeted population relates to geography. It was not clear if enough people or units in each county across the Commonwealth were going to meet the criteria for the 811 PRA program. PHFA and DHS seemed certain that units in Philadelphia and Pittsburgh could be filled quickly given the number of nonelderly people with disabilities currently served by nursing homes and other institutional settings in those areas who are ready to move to a community setting. However, in more rural parts of the state, it was less clear if they were going to have the right number of people to match the number of units.

Another potential issue that arose is mismatch between the size of the available units (based on bedroom size) and the needs of the target population, which is composed mostly of individuals needing one-bedroom units. Although only one Rental Assistance Contract for two units had been executed in Dauphin County thus far, the RAC is for two-bedroom units because those were the unit sizes available. According to PHFA and DHS, this issue may also be present in other areas of the Commonwealth as well.

### Outreach, Referral, and Application

Because Dauphin County is the only site that has begun implementing the program, this section reviews its client flow processes. Although representatives from the Mental Health and Intellectual Disabilities office, NHT, and RHC likely will be in most or all local lead agencies across the Commonwealth, the direct service providers likely will vary based on the service area.

Although other local lead agencies may do things slightly differently than Dauphin County, PHFA and DHS expect Dauphin County's implementation processes to be a model for other local lead agencies.

In Dauphin County, the Capital Area Coalition on Homelessness (CACH) serves as its local lead agencies. Outreach to potential applicants and referrals occur at the county level. CACH entered into memorandum of understandings with all collaborating agencies (called stakeholders) in the county. Stakeholders include the county's Mental Health and Intellectual Disabilities office, NHT coordinator, RHC, and other direct service providers serving the target population. Most stakeholders are direct

service providers, assisting people with disabilities that fall into one of the three priority populations, but local lead agencies ensure that sufficient stakeholders are involved to represent all disability groups and priority populations for the 811 PRA program. The service providers conduct outreach to people who are already in existing programs, such as nursing home facilities, or by RHC Programs through the NHT Program. People who are ready to live in a community-based setting or are about to be discharged are prescreened by the service provider, who helps interested applicants to secure necessary documentation.

Once referral source representatives confirm a potential tenant is interested in participating in the program, the service provider assists the individual in filling out an application for the 811 PRA program and other area supportive housing. Pennsylvania plans to use the web-based SocialServe system as its applicant tracking, waiting list and reporting system; however, the system is not yet fully implemented. Once the system is operational, information, such as the priority population the individual falls into, federal housing eligibility information, demographic information, disability information, and income information, will be entered into SocialServe and the local lead agencies will be notified of the referral.

When the application is complete and the referral is determined to be eligible, CACH then reviews the information for completeness, and the referral is brought to the monthly stakeholder meeting. CACH presents the referral to the entire group, and together the stakeholders make a determination on eligibility. Once the application is complete and the referral is determined eligible, CACH places the individual on a waiting list and notifies the individual and the referring agency of his or her acceptance. The SocialServe software will contain an automated waiting list function in the future. For the time being, CACH will develop and maintain its own waiting list.

When a unit becomes available, CACH inspects the unit to determine whether it will meet the needs of the person next on the waiting list, such as wide doorways or an accessible shower. If the unit is appropriate, the individual visits the unit (or more than one if more than one unit is available), chooses a unit, and applies for housing. The property manager or owner will determine applicant eligibility for the unit. Once the application is approved, the individual moves into the unit. The referring agency helps the potential tenant visit the unit, complete the application, and coordinate the physical move. The program under which the individual receives services may have a set-aside of funds to assist with move-in costs and security deposits.

## Chapter 6. Pennsylvania Section 811 Project Rental Assistance Program

As of June 2015, three referrals were to this site; however, two of the referrals (both persons who were homeless) were deemed ineligible. The third person was referred from a nursing home and moved into a unit in December 2015.

The memorandum of understanding details the roles and responsibilities of all stakeholders, including the local lead agencies. Those responsibilities are described in table 6.2.

One issue that the Dauphin County local lead agencies noted was the potential for the temporary loss of services if an applicant moves across counties to participate in the 811 PRA program. If an individual is receiving services through medical assistance, then the individual is enrolled with medical assistance and the transfer between HealthChoices plans should not result in an administrative drop in services. However, if the individual needs to transfer to a new provider as a result of the move, any drop in service will be consistent with the time it takes to select the new provider and establish the first appointment. Continuity of Care agreements are in place between HealthChoices County or Behavioral Health Managed Care Organizations for Medicaid Managed Care, and eligible individuals who are awaiting medical assistance enrollment should require only county-funded services for a short period of time. This coordination helps to ensure individuals are transferred to a new service provider in the county of the location where the individual is moving.

Although Medicaid-funded services are distributed at the state-level with no geographic restrictions, many broad community-based services are funded through county

Mental Health and Developmental Services programs. The service provider voiced concerned about having to absorb increased costs if applicants move in from another county and request services in the new county. Referrals from other counties could increase the caseload of their staff and pose an administrative and service coordination burden on the local lead agencies. This decentralized approach can be difficult to coordinate at times, but is beneficial with regard to the local lead agency being very familiar with their clients, the area, and the local providers so that they ensure each applicant's needs are met.

### Housing Strategies

PHFA did considerable outreach and marketing to both existing landlords and to developers to encourage 811 PRA program participation. The housing component of Pennsylvania's 811 PRA program is currently composed of new development and rehabilitation. Although PHFA intends to expand its outreach to existing units, initially the National Environmental Policy Act's rules created some confusion, so PHFA focused on new construction and rehabilitated units. In addition, most of the one-bedroom units in existing properties that became available were in buildings that already met the 25-percent limit on the percentage of supportive housing units for people with disabilities, exempting them from program participation. Moving forward, PHFA estimates that people will be housed through new construction and existing units and will focus on landlord recruitment to expand housing choices for program participants.

**Table 6.2: Pennsylvania—Responsibilities of Local Lead Agencies and Stakeholders**

Local Lead Agencies	Stakeholders
<ul style="list-style-type: none"> <li>Serving as Single Point of Contact for the 811 PRA program.</li> <li>Tracking the availability of 811 PRA program units.</li> </ul>	<ul style="list-style-type: none"> <li>Conducting outreach to potential applicants.</li> <li>Prescreening potential tenants prior to referral.</li> </ul>
<ul style="list-style-type: none"> <li>Conducting eligibility assessments using SocialServe.</li> </ul>	<ul style="list-style-type: none"> <li>Referring people with disabilities to the local lead agencies for the 811 PRA program.</li> </ul>
<ul style="list-style-type: none"> <li>Monitoring tenant selection.</li> </ul>	<ul style="list-style-type: none"> <li>Assisting referred applicants in securing the necessary paperwork.</li> </ul>
<ul style="list-style-type: none"> <li>Maintaining all referral and application information.</li> </ul>	<ul style="list-style-type: none"> <li>Conducting a supportive services needs assessment.</li> </ul>
<ul style="list-style-type: none"> <li>Matching potential tenants to units, managing the referral process.</li> </ul>	<ul style="list-style-type: none"> <li>Providing transition assistance and moving assistance.</li> </ul>
<ul style="list-style-type: none"> <li>Establishing a stakeholder group.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinating support services to tenants in the program by identifying community-based services.</li> </ul>
<ul style="list-style-type: none"> <li>Promoting local government participation in the 811 PRA program.</li> </ul>	<ul style="list-style-type: none"> <li>Providing services to tenants once in housing.</li> <li>Working with property manager on emergent issues.</li> </ul>
	<ul style="list-style-type: none"> <li>Participating in meetings with the local lead agencies and other stakeholders.</li> </ul>

PRA = Project Rental Assistance.

### Property and Unit Characteristics

At the time of the site visit in October 2015, the one property under RAC at that time, Felton Lofts, was financed with LIHTCs. Felton Lofts applied for and signed a RAC for two, two-bedroom units in Dauphin County. Felton Lofts is a mixed-income property developed by Pennrose Properties, LLC, a developer with whom PHFA has worked in the past on the Rental Subsidy Fund Program and numerous LIHTC projects. These units were vacant at the time of the site visit.

### Property Selection Methods and Financing

Prior to engaging property developers, PHFA examined the inventory of properties and screened out all ineligible properties, such as buildings for people aged 62 and older. At that point, they screened for newer construction (2011 and newer) due to the environmental requirements of the grant. PHFA held two regional meetings to explain and market the program to property owners and landlords. In addition, PHFA issued press releases on the program and sent out mass emails to eligible property owners to get the word out.

Originally, Pennsylvania's 811 PRA program application stated that it intended to obtain units for its 811 PRA program from units newly developed using LIHTC allocations from the 2011 to 2013 allocation rounds. In other words, a mix of both "existing," already developed units, and "new," recently constructed units, would be utilized for the 811 PRA program. PHFA discovered that far fewer developers were interested in participating in the program than PHFA had expected. In addition, during 2015, the developers that were interested were only able to commit to two-bedroom units due to a limited availability of one-bedroom units in the pilot area, Dauphin County. Because of this outcome, PHFA is now reaching out to all potentially eligible properties regardless of when LIHTCs were awarded in an effort to allocate the 2012 811 PRA subsidy funds. In addition, PHFA implemented preferences in its QAP for the most recent round of tax credit awards. Although PHFA is not technically awarding "points," if two developers had applications that scored exactly the same and one had identified an interest in the 811 PRA program, that developer would be given preference in receiving LIHTCs and would be required to provide units for 811 PRA program tenants.

Dauphin County used the following process to identify an appropriate property for the 811 PRA program. This process will be replicated as the program is extended to other areas in the Commonwealth.

1. When a developer expresses interest in the 811 PRA program through conversations with PHFA, PHFA sends the developer an informational packet with all the necessary paperwork, including a RAC template.
2. PHFA maintains close contact with the developer throughout the process.
3. PHFA ensures that the set-asides for people with disabilities in the building have not already been met and then works with the local lead agency to approve the property.
4. If the local lead agency does not believe the property would be a good fit for the population, PHFA will not move forward with the property.

### Implementation Schedule

Pennsylvania's 811 PRA program budget indicates that it expects to support 200 units of affordable rental housing with 811 PRA subsidies over the grant period. Starting in 2014, Pennsylvania's annual goal was to place 50 units under RAC each year for 4 years. At the end of 2015, however, only two units were under a RAC and one unit was occupied.

Implementation has lagged due to a number of factors, including the loss of key Department of Human Services and PHFA staff during early program startup, the geographic breadth of the program, identifying Dauphin County as its pilot site where not many properties are available, and delays around HUD's approval of the Cooperative Agreement, which was not sent by HUD until October 30, 2014. Additionally, PHFA had difficulty engaging interested developers and landlords to commit units to the 811 PRA program. However, PHFA and DHS expect the Philadelphia metro area to implement the 811 PRA program next. Program implementation in the Philadelphia area will result in considerable progress toward the program goals of placing 50 units under RAC each year. Once the program is under way in Philadelphia, two other pilot sites (to be determined) will begin as well. PHFA and DHS expect that by 2017, most local lead agencies will begin implementing the 811 PRA program.

### Rent and Subsidy Levels

Participants in the program will pay no more than 30 percent of their adjusted monthly income toward rent. Income will be recertified annually. The two units currently set aside by Pennrose for the 811 PRA program will have rents affordable at 50 percent of the AMI as required in the cooperative agreement. The budget in Pennsylvania's cooperative agreement indicates an anticipated average contract rent of \$678 per unit per month, with an average tenant payment of \$300. The average 811 PRA program subsidy is anticipated to be \$378 per unit per month, as provided by the 811 PRA program budget for 200 units.



### Unit and Tenant Turnover

Pennsylvania had not encountered any unit or tenant turnover at the time of the site visit. However, PHFA, the local lead agencies, and the property owner believed that the process would work much like it does for the Rental Subsidy Fund program. Once a tenant leaves the unit, the property manager will notify the local lead agencies to alert the agency of the vacancy. At that point, the local lead agencies will begin the placement process with the next eligible person at the top of the waiting list, contacting the referral agency and potential tenant to have them visit the unit and begin the property application process.

PHFA reported that it does intend to make vacancy payments to property owners when a resident moves out. The owner is eligible for 80 percent of the contract rent for up to 60 days after the unit is ready for occupancy. Property owners have 180 days to submit a special claim request, and on approval or adjustment of the request, PHFA will notify the owner in writing.

### Service Provision and Coordination

#### Service Models

DHS will work directly with local lead agencies to individualize supportive services to people referred to the program. Each service provider that refers people to the program will identify the service planning needs, housing needs, and supports necessary for the referred candidate for housing. Services can then be tailored to the needs of the individual.

Stakeholders or service providers in the community serving participants are already providing services to the individual. The services provided to program participants are largely individualized based on their needs and referral source. All participants are eligible to apply for Medicaid. When individuals indicate they want to participate in the 811 PRA program, and it is determined they are not enrolled in Medicaid, the referral entity immediately assists them with the application to enroll in Medicaid. All agencies provide intensive services to potential participants during the outreach, application, and referral processes.

Participants are also provided housing transition assistance by their case manager or the service coordinator from their referring agency. However, once participants are housed, services are voluntary. Tenants are not required to participate in any services to continue receiving housing assistance.

### Coordination of Services and Housing

The local lead agencies serves as the coordinating entity in each implementation area. DHS supports local lead agencies and provides technical assistance as necessary, but the coordination piece occurs at the county level. The local lead agencies engages and recruits service providers, bringing them into the stakeholder group, and signing memorandum of understandings with each. The local lead agency's responsibilities between the time that a referral is made and an individual is housed include—

- Regularly notifying agencies of unit availability based on regular contact with property managers.
- Ensuring the community-based service provider helps the prospective tenant visit an available unit.
- Working with the primary service provider to help potential tenants gather paperwork and apply for the unit.
- Working with the primary service provider if issues related to tenancy arise.
- Serving as the tenant services liaison to property owners and managers.
- Tracking referrals, move-ins, and changes of service providers, and reporting performance to DHS.

### Service Provision (Types, Transition Versus Ongoing, by Target Population, Gaps)

The types of services available to 811 PRA program tenants vary by both their specific needs and their desire for services. At the point of tenancy, all services become voluntary. The service provider attached to the potential tenant at the time of referral is responsible for the transition services. If services are funded through MFP, potential tenants receive 180 days of transition services.

Services provided to people through the ODP are provided by “support coordinators” who help provide support services, identify funds to help with unit startup costs (such as linens, pots, pans and other necessities), home modifications if necessary, and furniture. For individuals receiving services through the OLTL and the Office of OMHSAS, those services are similarly available. A service coordinator provides services, and an OLTL \$4,000 lifetime cap is on the amount an individual can receive through the Community Transition Funds.

NHT coordinators also provide transition services to people exiting nursing home facilities. Like support coordinators and service coordinators, NHT coordinators will tailor transition services to individual needs. Through the independent enrollment broker, consumers can



choose an ongoing service provider (service coordination agency). The NHT coordinators will follow up with noncare managed individuals for 1 year following transition.

Most tenants will be able to continue with their existing primary service provider for ongoing support services. Individual service plans are created for the tenant at the time of discharge and assess each person's individual needs. Service needs are reassessed annually by the tenants' service provider to identify any changes or additional needs.

### 2013 811 PRA Application

In the 2012 and the 2013–2014 811 PRA program application rounds, HUD awarded Pennsylvania funding to provide subsidy for 200 units in each round, for 400 units. Funding per application varied substantially. \$5,870,880 was awarded for the 2012 program and \$8,557,014 was awarded for the 2013–2014 program. The higher funding amount can partially be attributed to the grantee's anticipation of rent increases and market changes. No major policy shifts were in the 2013–2014 application, and Pennsylvania indicated that it intended to continue its statewide program for the same target population as it established in its 2012 811 PRA program application.

### Leveraging

PHFA worked with public housing authorities to provide a leverage commitment of 151 housing choice vouchers for nonelderly people with disabilities. Prior to application, most or all Pennsylvania's public housing authorities were in full support of the 811 PRA program application for funding, and several committed resources to support the effort. In total, six Public Housing Agencies (PHAs) committed 151 HCVs or public housing units to the effort.

At the time of the October 2015 site visit, none of the HCVs had been utilized. During a startup meeting with Philadelphia, the housing authority committed 50 vouchers, but had not initially targeted Olmstead-related populations. PHFA was working through the issues, ensuring that Priority 1 populations (those transitioning from nursing homes) were being targeted and that the public housing agency had formal processes in place to track the vouchers.

### Program Administration, Assessment, Information Systems, and Data Infrastructure

PHFA and DHS work cooperatively to oversee program implementation, and to make sure program components are administered as designed. Meeting weekly, PHFA and

DHS are attuned to each part of program administration and work together to deal with any issues that may arise.

### PHFA Program Monitoring

PHFA is the Performance Based Contract Administration for the state and administers contracts in Pennsylvania that cover more than 45,000 units of housing. PHFA also administers various other programs that provide rental assistance for lower-income renters with disabilities as described in the section titled Service Provision and Healthcare. As a result of its administration of other affordable rental programs, PHFA already has a financial management system in place that is used across all programs and will be used for 811 PRA program grant management.

In addition to managing grant status, PHFA developed quality control mechanisms that will ensure accurate and timely fund disbursement to 811 PRA program property owners. These mechanisms include verifying the accuracy of monthly vouchers, rent adjustments, and mechanisms around tenant health, safety, and housing maintenance. PHFA will also submit monthly tenant certifications to the Tenant Rental Assistance Certification System. To monitor and implement annual increases in rent (and utilities where appropriate), PHFA will use the Integrated Real Estate Management System to record and track annual increases.

In addition to HUD systems, PHFA has multiple inhouse tracking systems for its programs. Systems track tenant characteristics of each program, with built-in systems to check income and make sure tenant income meets the restrictions. In addition, PHFA and DHS developed a series of performance measurements that they will use to monitor program implementation. These performance measurements include—

- Rate at which 811 PRA program units are occupied.
- Percent of units occupied with eligible tenants.
- Percent of rental payments made on time.
- Percent of referrals made by local lead agencies to property owners.
- Percent of tenants who retain units for 1 or more years.
- Satisfaction of 811 PRA program tenants.
- Satisfaction of property owners.

PHFA also oversees housing construction. A dedicated full-time staff person conducts the environmental reviews for all the projects during construction, after construction, and after occupancy to ensure that the property meets housing quality standards, accessibility standards, and environmental standards. The staff person will also be assigned to oversee 811 PRA program development.

### DHS Program Monitoring

Statewide DHS is implementing SocialServe, a web-based tool that service providers will use to log the service needs of individuals and submit referrals. The system is not yet implemented, so for the pilot local lead agencies, Dauphin County, referrals are done through completing a form and submitting it by email to the local lead agencies. The data collected are kept in a spreadsheet.

## Successes

### Strong Partnerships

DHS, PHFA, and the stakeholders interviewed in Dauphin County all pointed to the strength in the partnerships as the biggest program success to date. DHS and PHFA built on an existing partnership, strengthening it through shared responsibility and trust. Meeting weekly and keeping each other informed of progress has proven beneficial for this program and others they administer together. Pennsylvania is also proud of its networks of local lead agencies that perform outreach and referrals for 811 PRA program housing and services. However, the program was still in the implementation process at the pilot site during the time of the site visit, so not a lot of evaluative information was available.

Dauphin County, the pilot site, similarly believed that the partnerships between the stakeholders have been the biggest success so far. The local lead agencies stakeholder team for the program is composed of people with substantial experience and knowledge. Meeting frequently has helped the program, but it has also helped better serve the community. Stakeholders were forced to think outside their own service systems and look at the community needs holistically. The Dauphin County local lead agencies also believes it was critical to have the right stakeholders involved.

### Leveraging Existing Programs

DHS's existing Regional Housing Coordinator initiative and Nursing Home Transition program are key to Pennsylvania being able to quickly serve the target population. These two programs are already familiar with the target population's needs and the available housing transition services. This familiarity eliminates a need for training and reduces the learning curve for implementing 811 PRA services.

## Challenges

### Securing One-Bedroom Units

Thus far, Pennsylvania's primary challenge has been securing the right type of housing units for the program in Dauphin County. In the one RAC signed thus far, two-bedroom units were available but no one-bedroom units were identified for the program. PHFA, which has done considerable outreach to developers, is concerned about the lack of existing landlords agreeing to participate and new developers having no one-bedroom units available in properties that did not already meet the maximum threshold of 25 percent.

### Staff Turnover

Another challenge faced by both PHFA and DHS was staff turnover. Key staff members involved in writing the grant application were no longer with the departments. Although this turnover resulted in some loss of institutional knowledge and initial groundwork, both departments filled those vacancies quickly with qualified staff.

### Breadth of Geographic Differences

Moving forward, the program's geographic reach may be a challenge. Both DHS and PHFA are confident that the program will be implemented well across the Commonwealth, but they also recognize that the decentralized approach to implementation will be a considerable undertaking given the difficulties of coordination. Furthermore, it is not clear whether or not Pennsylvania can match the right number of people to the number of units, particularly in the rural counties.

### Shift in Housing Strategy

As discussed previously, Pennsylvania had to pivot from its plan of focusing on existing properties. With a 25-percent limit on the percentage of supportive housing units for people with disabilities, many existing properties could not participate in the 811 PRA. Coupled with confusion over the environmental review rules, Pennsylvania had to increase its focus on new construction and rehabilitated properties.



# Washington Section 811 Project Rental Assistance Program

## Introduction

HUD awarded the Washington Department of Commerce (Commerce) \$5,739,717 in Section 811 Project Rental Assistance program funding in the 2012 funding round. Commerce partnered with the Washington State Department of Social and Health Services (DSHS) to apply for the 811 PRA funding and implement the demonstration. The 811 PRA funding is estimated to provide rental subsidies for up to 215 units. The target populations served by the 811 PRA program are extremely low-income, nonelderly adults with developmental disabilities, functional disabilities, or mental illness, or are individuals participating in the Roads to Community Living (RCL) program, which serves individuals who have complex, long-term care needs and want to move from institutional settings to a community living setting.

Evaluators conducted a site visit in November 2015 to learn how the two agencies and their partners were implementing the 811 PRA program. At the time of the visit, Commerce had executed RACs for 26 units at four different developments throughout the state. Nine residents were living in 811 PRA-funded units. The evaluators also visited Channel Cove in La Conner, the first property in Washington to receive the 811 PRA subsidy and the home of two 811 PRA participants at the time of the visit. At the end of 2015, 32 units were under RAC, and 11 units were occupied.

## Grantee Partnerships Organizational Structure, and Management

### Application Background

Commerce and DSHS applied for 811 PRA funding to increase the inventory of affordable housing for low-income residents, specifically for people with disabilities. DSHS had previous experience coordinating housing resources with local public housing authorities for federally funded vouchers for nonelderly people with disabilities. The high utilization of these vouchers demonstrated the

significant demand for rental subsidies for the 811 PRA target population. The 811 PRA program provided an opportunity to increase rental subsidies for people with disabilities and increase the availability of dedicated housing inventory for this population. DSHS also had already developed outreach and referral mechanisms for transitioning people out of institutional care and could utilize those same procedures for the 811 PRA program. Commerce submitted its 811 PRA application in August 2012 and HUD awarded 811 PRA funds in February 2013. HUD signed the Cooperative Agreement with Commerce on October 30, 2014.

### Partnerships and Organizational Structure

The Washington Department of Commerce operates more than 100 programs for businesses, local governments, and communities and makes both direct and indirect funding available for more than 6,000 grants, loans, or contracts a year. Commerce also oversees the state's HTF for the development of affordable multifamily housing and administers several federal and state programs for people who are homeless or at risk of homelessness.

Commerce operates the 811 PRA program in its Housing Assistance unit within the Community Services and Housing Division. Commerce's 811 PRA program responsibilities include marketing the program to owners of state-financed properties, reviewing owner applications for 811 PRA funding, and executing the RAC with owners. Commerce staff also monitor ongoing owner compliance. As the grantee, Commerce monitors the performance of DSHS and its partners and submits quarterly reports to HUD.

Commerce administers the 811 PRA program in partnership with the DSHS, the state human services agency. DSHS provides long-term care services for persons with disabilities through its Aging and Long-Term Support Administration (AL TSA). AL TSA, through its Home and Community Services Division, administers the RCL program, the state's Money Follows the Person Rebalancing Demonstration program for persons with disabilities exiting from institutions. Those targeted to receive 811 PRA subsidies are DSHS clients enrolled in the RCL program, consumers served by other programs in the Home and Community Services Division, and individuals served by the Developmental Disabilities and Behavioral Health and Recovery divisions.

DSHS, through contracted service providers, conducts outreach to and screening of potential applicants for the 811 PRA program, referring eligible applicants to available units and overseeing contracted service providers to ensure residents have ongoing connection to the services

## Chapter 7. Washington Section 811 Project Rental Assistance Program

they need. Service provider case managers identify and screen their clients who are living in institutional settings or other residential settings who are eligible for the 811 PRA program. RCL housing program managers coordinate housing referrals within the three regions of the state and market the 811 PRA program to owners and properties in their regions.

The Bremerton Housing Authority, through its Contract Management Services Division, is the PBCA for Commerce and the 811 PRA program. As a PBCA, the authority obtains tenant data from owners, reviews and enters the data in HUD’s tenant data reporting system, TRACS, and submits the vouchers to HUD for payment. Bremerton Housing Authority acted as a PBCA since 2000 and administers more than 9,000 PBCA contracts in four states—Hawaii, Nebraska, Utah, and Washington.

Two other state agencies play indirect roles in the 811 PRA program. The Washington State Housing Finance Commission (WSHFC) is the state’s housing finance agency. WSHFC allocates federal Low-Income Housing Tax Credits and tax-exempt bonds for the development of affordable, multifamily housing. Properties funded by WSHFC are eligible to apply for 811 PRA units. WSHFC asset management staff monitor tax credit properties, including those that have 811 PRA-funded units. The

Washington State Health Care Authority is the state Medicaid Agency and coordinates with DSHS to provide Medicaid services. WSHFC and Health Care Authority signed as parties to the 2012 application but do not play active roles in 811 PRA program administration.

Table 7.1 summarizes the agencies’ respective roles in the 811 PRA program. The agency roles are the same as those proposed in the 2012 funding application.

### Program Financial Structure

The 811 PRA program is supported through the Section 811 administrative grant fees and from in-kind contributions of staff time. Administrative funding from the 811 PRA award is 8 percent of the awarded rental subsidy amount, or \$425,165. An administrative fee is passed through to the Bremerton Housing Authority to pay for voucher processing. All 811 PRA functions at Commerce and DSHS have been absorbed by existing staff and funded through other programs. Within Commerce, the direct and indirect costs for staff and tasks related to the 811 PRA program are absorbed by Commerce. DSHS staff positions for the 811 PRA program are paid through the MFP Demonstration project administrative funds, which are funded through 2020.

Table 7.1: Washington State—Agency Roles in the 811 PRA Program

Washington State Department of Commerce	Department of Social and Health Services	Washington State Housing Finance Commission	Bremerton Housing Authority
<ul style="list-style-type: none"> <li>State grantee or state housing authority.</li> </ul>	<ul style="list-style-type: none"> <li>State health and human services agency.</li> </ul>	<ul style="list-style-type: none"> <li>State housing finance agency</li> </ul>	<ul style="list-style-type: none"> <li>Performance-Based Contract Administrator.</li> </ul>
<ul style="list-style-type: none"> <li>Perform 811 PRA program planning.</li> </ul>	<ul style="list-style-type: none"> <li>Perform 811 PRA program planning.</li> </ul>	<ul style="list-style-type: none"> <li>Issue Low-Income Housing Tax Credit (dedicated financing source for 811 PRA units).</li> </ul>	<ul style="list-style-type: none"> <li>Obtain tenant data from owners.</li> </ul>
<ul style="list-style-type: none"> <li>Market 811 PRA to owners.</li> </ul>	<ul style="list-style-type: none"> <li>Market 811 PRA to owners.</li> </ul>	<ul style="list-style-type: none"> <li>Inspect and monitor 811 PRA properties.</li> </ul>	<ul style="list-style-type: none"> <li>Submit vouchers to HUD for payment.</li> </ul>
<ul style="list-style-type: none"> <li>Review owner applications.</li> </ul>	<ul style="list-style-type: none"> <li>Review owner applications.</li> </ul>		
<ul style="list-style-type: none"> <li>Administer Rental Assistance Contract and subsidy payments.</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate 811 PRA referrals.</li> </ul>		
<ul style="list-style-type: none"> <li>Produce HUD quarterly reporting.</li> </ul>	<ul style="list-style-type: none"> <li>Oversee coordination of services by contracted service providers.</li> </ul>		
<ul style="list-style-type: none"> <li>Provide Owner Notice of Funding Availability development.</li> </ul>	<ul style="list-style-type: none"> <li>Produce HUD quarterly reporting.</li> </ul>		
<ul style="list-style-type: none"> <li>Review owner applications.</li> </ul>	<ul style="list-style-type: none"> <li>Washington State Health Care Authority</li> </ul>		
<ul style="list-style-type: none"> <li>Inspect and monitor 811 PRA properties.</li> </ul>	<ul style="list-style-type: none"> <li>State Medicaid agency.</li> </ul>		

PRA = Project Rental Assistance.



In the 2012 funding application, Commerce estimated a total staff burden of about a third of one full-time equivalent (0.35 FTE) for administering the 811 PRA program, including the 811 PRA program manager (0.15 FTE), Policy and Data Analyst (0.10 FTE), and Contracts Specialist (0.10 FTE). Commerce staff report that they spent considerably more time on implementing the 811 PRA program in the first year than they initially had expected; a significant portion of that time was spent marketing the program to potential owners. Although the time estimate for the Policy and Data Analyst and Contracts Specialist has been relatively accurate, the 811 PRA program manager has routinely spent about two-thirds of her or his time on the 811 PRA program to date, more than four times as much time as planned. In addition, a supporting staff member in the Housing Assistance unit has also spent about .65 FTE on the program. Overall, Commerce staff time spent on the program thus far has exceeded the proposed staffing plan by more than one FTE.

DSHS committed one-third of the time of each of its three regional Housing Program Managers for a total of one full-time staff position dedicated to the 811 PRA program. In addition to the three regional managers, DSHS expected that the RCL project director would spend a nominal amount of time overseeing the overall 811 PRA program implementation and coordination of program referrals and services. Although DSHS did not commit any substantial time of the RCL project director in the funding application, this staff person has spent about one-third of staff time administering the 811 PRA program to date.

### State Context: Housing Programs

#### Housing Programs and Funding

The State of Washington has a significant need for affordable and suitable housing for people with disabilities. The state's Affordable Housing Advisory Board issued a Housing Needs Assessment Report in 2015, which estimated that 36 percent (936,000 households) are cost-burdened and pay more than 30 percent of their income toward rent. The report also noted that more than 390,000 households are severely cost-burdened and pay more than 50 percent of their income toward rent (AHAB, 2015). Low-income people with disabilities may have an especially difficult time obtaining affordable housing. The 2013 American Community Survey estimated that about 12 percent of the state population, or more than 400,000 people, have a disability (Census Bureau, 2013). In 2014, nearly 100,000 people were receiving Social Security payments for disability in Washington State. The average Social Security Disability Insurance payment in Washington was \$767, requiring those whose sole

income is Social Security Disability Insurance to spend 104 percent of their income to rent a one-bedroom unit (Social Security Administration, 2014b). The amount of Supplemental Security Income benefits in Washington State varies by location but does not exceed the poverty level income for the state.

State agencies are committed to securing housing resources for people with disabilities in Washington. Commerce manages five major housing programs that provide permanent supportive housing for people with disabilities, including programs that finance the development of affordable housing and programs that provide rental subsidies for low-income households. WSHFC also finances development of affordable multifamily housing with incentives to develop supportive housing units and for serving people with disabilities. Since 2007, DSHS has provided tenant support services for its Medicaid consumers through the MFP program. Many other low-income individuals with disabilities receive rental subsidies through federally funded programs administered by local housing authorities.

#### Existing Housing Programs That Serve People With Disabilities

The 2015 Housing Needs Assessment report estimated that, as of December 2013, more than 118,000 hard units of subsidized rental housing that had been built using federal, state, and local funds, and 40,000 households accessing affordable housing through tenant-based rental subsidies (AHAB, 2015). The following are descriptions of the major housing programs that are administered in Washington that support people with disabilities of all ages.

**Commerce Housing Programs.** Commerce operates several housing programs that serve people with disabilities. These programs include both financing for multifamily rental housing and rental assistance funding for low-income households.

Commerce administers one program that provides housing targeted specifically to people with disabilities of all ages. The Washington State Housing Trust Fund finances affordable housing projects for households earning up to 80 percent of Area Median Income, but mostly serves households earning up to 30 percent of AMI. Since 1987, HTF has awarded nearly \$1 billion in funding that has helped create 40,000 affordable housing units. The application for HTF funding is competitive, and most units are set aside to serve specific special-needs populations, including people with disabilities. However, other special populations are served, such as homeless families and youth, farmworkers, people with chronic mental illness, and veterans. Allocations for special populations are set by

the legislature and vary by year. In 2015, the HTF awarded \$47 million toward the development of 1,369 housing units. Of these units, 176 are specifically set aside for persons with disabilities.

In addition to unit set-asides in the HTF, Commerce also operates programs targeted to people who are homeless or at risk for homelessness that includes people with disabilities.

- The HOME Tenant-Based Rental Assistance programs provide homeless and low-income households with security and utility deposits and rent assistance for up to 24 months. The TBRA programs serve approximately 620 households annually in 25 counties.
- Commerce allocates federal Continuum of Care grant funds to 33 counties. With annual funding of approximately \$5 million, Continuum of Care funding has financed more than 20 permanent, supportive housing projects and provided 536 beds (units) for homeless persons with disabilities.
- Commerce administers \$2.5 million annually in Federal Emergency Solutions Grant funds that provide funding to counties for a variety of services to prevent homelessness or rapidly rehousing persons who are homeless.
- Through its state Homeless Assistance Programs, Commerce has created 2,074 PSH beds.
- The Consolidated Homeless Grant is a state-funded program which helps fund approximately 300 emergency shelter, transitional housing, rapid rehousing, and PSH programs throughout the state.

Although these homeless programs are not targeted specifically to people with disabilities, the programs serve many of those in the 811 PRA target population. Another federal program that Commerce administers, which serves people with disabilities, is the Housing Opportunities for People With AIDS Program. The program serves approximately 200 households annually with HIV/AIDS, including 87 with tenant-based rental assistance.

**Low-Income Housing Tax Credits.** The WSHFC awards 9 percent competitive and 4 percent noncompetitive federal LIHTC. WSHFC also administers the Multifamily Housing Bonds Program that provides developers access to bond financing for affordable housing for people typically earning 50 to 60 percent of AMI. Currently, more than 57,000 units exist throughout the state that were developed using federal tax credits. Between 2011 and 2015, the WSHFC awarded nearly \$900 million in LIHTCs for 88 projects totaling 5,390 housing units. Of awards made between 2011 and 2015, 12 percent (655 units) of the units were set aside specifically for persons with disabilities.

The state's QAP lays out the criteria for competitive tax credits. Between 10 and 35 priority points are awarded for serving various special populations, including people with disabilities, elderly people, homeless families, and large households. Properties that provide at least 20 percent of the total units as housing for persons with disabilities receive 10 points. Properties that set aside at least 75 percent of the total housing units for supportive housing units for people who are homeless receive the maximum 35 points. Projects receiving tax credits typically receive points for serving more than one special population. (For example, properties for seniors typically also receive points for serving people with disabilities). WSHFC did not consider adding priority points specifically for the 811 PRA program because priority points are already established for serving people with disabilities within the special population's set-aside.

**Aging and Long-Term Support Administration housing programs.** The ALTSA administers long-term services for more than 60,000 seniors and persons with disabilities. ALTSA administers the federally funded MFP program, RCL and Washington Roads, a state-funded supplemental program, within the Home and Community Services Division. The RCL program provides services and supports for individuals interested in moving from institutional settings, such as from skilled nursing facilities to community settings. To be eligible for services, individuals must have resided in institutional care for at least 90 days. Participants receive assistance locating and transitioning to new housing, along with case management services and other services for a year after moving.

The MFP program also provides funding to states for their LTSS systems by devoting a greater proportion of Medicaid spending to home- and community-based services instead of institutional care. DSHS uses its MFP rebalancing funds to create a temporary rental subsidy program for people transitioning from institutional care. The housing Bridges program provides up to 24 months of rental subsidy. Participants must apply for affordable housing and reasonably expect to be housed within 2 years. Bridges program subsidies are also available to individuals who do not qualify for MFP. As of late 2015, 26 individuals were utilizing Bridge subsidies. Through 2018, the program is 100 percent state funded through rebalancing funds.

DSHS coordinated with five public housing authorities to apply for and administer 215 NED Category 2 HCVs beginning in 2011. NED Category 2 is a joint effort between HUD and Centers for Medicare and Medicaid Services and provides rental subsidies for housing for low-income, nonelderly people with disabilities residing

in institutional care settings. DSHS was responsible for helping residents transition out of institutions and coordinating necessary service supports. All NED Category 2 vouchers were leased within 18 months and have served nearly 400 households in the subsequent 4 years. Approximately 70 percent of households under the program are still being housed using their original voucher.

In addition to NED Category 2 vouchers administered in conjunction with DSHS, public housing authorities administer 4,603 Category 1 NED Vouchers throughout the state. Category 1 NED Vouchers are available to all eligible low-income, nonelderly households with a person with a disability, regardless of whether they move from institutional settings.

### Additional Federal Housing Programs

In addition to state agencies, local governments, housing authorities, and private owners develop and administer affordable housing in Washington for people with disabilities. Table 7.2 provides an overview of the number of persons served by six major federally funded housing programs. As shown, about one-half of public housing households and HCV recipients are headed by a nonelderly person with a disability.

### How the 811 PRA Program Fits With Other State Housing Programs

The 811 PRA program fills a need for rental subsidies specifically for nonelderly people with disabilities. Several housing programs in Washington—including public housing, HCVs, and other state and federal housing programs—serve people with disabilities, but Non-Elderly Disabled Vouchers are the only other existing

rental subsidy resource in the state specifically set aside for this population. Although NED Category 2 vouchers are specifically set aside for nonelderly people with disabilities, only people transitioning from institutional care are eligible, whereas the 811 PRA units target a broader range of people with disabilities living in other residential settings and who are homeless.

811 PRA subsidies support one additional permanent housing resource that DSHS case managers can use to help their nonelderly clients locate affordable housing in the community and prevent them from unnecessarily living in institutional care. HOME TBRA and Bridge funds can only be used for up to 2 years, although 811 PRA subsidies will be available for 5 to 20 years. Most PSH developed under the LIHTC program is specifically for formerly homeless people, which may include people with disabilities, but are not specifically set aside for that population. In addition, supportive housing priority points are awarded only when owners set aside at least 75 percent of units in a property for supportive housing, exceeding the 811 PRA program regulation that limits the number of supportive housing units for people with disabilities to 25 percent for one property.

### Rental Housing Market

The rental housing market in Washington varies by region, with the most expensive and tightest market in and near the Seattle metropolitan area. Table 7.3 shows characteristics of the rental market in three areas where 811 PRA units are under contract. Median Family Income and Fair Market Rents vary throughout the state but is highest on the coast. The rental vacancy rate varies by region but is 3.9 percent for the state overall for the fourth quarter of 2015.

Table 7.2: Washington State—Overview of Major Federal Housing Programs

Program	Units Available	Number of Household Members	Percent Extremely Low-Income	Percent With Disabilities Among Head, Spouse Aged <62	Percent of All Persons With Disability
Public Housing	12,292	23,849	79	49	28
Housing Choice Voucher	56,136	123,687	79	49	29
Moderate Rehabilitation	998	1,212	92	66	49
Project-Based Section 8	15,305	22,098	80	51	25
202/PRAC	2,540	2,821	79	– 1	16
811/PRAC	603	624	87	100	89

PRAC = Project Rental Assistance Contract.  
Source: HUD (2016)

Table 7.3: Washington State—Rental Housing Markets

Geographic Area	Population	MFI	One-Bedroom FMR	Percent of MFI Needed To Afford One-Bedroom FMR
Seattle Urbanized Area	3,075,787	\$88,000	\$912	59.2
Olympia-Lacey Area	177,704	\$75,000	\$703	54.6
Skagit County	117,087	\$65,900	\$742	64.3

FMR = Fair Market Rent. MFI = Median Family Income.  
 Source: Affordable Housing Advisory Board (2015)

## Service Provision and Healthcare

### Current Status of Service and Healthcare Programs That Support Community Living

DSHS administers waiver programs that provide HCBS. HCBS waivers and State Plan Programs support participants in their home or community-based setting as an alternative to care in a nursing facility or institution. Each of the waivers provides an array of services tailored to the specific populations they serve.

AL TSA administers two HCBS waivers for people with functional disabilities—the Community Options Program Entry System, or COPES, waiver and the New Freedom Waiver. The Developmental Disabilities Administration within DSHS offers five HCBS waivers for people with developmental disabilities—Basic Plus Waiver, Children’s Intensive In-home Behavioral Supports Waiver, Community Protection Waiver, Core Waiver, and the Individual and Family Services Waiver. DSHS also administers State Plan Programs that support community living, including Community First Choice, Program of All-Inclusive Care of the Elderly, and Private Duty Nursing.

### Changes in Medicaid resources away from institutional settings and toward community living.

Between 2008 and 2014, total Medicaid spending in Washington State increased from \$6.3 billion to \$10.4 billion, a 63.4-percent increase. Funding for long-term services and supports went from \$2.2 billion in 2008 to nearly \$2.5 billion in 2013 (Eiken et al., 2015; KFF, 2017). HCBS as a portion of LTSS also increased during this period, indicating the continuing trend of decreased funding for institutionalized care and increased funding for community-based services and supports. HCBS funding increased from 59.7 percent of LTSS in 2008 to 64.4 percent in 2013, which is significantly more than the national average of 51.3 percent (Eiken et al., 2015). In fact, Washington ranks the sixth highest in the nation for its percentage of Medicaid funds spent on HCBS (Eiken et al., 2015).

Trends in funding for institutional care and home- and community- based services reflect DSHS’s goals away from unnecessary institutional care. Between 1992 and 2015, the percentage of long-term AL TSA clients served in home- and community-based settings increased from 53 to 84 percent. DSHS has placed a heavy focus on transitioning individuals with disabilities out of institutions and into community-based housing settings since the early 1990s. At the same time, the percentage of clients living in nursing homes decreased from 47 to 16 percent. Since 2007, DSHS has helped transition more than 6,000 people from institutional settings to residential settings in the community through the RCL program.

**Changes to Medicaid eligibility criteria.** Washington expanded Medicaid eligibility criteria under the Affordable Care Act. As of November 2015, nearly 1.8 million state residents were enrolled in Medicaid, including about 150,000 people with disabilities.

### Washington’s Olmstead Plan

When the Supreme Court ruled on *Olmstead v. L.C.* in 1999, DSHS was already well into the process of transitioning individuals with disabilities out of institutions into community-based residential settings. As such, the Olmstead decision was not a major driver in state plans to serve people with disabilities. No lawsuits have been related to the Olmstead decision in Washington. The state created its Olmstead plan voluntarily in 2005 and does not have any plans to update it. The plan is general in nature and does not include any numerical goals related to the development of affordable housing for people with disabilities.

### Local Issues: Homelessness

Homelessness is a significant issue in Washington State. The 2014 homeless annual point-in-time count identified 18,839 people who are homeless, including 6,289 unsheltered. As previously noted, Commerce administers state and federal programs that serve people who are homeless or at risk for homelessness, and WSHFC’s LIHTC program awards the most special population priority



points to properties serving homeless families. In the past 10 years, the state has placed a considerable focus on reducing the number of homeless people in Washington. The state legislature passed The Homelessness Housing and Assistance Act in 2005 to require counties and state agencies to undertake efforts to address homelessness. The state's Interagency Council on Homelessness and Affordable Housing Advisory Board developed a 10-year plan to reduce homelessness by 50 percent by 2015. Although the 50 percent goal was not met, the results of local, state, and federal investments have resulted in a 14-percent decline in homelessness since 2006.

### Population Served

To be eligible for the 811 PRA program, applicants must be persons with disabilities, between the ages of 18 and 61 at move in, have incomes at or below 30 percent of AMI, and receive or be eligible to receive Medicaid services through AL TSA. Beyond these general program requirements, individuals eligible for 811 PRA units include the following subpopulations of AL TSA consumers.

- Individuals served through the RCL program.
- Individuals with developmental disabilities served through the Developmental Disabilities Division.
- Individuals with functional disabilities served through the Home and Community Service (HCS) Division.<sup>15</sup>
- Individuals with mental illnesses served through the Division of Behavioral Health and Recovery (DBHR). A person whose sole impairment is alcoholism or drug addiction is not eligible for 811 PRA units.

The state tries to target 811 PRA units to areas that most need affordable housing for persons with disabilities. Applicants can apply statewide as long as they meet eligibility criteria. AL TSA and Commerce have not made any changes to the 811 PRA program's target population as described in their funding application.

Through December 2015, 27 individuals had been referred to the 811 PRA program and 14 individuals had been referred to available 811 PRA units. At the end of the year, 11 households were living in units with 811 PRA rental subsidies. Of these households, 10 included individuals had physical disabilities and were referred to the program through AL TSA.

### Outreach, Referral, and Application

This section focuses on the outreach and referral methods for individuals served through the HCS Division who are expected to make up most of 811 PRA applicants.

#### Participant Outreach and Referral Process

For participants in the RCL program, 811 PRA units are one option for low-income Medicaid consumers seeking alternatives to institutional care. Transition coordinators, case managers, and nurses who work with HCBS Medicaid waiver consumers identify individuals among their caseloads who are interested in applying for 811 PRA units. Individuals could reside in a variety of settings, including nursing facilities, assisted living centers, group homes, or in their own family homes.

Other potential 811 PRA participants include other consumers in the HCS Division and individuals (served by the Developmental Disabilities Division and the Division of Behavioral Health and Recovery) who learn about the availability of 811 PRA funds through their case manager. All recipients of HCBS waiver services are assigned a case manager. Case managers work with consumers at nursing facilities to actively work with participants toward discharge. They also work with individuals in their own homes or other residential settings to support staying in their current home. Case managers identify eligible 811 PRA participants within their caseload and screen them for initial eligibility for the 811 PRA program.

#### Participant Screening and Eligibility

Case managers use an online assessment tool to determine clients' service needs as they transition to and live in 811 PRA-funded housing. The transition assessment is part of a single comprehensive assessment tool that DSHS uses for determining eligibility and service needs for many of their consumers, including those served by HCBS waivers. The tool, Comprehensive Assessment Reporting Evaluation, or CARE, assesses individuals in a number of areas, including activities of daily living, treatments and medication, cognitive capacity, and family supports. The tool determines service needs and waiver eligibility. The CARE database is used for persons with functional disabilities and with developmental disabilities. Individuals receiving behavioral health services have their own assessment tool to determine eligibility for their programs.

Case managers evaluate clients to determine their service needs when they first are admitted into nursing facilities

<sup>15</sup> Functional eligibility is based on a person's unmet needs for personal care. A social worker, case manager, or nurse authorizes the number of service hours based on the person's unmet needs. Functional eligibility requirements vary between funding sources.



or into inhome or residential long-term care services, and on a regularly thereafter. When a case manager learns a person is interested in moving out of a nursing facility or requires support to avoid institutionalization, he or she assesses the individual for the ability to succeed in community settings with supportive services, develops service plans, and coordinates transition services.

### Referring 811 PRA Applicants to Available Units

Commerce notifies the RCL program manager that a 811 PRA unit will become available. The RCL housing program manager of the region where the unit is located sends out an email to the DSHS network and contracted service provider organizations in the region with information about the property and unit. The email is sent to organizations serving applicants within HCS, Developmental Disabilities Administration, and DBHR. Case managers within the divisions with an individual in their caseload interested in the 811 PRA unit at that property forwards their client's information to the housing manager. The housing manager reviews the client's CARE file to determine 811 PRA program eligibility.

Housing managers send referrals to property managers on a first-come, first-served basis as applicants are found eligible for 811 PRA. DSHS has no maximum number of referrals that it sends to properties, although it has learned from experience with NED Category 2 that two to three referrals are typically needed for each available unit.

811 PRA tenants must complete the rental application and meet the owners' requirements, the same as for any other applicant to the property. Individual property owners establish their own rental criteria, including rental history, credit, and criminal background checks. DSHS staff state that they try to work with property owners and managers to make reasonable modifications to their resident eligibility criteria to accommodate some of their clients. DSHS staff have reported that they are not always successful in these efforts. They also reported difficulty in getting property owners to accept participants' medical deductions when determining financial eligibility. As a result, some property owners have been turning away otherwise-qualified individuals.

Waitlists are maintained by the 811 PRA site if it receives more applicants than it can accept. Each regional housing specialist maintains a waiting list for 811 PRA units in their region. The waitlist is organized by region and managed by the regional housing specialist. Through December 2015, eight individuals were on a waiting list for 811 PRA units.

### Implications of Target Population and Outreach and Referral Methods

Referrals are tracked by date of application for each 811 PRA opening as it occurs. In the event of multiple applications for limited units, the following priorities will apply.

- First priority is individuals living in institutional settings or those that are homeless.
- Second priority is individuals wishing to move from residential settings.
- Third priority is inhome clients needing other housing.

Property owners also establish their own waiting list per property. Although individual case managers may establish their own waiting lists, no centralized waiting list exists for persons interested in obtaining 811 PRA subsidies. Those interested in 811 PRA units learn about the program and availability of 811 PRA units through their case manager. Case managers vary in their knowledge and experience of housing options and specifically the 811 PRA program and the speed in which they inform their client. These differences may lead to some eligible individuals having access to 811 PRA units sooner than others.

## Housing Strategies

### Property and Unit Characteristics

Commerce signed its first RAC in April 2015 for a total of four 811 PRA units. The first 811 PRA unit was occupied in April 2015. As of December 2015, Commerce had entered into RACs with five different owners to provide rental assistance to 32 811 PRA units. Of these units, 11 were leased to 811 PRA participants and 21 were not available because they were occupied by other non-811 PRA participants. As existing tenants move out, the units will become available for 811 PRA participants.

Table 7.4 shows the characteristics of the five properties under contract with Commerce as of December 2015. All properties are existing properties. Of the 32 units under contract, 5 are studios, 24 are one-bedroom units, and 3 are two-bedroom units. The existing portfolio of bedroom size under contracts matches the demand, because most of the target population are one-person households. Seven units, or 22 percent, are identified as being accessible for persons with mobility impairments.

### 811 PRA Units at Channel Cove

As part of the evaluation site visit, the study team visited Channel Cove, a property with 811 PRA units in La Conner, a seaside town north of Seattle. HOME Trust of Skagit was the first owner in Washington State to sign a Rental Assistance Contract with Commerce for four 811

Table 7.4: Washington State—Characteristics of Properties With 811 PRA Rental Assistance Contracts

Property Name	City and County	811 PRA Units	Total Units	Percent of Total Units	Initial Occupancy Date
Mill Creek	Battle Ground	5	50	10	TBD
Channel Cove	La Conner	4	21	19	4/2015
Boylston-Howell	Seattle	7	30	23	5/2015
Aspen Grove	Spokane	10	40	25	7/2015
El Estero	Spokane	6	123	5	TBD

PRA = Project Rental Assistance. TBD = to be determined.

Source: Internal grantee report

PRA units. Home Trust is a nonprofit organization with a mission to secure long-term, affordable housing. Channel Cove is an Housing Trust Fund-funded property with rents restricted at 50 percent of AMI. Channel Cove has a combination of affordable rental units and privately owned homes; many of its residents are long-time occupants. The Skagit Housing Authority had been managing the affordable rental units of the property, but HOME Trust planned to take over this responsibility in January 2016.

HOME Trust learned about the availability of 811 PRA units through its relationship with the RCL regional program manager. A resident had resided at Channel Cove with rent subsidized through the Bridge Program and the 24-month period was running out. HOME Trust believed in the program goal and wanted to help the tenant remain in place.

HOME Trust signed an RAC for four units in April 2015; as of November 2015, two units had been occupied. Both occupied 811 PRA units are mobility accessible. Home Trust made some accessibility modifications to the units, paid for out of its own funds. A tenant leaving a nursing facility filled one of the two occupied units. The remaining two units are currently occupied and will be occupied on turnover. However, availability of the two units may take 1 to 2 years, which is the average number of annual vacancies at Channel Cove.

### Property Selection Methods

The 811 PRA program application period began in April 2015 and is continuously open until all 811 PRA funds are awarded. Through November 2015, Commerce received 18 applications for 811 PRA units. Four applicants were ineligible for the program, because the number of units set aside for supportive housing or persons with disabilities exceeded 25 percent of the total number of units. The eligible applications included 14 properties with 98

units, 26 of which were under RAC at the time of the site visit. The additional 72 units will be filled as vacancies occur, assuming these other projects receive funding for construction and continue to be eligible for 811.

**Outreach to owners.** Both Commerce and DSHS staff have extensively marketed the availability of 811 PRA units to developers and owners of state-funded units. Staff at Commerce analyzed HTF-funded properties and owners that would be good candidates for the 811 PRA program, including properties with 40 or more units or high numbers of accessible units. The 811 PRA program staff attended local housing conferences and met with regional support network providers and homeless assistance providers. Through November 2015, Commerce staff estimated they had spoken to approximately 50 owners.

**Owner application process.** Owners can download the application for funding on Commerce’s website and submit their application by email. Commerce and DSHS staff developed the application process. The application is designed to help the owner determine if the property is eligible for the 811 PRA program and how many 811 PRA units the property could support. No formal or written policies exist for reviewing or evaluating 811 PRA applications from owners. Applications are reviewed as they are received. Staff from both agencies review applications for eligibility based on the number of units in the property, the 811 PRA units requested, and the types of subsidy already attached to units at the property. Commerce and DSHS staff also review the owner for organizational capacity and the property’s proximity to transportation and services.

Commerce staff provide technical assistance to owners throughout the application process, and applications are usually submitted after several conversations are held between owners and Commerce staff.

**Financing.** The financing programs utilized for properties eligible for 811 PRA funds are primarily the HTF and LIHTC. Neither of these financing methods have set-asides or priority points specifically for the 811 PRA units, but both have priority points for developing housing for populations that include people with disabilities.

### Implementation Schedule

In its 811 PRA application, Commerce had expected to occupy all 811 PRA units within 24 months of award. In its Cooperative Agreement Budget, Commerce planned to have 65 units under RAC by the close of year one and all 215 units filled by the close of year 4. Commerce did not meet its 2015 goal as it had 32 units under RAC at the end of the year. The challenges Commerce experienced in recruiting owner participation in the program and in accessing vacant units are explained in the section titled Successes and Challenges that follows and account for why the first year RAC goal was not met. Despite production lagging somewhat in 2015, Commerce also had several other properties in their application pipeline and expected to execute contracts with nine other properties for 66 811 PRA units. Combined, as of November 2015, Commerce hoped to have at least 98 811 PRA units under lease by the end of 2016.

### Rent and Subsidy Levels

Commerce initially applied for funding for 275 811 PRA units, determining this target by surveying housing providers who might be interested in participating in the 811 PRA program. Commerce found evidence that developers would accept 185 units in 45 properties. Commerce expected that 811 PRA units would turn over every 1.5 years, resulting in a request for 275 units. Commerce ultimately signed a Cooperative Agreement with HUD for funding for 215 units. The number of units was downgraded in response to adjusted expectations of owner interest in the program and advice from HUD on how to calculate the 811 PRA budget. Commerce had based its budget on the expectation that the number of 811 PRA units under contract would increase over time, although HUD required a budget for 60 months of subsidy for each 811 PRA unit.

Commerce established initial 811 PRA rents based on 50 percent of AMI. It selected the maximum rent level it could set for the funding application. The executed 811 PRA budget assumes an average monthly contract rent of \$589, which is comprised of an average tenant contribution of \$235 and an average 811 PRA subsidy of \$354. This amount happens to be the lowest level of rent for all six case studies. Given the difficulty Commerce had finding units at this rent level, it eventually requested and received from HUD a waiver that enables units to rent at FMR or 50 percent AMI, whichever is higher.

### Unit and Tenant Turnover

As of November 2015, no units had turnover. If 811 PRA tenants are interested in moving to another unit within the same property, they must follow the owner's regular turnover policies.

### Service Provision and Coordination

The exact services 811 PRA participants receive depends on their individual needs and the waiver services for which they are eligible. Case managers work with consumers within their division and develop person-centered plans that outline individual consumer medical and service needs.

ALTSA waiver services include the following services, which are available to 811 PRA participants according to their person-centered plan.

- Personal care.
- Adult day care and day health.
- Environmental modifications.
- Home delivered meals.
- Home health aide.
- Personal emergency response system.
- Skilled nursing.
- Medical equipment and supplies.
- Client support training.
- Transportation.
- Nursing services.
- Community transition services.
- Health care for workers with disabilities.

Persons with developmental disabilities and served by Developmental Disabilities Administration through the five Developmentally Disabled Waivers can access the following services.

- Behavior health stabilization services.
- Behavior support and consultation.
- Behavioral health crisis diversion bed services.
- Client support training.
- Community access.
- Community guide.
- Emergency assistance.
- Environmental modifications.
- Extended state plan services.
- Prevocational services.

- Respite care.
- Skilled nursing.
- Specialized medical equipment and supplies.
- Specialized psychiatric services.
- Supported employment.
- Transportation.

Individuals served through the Division of Behavioral Health and Recovery can access services for mental illness and alcohol and substance abuse. Services vary based on individual assessments, but may include assessment services, treatment services, crisis intervention and stabilization, case management, peer support, and residential mental health services.

### Transitional Services

Transitional services, including housing setup costs, security deposits, and other moving expenses, vary according to need and waiver or state plan eligibility. Individuals enrolled in the RCL program have additional transitional services available to them that are not available to other ALTA consumers. For consumers with developmentally disabilities, transitional services can be provided as long as they are in an individual's service plan.

Transitional services may be provided to an individual, at the discretion of his or her case manager, by contracted Community Choice Guide. Community Choice Guides are funded by a combination of state and federal funding and provide short-term services. Community Choice Guide transition services for individuals moving into 811 PRA units include help locating housing, moving, obtaining furniture and household goods, and other support needed to ensure a successful transition to new housing. ALTA customers may also have access to other state-funded resources that help individuals stabilize in community living that vary by waiver. In all three divisions, case managers ensure ongoing connection to services for their clients after individuals move into 811 PRA units.

### Gaps in Services

Gaps in services may occur because different services are available in different locations of the state. For example, rural areas have less access to services. Individuals who do not meet the 90-day institutional stay criteria do not qualify for services funded through MFP.

## 2013 811 PRA Application

At the time that HUD published its 2013–2014 Notice of Funding Availability on March 4, 2014, with funding applications due on May 5, 2014, the 2012 grantees had

not yet received an executed Cooperative Agreement from HUD. Washington decided it would not apply for an award by the 2013–2014 811 PRA funding round as it wanted to work out any program challenges it encountered in implementing its 2012 811 PRA program before applying for more rental assistance.

## Leveraging

For the 2012 funding application, Commerce secured a leverage commitment from the Housing Authority of Skagit County for nine HCV set aside for nonelderly people with disabilities. At the time of the visit, the Housing Authority of Skagit County had not issued any HCVs.

## Program Administration, Assessment, Information Systems, and Data Infrastructure

As grantee, Commerce administers the 811 PRA program and reporting program outcomes to HUD. In 811 practice, Commerce and DSHS administer the program jointly and work together to address issues that may arise. Staff from the two agencies communicate regularly by phone and email and utilize a secure, shared website to store and share program data with one another. Although the program is still in the initial stages, in general, Commerce asset management staff report that managing the contracting process for the first few properties has not been difficult aside from some challenges in working with HUD data systems as discussed in the following sections.

Commerce and DSHS have an existing agreement to share participant data with each other. In 2009, Commerce entered into an agreement with the DSHS Research and Data Analysis Division to collect and share information on programs and participants in common. Commerce tracks client data through the Homeless Management Information Systems. DSHS tracks client data through the CARE data system. The agencies plan to integrate the databases to track participant characteristics and outcomes, but did not have a timeline for this integration as of November 2015.

In addition to the number of 811 PRA units leased and individuals served through the 811 PRA program, Washington's 811 PRA program goals include an increase in the use of HCBS and a decrease in the use of institutionally based services. At the time of the evaluation site visit, Commerce and DSHS had not developed any specific numerical targets for the reduction in use of institutional care or developed other 811 PRA program goals.



### Successes and Challenges

Program staff from Commerce, DSHS, and their contracted partners discussed the initial successes and challenges they have experienced in implementing the 811 PRA program. The 811 PRA program staff reported some challenges in the initial program administration involving constraints of the 811 PRA program requirements or structures. The evaluation team also identified some program areas that could have an effect on the efficiency and effectiveness of the 811 PRA program.

#### Program Successes and Replicable Innovations

**Housing Bridge Program.** DSHS's Housing Bridge Program has been a key driver in utilizing 811 PRA funding. The two are a good match because Bridge funding provides temporary rental subsidies for up to 24 months, and 811 PRA funds are permanent sources of subsidy. If property owners currently housing tenants receiving Bridge subsidies can enroll in the 811 PRA program and switch the funding mechanisms, tenants can live uninterrupted in stable housing.

**Owner application process.** Commerce developed an application process for owners that makes it as easy as possible for owners to determine if their properties are eligible for 811 PRA units. Washington's owner application forms have been used as a model by another 2012 grantee that modified the Washington forms for use in its own 811 PRA program.

#### Program Challenges

**Challenges in recruiting owners.** The most significant challenge Commerce has faced in the first year of its 811 PRA program is in recruiting owners to apply for 811 PRA funding. Commerce initially expected that 80 owners would be interested based on the results of a survey it conducted prior to the funding application. Some owners who were initially interested had properties that were incompatible with the 811 PRA program due to the rule that limits properties participating in the 811 PRA to have no more than 25 percent of units set aside for the target population or for supportive housing.

Applicants for 811 PRA grants receive additional points if they proposed the rent level. Washington may have underestimated the extent that a 50-percent AMI limit would pose on owner interest. (The waiver that Commerce received that allows for the higher or FMR or 50 percent AMI, likely will increase owner participation.)

Other reasons that owners have for not applying for 811 PRA funds include inexperience with HUD housing programs and data systems, not wanting to be the first owners to try out a new program, and the requirement to sign a 30-year agreement with Commerce when 811 PRA subsidies are funded only for 5 years.

Although the property recruitment process has been time-consuming and labor intensive, the strategies have been successful in gaining owner interest in the program and in raising program awareness. Staff point to in-person meetings with owners as the most beneficial method leading to successful owner applications.

**Challenges in accessing vacant units.** Two-thirds of units under RAC were not available as of December 2015 because they were occupied by other tenants when the RAC was executed. Because the units can be filled only with 811 PRA participants on turnover, Commerce staff are uncertain when the units will be available to be leased by 811 PRA tenants.

**Challenges working with HUD data systems.** Because Commerce was one of the first states with executed RACs and tenants residing in 811 PRA units, staff faced some challenges in navigating HUD's data systems. The first resident moved in April 2015, but the owner did not receive the first subsidy payment until September 2015. Voucher administration has been challenging for the individual properties and for the contract administrator, Bremerton Housing Authority. Management staff at the 811 PRA properties had to be trained on how to submit TRACS data, leading to delays in submitting the information to Bremerton Housing Authority. The software program that Bremerton Housing Authority used for voucher processing was not designed to administer 811 PRA subsidies.

Bremerton Housing Authority staff have to manually check each voucher invoice before submission, leading to further delays in submitting the voucher to HUD for payment. Because parent vouchers include voucher data for all 811 PRA properties, delays in one property submitting data can hold up the entire parent voucher payment.<sup>16,17</sup> The cost of obtaining the software systems necessary to enter data into TRACS has also been a barrier for some property owners to participate in the 811 PRA program.

<sup>16</sup> Parent account refers to the "parent voucher" for the entire state. Each individual Section 811 PRA property within the state has a "child voucher."

<sup>17</sup> HUD has since provided guidance that incomplete parent vouchers may be submitted to HUD and then revised once all child voucher data are received.



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# Additional Reading

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