



Permanent Supportive Housing Program and Financial Model Austin/Travis County, Texas: Executive Summary

In 2009, ECHO (Ending Community Homelessness Coalition), the Mayor's Mental Health Task Force Monitoring Committee, and the Austin/Travis County Reentry Roundtable retained Corporation for Supportive Housing (CSH) to provide need and resource analysis on permanent supportive housing in Austin/Travis County.

What is Permanent Supportive Housing?

Permanent supportive housing (PSH) is permanent, affordable housing linked to a range of support services that enable vulnerable tenants, especially the long-term homeless, to live independently and participate in community life. Permanent supportive housing can help people with psychiatric disabilities, people with histories of addiction, formerly homeless people, frail seniors, families, young people aging out of foster care, individuals leaving correctional facilities, and people living with HIV/AIDS. PSH can be offered in diverse housing settings, but usually consists of apartment units that are:

- **Targeted to the most vulnerable**, typically households earning under 30% of Area Median Income that, given multiple barriers to housing stability, would be homeless 'but for' the intervention of PSH.
- **Deeply affordable**. Rents are subsidized so that the tenant ideally pays no more than 30% of household income towards rent, even where tenants have extremely limited income;
- **Lease-based**. Tenancy is based on a legally-enforceable lease or similar form of occupancy agreement, and there are not limits on a person's length of tenancy as long as they abide by the conditions of the lease or agreement;
- **Supported by comprehensive services, with voluntary participation**. The tenant has access to a flexible array of services, including case management, medical, mental health, substance use treatment, employment, life skills, and tenant advocacy, but a lease will not be terminated solely because a tenant chooses not to participate; and
- **Managed through essential partnerships**. There is a working partnership that includes ongoing communication between service providers, property owners/managers, and subsidy programs.

Permanent Supportive Housing: It Works.

For these populations, permanent supportive housing is a highly effective intervention. Research¹ indicates that, among residents of permanent supportive housing:

- More than 80% stay housed for at least one year;
- Rates of arrest and days incarcerated are reduced by 50%;
- Emergency room visits decrease by 57%;
- Emergency detoxification services decrease by 85%; and
- There is a 50% increase in earned income.

These reductions in public costs make PSH a remarkably cost-effective intervention. A study from the University of Pennsylvania's Center for Mental Health Policy and Services Research tracked the costs associated with nearly 5,000 mentally ill people in New York City for two years while they were homeless and for two years after they were housed. After deducting the public benefits, the average supportive housing unit created by a city-state partnership in New York City cost **only \$995 per year**. A Seattle project for chronic inebriates, 1811 Eastlake, saved taxpayers more than \$4 million dollars over the first year of operation. During the first six months, even after considering the cost of administering housing for the 95 residents, the study reported an average **cost-savings of 53%—nearly \$2,500 per month per person**—in health, criminal justice, and social services, compared to the costs of the wait-list control group of 39 homeless people.

¹ Please see full report for citations.

Total Need for New Permanent Supportive Housing in Austin/Travis County: 1900 Units

Based on a conservatively-derived estimate of the homeless population in Austin/Travis County, Austin/Travis County needs a total of 1889 new PSH units to meet the existing need and effectively end chronic homelessness in the community.

Short-Term Production Goal: 350 Units by Year-End 2014

Based on local production capacity and especially on the availability of funding for capital, operation/rental subsidy, and services, Austin/Travis County should set an ambitious but achievable goal for production of PSH units in the short to mid-term. CSH recommends a goal of 350 units by the end of 2014. These units should be targeted primarily to chronically homeless singles, including frequent users of shelter and criminal justice systems, with a special effort to create units for families with children, unaccompanied youth, and young adults transitioning from foster care (both as singles and in family units). The majority of units should be targeted to tenants with mental health and/or substance use treatment needs.

Resource Analysis

Total projected costs, potential funding sources identified, and projected gap associated with the 350 units are presented in the table below. Please refer to full report for full explanation of assumptions.

350 PSH Units	Total Cost	Identified Sources	Remaining Gap
Capital Cost (Constr/Rehab: 260 units)	\$23.2M One-time	\$23.2M One-time	\$0*
Operating/Rental Subsidy Cost (350 units)	\$3.3M Annually	\$1.3M Annually	\$2.0M Annually**
Service Costs (350 units)	\$4.1M Annually	\$2.7M Annually	\$1.4M Annually

*Assuming all remaining G.O. bonds utilized for PSH **If no public housing authority vouchers are secured

Recommendations

1. **Target affordable housing General Obligation bonds and other City of Austin housing resources to PSH.** The balance of the GO bonds should be redirected for PSH, and HOME and CDBG should be aggressively targeted to PSH.
2. **Public Housing Authorities should provide project-based PSH rental subsidies.** Housing Authority of the City of Austin and Travis County Housing Authority should utilize turnover in their Housing Choice Programs to set aside vouchers that can be used for site-based PSH, and identify other resources to support PSH production.
3. **Travis County & City of Austin should provide new funding for priority populations.** New funding should support services, and in some cases capital or operations, for frequent users referred by criminal justice and shelter programs.
4. **Prioritize current Austin/Travis County Integral Care clients that experience long-term homelessness.** Given long waiting lists and limited resources, prioritizing existing homeless clients will leverage current funding investment.
5. **Mobilize Veterans' Affairs Supportive Housing (VASH) vouchers to support chronically homeless veterans.** Work with the VA to secure deeper targeting of existing vouchers, and project base of a portion of future vouchers.
6. **Protect and Expand State Homeless Housing and Services Program.** Advocate for an increase the appropriation in the next legislative sessions (the Austin biennial allocation was \$1,922,498). Focus use of funds for services in PSH.
7. **Local stakeholders should advocate for state policy improvements that draw additional resources.**
8. **The City of Austin and Travis County should clearly establish PSH as a preferred policy approach.**
9. **Use Housing First and Harm Reduction to effectively serve the most costly and/or vulnerable populations,** and set a local standard of 1:10 case management ratio for chronically homeless tenants.
10. **Incentivize Funding Priorities and Quality Standards in the HUD Continuum of Care process.** Substantial points should be awarded for deeper targeting of priority populations, robust services, and housing quality.
11. **Increase Capacity of Developers and Service Providers.** Build local capacity for development and service provision by funding relevant training for developers, lenders, and consultants.
12. **Build on data-gathering efforts to date, focusing on subpopulations of interest.**
13. **Create a Pipeline Working Group to track progress and coordinate efforts.** A local team should regularly review and strategize around potential projects. Members should have substantial development expertise and influence on funding.