



**NCSHA 2010 Annual Program Awards**

**Connecticut Housing Finance Authority Utilizes Creative Collaboration to Fund Supportive Housing Development**

The mission of the Connecticut Housing Finance Authority (“CHFA”) is to alleviate the shortage of housing for low- and moderate-income families and individuals. CHFA is additionally committed to serving the lowest income households and to ending homelessness. To achieve that end, CHFA has instituted an innovative, cost effective, collaborative supportive housing program that can be readily adopted for use by other states.

Supportive housing combines decent, safe, affordable apartments with individualized health, support and employment services. It is a proven, effective means of reintegrating families and individuals with chronic mental health challenges into the community by addressing their basic needs for housing and ongoing support. It is designed to create permanent, affordable, service-enriched housing opportunities for individuals and families who are homeless or at risk of becoming homeless, particularly persons experiencing chronic, repeated or persistent homelessness.

The savings realized by the State in developing supportive housing well warrants the investment. The following table shows the costs incurred by the State per individual per day for 1999 and for 2010:

<b>Costs Incurred by the State of Connecticut Per Individual Per Day</b>		
	<b>1999</b>	<b>2010</b>
Long-term inpatient psychiatric care	\$660	
Residential substance abuse facilities	\$100	
Combined long-term inpatient psychiatric care and residential substance abuse facilities	\$760	\$1,236
Nursing home facilities	\$207	\$341
Incarceration facilities	\$70	\$92

In contrast, the cost for housing one individual in supportive housing for one day is less than \$50 and only roughly 54% of that cost is borne by the State. The data from studies of supportive housing projects around the country support the cost-effective nature of supportive housing. An independent evaluation in 2005 of the State’s Supportive Housing Demonstration Program compared Medicaid data for 126 supportive housing residents 2 years prior and 3 years after moving into the housing. The study found that residents’ use of inpatient medical services decreased by 71%.

The State Supportive Housing Initiatives have received national recognition, including an award from the Kennedy School of Government at Harvard University for the successful, unique yet replicable collaboration of state agencies, private non-profit entities, and community partners.

**History**

The State funded the Supportive Housing Demonstration Program in 1994. Building on its success and lessons learned, the Supportive Housing PILOTS (the “PILOTS”) Initiative was authorized in 2001. The PILOTS model is a public/private collaborative effort to develop permanent supportive housing to foster the development of long-term solutions to the housing and service needs of families and individuals coping with psychiatric disabilities and/or chemical dependency and who are homeless or at risk of becoming homeless. Members of the collaboration include CHFA and the State Departments of Mental Health and Addiction Services (“DMHAS”), Economic and Community Development (“DECD”), Social



## **NCSHA 2010 Annual Program Awards**

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Services (“DSS”) and the Office of Policy and Management (“OPM”). The Interagency Committee for Supportive Housing also includes the Corporation for Supportive Housing (“CSH”), a private, non-profit organization providing technical assistance and pre-development funding to developers of supportive housing.

The Connecticut General Assembly appropriated new annual support service funding for the PILOTS Initiative in the amount of \$3 million. In addition, capital financing in the amount of \$26 million was made available for housing projects developed under the PILOTS Initiative. CHFA administered the federal and state tax credit programs and applicants under PILOTS received up to \$26.8 million in tax credit equity for their developments.

### **Unique Approach**

Following PILOTS, in January 2005, the Next Step Supportive Housing Initiative (“Next Steps”) was authorized by the State Legislature memorializing the State’s commitment to ending homelessness by creating a framework for regular rounds of funding. Next Steps differed from PILOTS in that the capital funding was provided through CHFA’s issuance of 501(c)(3) bonds. This innovative and unique approach to generating capital funding for supportive housing development was supported by the State’s providing bond authority of up to \$105 million as well as allocating \$6 million annually from the State budget to pay the debt service on the bonds. Additionally, the State budget allocations included approximately \$2.5 million annually for service subsidies and approximately \$2.8 million annually for rental subsidies. Federal rental subsidies of approximately \$1.4 million annually were committed as well. The Department of Children and Families (“DCF”) joined the interagency collaboration at this time.

Highlights of the Next Steps Initiative include:

- Building on Connecticut’s successful track record in supportive housing production with an innovative new funding stream to achieve an additional 450 units of permanent supportive housing;
- Addressing the State’s mandate to eradicate homelessness amongst the special needs population, particularly veterans and families;
- Employing an established, effective, replicable process of State interagency collaboration;
- Maximizing the use of federal mainstream resources for support services funding, and using these resources and the State’s funds to leverage federal, philanthropic, and corporate investment for rent subsidies, predevelopment financing, and capital;
- Targeting people who frequently use crisis and emergency services and providing them with a more stable, cost-effective option; and
- Partnering with seasoned community-based nonprofits to create and operate the housing and supporting their work with focused technical assistance and predevelopment resources.

### **Outcomes: 2009 – 2010**

One PILOT project is completed and opened to house 28 individuals with special needs who were formerly homeless, and four Next Steps Round I developments are completed and opened to house 86 individuals and families including 47 units for those with special needs who were formerly homeless. Additionally, three Next Steps Round II developments are under construction, nearing completion, and soon to be opened to house 116 individuals and families including 87 set aside for those with special needs. Next Steps Round III developments are selected and provided with capital to develop approximately 82 units of permanent supportive housing including 47 units for those with special needs.



## NCSHA 2010 Annual Program Awards

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The following are examples of developments created under the Next Steps Supportive Housing Initiatives and include those serving the homeless and chronically homeless special needs and low-income populations of veterans, families and adults with HIV/AIDS.

### **Development Highlights**

**American Legion Housing:** The investment in the American Legion Housing development of \$5.0 million will generate more than \$6.1 million of economic activity in 2010 that includes the initial investment of \$5.0 million. Once complete, American Legion Housing will become home to 18 low-income individuals, the majority of whom will be veterans. The population to be served includes 14 veterans who are chronically homeless and who may be living with substance abuse or mental health disorders, and 4 single low-income adults with or without identified special needs. Operating and service subsidies are provided through 15 project-based vouchers from the United States Department of Housing and Urban Development (“HUD”) and the United State Department of Veterans Affairs (“VA”) HUD-VA Supported Housing Program (“VASH”).

**Canterbury Gardens:** The investment in Canterbury Gardens development of \$5.7 million will generate more than \$8.4 million of economic activity in 2009-2010 that includes the initial investment of \$5.7 million. Lease-up commenced in the 3<sup>rd</sup> quarter of 2009 and the development is now fully occupied. Canterbury Gardens is home to 29 low-income individuals and families and 5 moderate-income families. The population served includes 9 individuals who were formerly homeless and who live with substance abuse and/or mental health disorders in addition to HIV/AIDS. Project-based operating subsidies are provided through DSS and service subsidies are provided through DMHAS.

**Cathedral Green:** The investment in Cathedral Green development of \$9.2 million will generate more than \$13.2 million of new economic activity in 2009-2010 that includes the initial investment of \$9.2 million. Lease-up commenced in the 3<sup>rd</sup> quarter of 2009 and the development is now fully occupied. Cathedral Green is home to 28 very low- and low-income families. The population served includes 14 special-needs families who are headed by adults with multiple barriers to employment and housing stability, such as cognitive limitations, history of trauma, mental illness and/or chemical dependency and who have been repeatedly homeless, as well as 14 families with or without such identified needs. Project-based operating subsidies are provided through DSS and service subsidies are provided through DMHAS.

**Casa de Francisco:** The investment in the Casa De Francisco development of \$10.2 million will generate more than \$15.6 million of economic activity in 2010 that includes the initial investment of \$10.2 million. Once complete, Casa de Francisco will become home to 50 very low- and low-income individuals. The population served includes chronically homeless special-needs individuals with a history of substance abuse and/or mental health disorders as well as individuals with or without such identified needs. Project-based operating subsidies are provided through DSS and service subsidies are provided through DMHAS.

**The Franklin Apartments:** The investment in The Franklin development of \$13.6 million will generate more than \$21.3 million of economic activity in 2010 that includes the initial investment of \$13.6 million. Lease-up is in progress. Once fully occupied, The Franklin will be home to 24 homeless special-needs individuals as well as 24 low-income individuals with or without such identified needs. Homeless veterans are a targeted population with a minimum of 12 units set-aside and supported by project-based HUD-VA VASH vouchers. The remaining units are supported with project-based operating subsidies through DSS and service subsidies provided through DMHAS.