

## **NCSHA Annual Awards for Program Excellence 2009**

**Category:** Special Needs Housing

**Subcategory:** Housing for Persons with Special Needs – Recognizes programs that best provide affordable housing and services for persons with special needs.

**Nominator:** New Jersey Housing and Mortgage Finance Agency

**Nominee:** The Special Needs Housing Trust Fund

In November 2004, the New Jersey Mental Health Taskforce was created to recommend ways to better help the mentally ill lead normal, independent lives. Recognizing that securing and maintaining permanent, supportive housing is a crucial step towards recovery and stability, the taskforce recommended the creation of a \$200 million Trust Fund that would provide State capital funds that could be leveraged with other sources to help in achieving this goal. In August 2005, the New Jersey Legislature gave life to this proposal by enacting the Special Needs Housing Trust Fund Act – a first in the nation nonlapsing, revolving trust fund dedicated to creating additional units of permanent supportive housing and community residences as alternatives to institutionalization or homelessness.

The Trust Fund was a bold response to a critical state housing need. The New Jersey January 2008 Point-In-Time Survey identified 27,000 homeless households in addition to approximately 2,500 persons in State Psychiatric hospitals and Developmental Centers waiting for appropriate living options in the community. Added to this number are another 8,000 persons living with families with developmental disabilities who are on the waiting list for community housing and services. Further, there are many individuals with special needs who live with families and friends or in substandard housing because they do not have access to affordable housing. These challenges are compounded by the high cost of housing in New Jersey and the very low income of homeless households, mental health consumers and persons with disabilities.

The New Jersey Housing and Mortgage Finance Agency (HMFA or Agency) was charged with administering the Trust Fund. From the start, the Agency has used the Trust Fund to finance the construction of high quality, permanent supportive housing throughout the State, in single unit and multi unit settings, in rural, urban and suburban areas alike, working with non-profit and for-profit developers who are able to leverage other funding sources and who are committed to providing the necessary social service supports to ensure the long term success of the target population.

As the administrator of both the Trust Fund and the Low Income Housing Tax Credit program, HMFA has been a leader in coordinating the development of special needs housing and has used its technical expertise to create the partnerships needed to successfully develop, manage and operate supportive housing. Because the Trust Fund is a limited resource, developers are required to demonstrate that they have applied for all other available funding. The availability of the Trust Fund coupled with the funding restriction that the Trust Fund will provide no more than 80% of the capital funding for a project has made possible several innovative financing models for the development of supportive housing in New Jersey. As illustrated through the examples below, these models include the leveraging of Trust Fund financing with a number of HMFA, State, federal and local funding sources including: 9% and 4% federal Low Income Housing Tax Credits, HMFA Multifamily Programs, NJ Department of Community Affairs Balanced Housing Trust Fund and the State's HOME Program, County Trust Funds and HOME Programs, the Federal HUD 811 Supportive Housing Program and HUD McKinney-Vento Homeless Assistance SHP programs. In fact, Housing Finance Agencies by definition are extremely well suited to administering a Trust Fund such as this because of the unique expertise of HFAs to combine these complicated financing sources, to efficiently manage scarce housing resources and to combine best practices in housing policy with a firm commitment to increasing the availability of and accessibility to safe, decent and affordable housing to vulnerable populations in our states.



Since its activation in early 2006, the Trust Fund has financed the construction of over 1100 permanent supportive housing units for individuals and families with special needs. This population is defined as individuals with mental illness; individuals with physical or developmental disabilities; individuals in other emerging special needs groups identified by State agencies; victims of domestic violence; ex-offenders and youth offenders; youth aging out of foster care; runaway and homeless youth; individuals and families who are homeless; disabled and homeless veterans; and individuals with AIDS/HIV. Most importantly, the requirement that the housing must be permanent and must be combined with supportive services and rental assistance in order to access the Trust Fund has provided the tools and the freedom for members of these populations to stabilize their lives and forge their paths to successful and more independent living.

### **Project Examples:**

#### **The Meadows at Oldwick, Tewksbury Township, Hunterdon County, NJ**

Developed by United Cerebral Palsy (UCP), "The Meadows at Oldwick" opened its doors to residents in February 2008. The project is an 18-unit congregate living facility constructed on previously vacant municipal land. The project was built with the full support of the Township. The development is home to physically and developmentally disabled individuals, and families with a disabled member. UCP provides supportive services for the residents as it does for over 1400 individuals and families annually.

Meadows at Oldwick is unique because it was one of the first special needs developments in New Jersey to incorporate significant green features during construction. While the conventional wisdom may be that green building is too expensive for affordable housing, The Trust Fund has promoted green building by offering developers the Agency's design and technical expertise in green building as well as identifying funding sources for this purpose. This project incorporated eighteen 3 kW solar panel systems serving each of the 18 units of the project and was the first project utilizing HMFA's green programs to achieve near zero-energy usage.

The project received over \$800,000 from the Trust Fund. Other financing was provided by the HMFA through the Division of Developmental Disabilities' Community Housing Program. The New Jersey Department of Community Affairs' contributed funds from the Balanced Housing Program, which included funding for a fire suppression system, and the Deep Subsidy Program; funding for the green components came from the New Jersey Green Homes Office. The project was awarded 9% low income housing tax credits and also received a grant from the Enterprise Foundation. Rental assistance is being provided through the New Jersey State Rental Assistance Program and the NJ Division of Developmental Disabilities.

#### **Baldwin's Run Phase 8, City of Camden, Camden County, New Jersey**

Baldwin's Run is an award winning project that has received recognition from the U.S. Department of Housing and Urban Development (2003 HUD "Best in American Living"), the National Association of Housing and Redevelopment Officials (2006 NAHRO Award of Excellence for Innovation in Affordable Housing) and Cottage Living Magazine (2008 list of best neighborhoods in the country).

Baldwin's Run sits on the former Westfield Acres Public Housing Project site in Camden, New Jersey. Westfield Acres was a 512-unit, mid-rise government project opened in 1936. By the 1960s, it was a notorious hotbed of drug dealing, shooting sprees, gang wars, and other illegal activity. By the 1990s, poverty had overtaken it, and the blight had spread to the neighboring single-family homes. The Camden Housing Authority received in 1998 a HOPE VI grant for the demolition of Westfield Acres. When in 2000 the Authority secured a second HOPE VI grant to revitalize the site, they selected Pennrose Properties and the Camden based St. Joseph Carpenter Society as the developers for the site and the surrounding community, creating a public private development partnership for the rebirth of this area.



The development team created a bold multi-phase master plan developed with community input to address the lack of infrastructure, neighborhood blight, and brownfield site remediation. The result has been an integrated mixed-income, multi-generational community incorporating 297 rental units, including special needs units for homeless families, 219 homeownership residences and a state-of-the art 74-unit affordable senior complex. Community amenities include a multi-purpose community center, an improved neighborhood park, and provision for a new school.

Phase 8 of Baldwin's Run created 73 new affordable rental units, 20 of which serve the homeless population. The buildings are a mix of townhouses and duplexes. The residents of this phase have full access to all the community amenities and programs offered in the development. In addition, the special needs units receive support services from Volunteer Services of Delaware Valley, Inc., such as life skills workshops, recovery maintenance workshops, employment related services, case management, information and referrals.

The twenty special needs units received \$2 million in construction and permanent loan financing from the Trust Fund, repayable from 25% of the project's cash flow, but the financing for the Baldwin's Run development as a whole came from a variety of sources: \$100 million of HOPE VI funding, Federal Low Income Housing Tax Credit Equity, NJ Department of Community Affairs Balanced Housing funds, Federal CDBG funding, Federal Home Loan Bank Affordable Housing Program, HOME, and HMFA's Urban Homeownership Recovery Program funds.

#### **Irayna Court Supportive Housing, Highland Park, Middlesex County, New Jersey**

Irayna Court is another illustration of the creative way in which the Trust Fund is partnering with local communities and with unconventional developers to create sustainable and supportive housing that is sensitive to the needs of our special needs populations. The project's developer was the Reformed Church of Highland Park Affordable Housing Corporation (RCHP-AHC). The corporation is an extension of the Reformed Church of Highland Park which has been in existence for 116 years serving the Highland Park community and offering services such as a teen-drop in center and space for AA meetings

During the Summer of 2005 as the Church began to learn more about the crisis in foster care, the issue of homeless and aging out youth became the interest of the pastor. Highland Park is an affluent community in Central New Jersey located close to universities, hospitals, businesses and transit centers where the availability of vacant land is limited, the acquisition price for existing homes is at a premium and not affordable to non-profit sponsors such as RCHP-AHC. Thus, in the fall of 2005 a steering committee was formed to explore the possibilities of adding onto the Church's existing administrative buildings to provide affordable housing for aging out youth. The result of those deliberations has been the construction of a brand new six unit building, each with its own bathroom, for youth aged 18-21 who have aged out of the State's Child Welfare System or who are homeless. The Trust Fund provided construction and permanent financing of approximately \$1.5 million. The project also received County HOME funds and social services funding from the State Department of Children and Families.

Irayna Court Supportive Housing is the organization's first permanent supportive housing project. The organization is currently pursuing the rehabilitation of an old church building in Highland Park to house veterans returning from the wars in Afghanistan and Iraq.

The Special Needs Housing Trust Fund has to date financed well over 100 developments dedicated to the provision of permanent supportive housing to individuals and families with special needs. Without this dedicated financing source, many more families and individuals would be limited to short term housing options, sporadic access to social services and little ability to plan for their and their children's future.