

Vermont Housing Finance Agency's "Portfolio Approach" to targeting homeless apartments

Affordable housing in Vermont

- High housing costs (1-in-4 renters are severely cost burdened), low vacancy rate (<2%), limited land for development, limited capital available (low CRA credit), small scale of development (avg 24 units)
- Four state housing agencies:
 - Governor's housing department (writes ConPlan and awards CDBG)
 - VT Housing Finance Agency (awards housing credits and bond funding)
 - VT Housing & Conservation Board (vhcb.org) (awards HOME, NHTF, state housing trust fund)
 - VT State Housing Authority (runs statewide Housing Choice Voucher program)
- 13,500 affordable housing units in the state, about 1,100 people who are homeless (11th highest rate in US), 25% increase 2007-2018. 460 units of supportive housing for homeless.
- Most housing credit developers are community based non-profits. Small, known network of developers.
- Discourage using housing development dollars for services or operating subsidies
- HOME funds only used for development, no tenant based rental assistance
- Rural state means services are not widely available

History of VHFA's Homeless Targeting

- Began trying to incent housing development for homeless/at risk through the QAP in 2006.
- Finally in 2011 added supportive housing (but not necessarily homeless) as a way to get basis boost.
- 2012 small state-funded rental assistance began (temporary assistance as a bridge to getting S8), dropped other ways of getting basis boost.
- 2013 more failures to increasing incentives or including as a threshold.
- 2017 began giving more weight to those targeting 25% of units to people who are homeless/at risk.

What we have today

- Current QAP: <http://www.vhfa.org/rentalhousing/qualified-allocation-plan-qap>
- Can get 4 "checkmarks" for setting aside 25% of units for homeless/at risk. Can't set aside more than 30% of units without extensive underwriting on design, services, partners, etc. We do allow 100% Transitional Housing projects.
- Basis boost still exists for supportive housing (meaning AHS clients, but not necessarily homeless)
- Still difficult for developers to pull a PSH deal together because of silo'ed funding for housing and supportive services.

What's unique

- State-funded rental assistance can't be project-based
- Developers can use a "portfolio approach" to site targeted units. Not all targeted units must be in the proposed development, they can be assigned to existing apartments with project-based rental assistance, if not already targeted as supportive housing.

How it works

- VHFA maintains a data inventory of all PSH units (incorporating into statewide housing inventory).

- “Portfolio” units must be within the sponsor’s existing housing inventory, and subject to VHFA approval. Intention is to pair set-aside with PBRA, not create concentrations of like populations. Regional focus of development community means markets are served proportionately.
- We have an MOU with the project sponsor and VHFA that lays out how many units at what locations will be set aside for homeless households.
- Tax Credit Compliance Monitoring includes reviewing ongoing service provision and maintaining a MOU with a service provider. Monitoring occurs for the initial Compliance Period (15 years).

Why it works

- Existing portfolio of deep rental assistance now targeted to homeless households.
- Promotes integration of units. 25% of units creates some economy of scale but targeting a limit of 30% and assessing based on number of *tax credit units* prevents concentration.
- VHFA reserves the right to approve/deny all portfolio approaches.
- State’s affordable rental housing stock is largely developed by nonprofit housing organizations, many of whom have experience providing supportive housing.

Examples at work

- In 2015, 40% of VHFA’s 9% awards had homeless set aside units. Since this change it’s been 100%.
- In 2019, two of five funded projects used portfolio approach:

Lake Paran Village, Shaftsbury. Shires Housing, the nonprofit developer, designated 25% of the Housing Credit units at Lake Paran (four units) within its wider portfolio as housing for homeless or at-risk. Although Shaftsbury is in a village center, the site is not particularly close to services. With the flexibility allowed under the QAP, Shires Housing can locate the units reserved for homeless households at sites with greater access to supportive resources.

Juniper House, Burlington. The nonprofit developer, Cathedral Square Corporation opted to create seven supportive units on-site, and three off-site. Cathedral Square caps supportive housing at 10% for each of their senior housing properties, as they feel that a 25% allocation of units with supportive services could strain their operating capacity. VHFA’s policy allows them to provide much-needed housing for homeless seniors while maintaining a high level of service to all its residents. Cathedral Square will leverage its existing SASH (Support and Services at Home) program for senior residents, supplementing it with services from the local continuum of care. This project demonstrates that supportive housing for the homeless can be integrated into senior rental housing complexes, taking advantage of services already in place.

Lessons learned

- Didn’t have 30% cap at first.
- VHFA has needed to help housing providers develop connections to service providers.
- VHFA has created guidelines for proposing targeted units including:
 - List of local service agencies by region;
 - Links to homeless data so developers can see sub-population needs;
 - Created “suggested elements of an MOU” as well as sample MOU for housing/service partners;
 - Information on Continuums of Care, Coordinated Entry, and more.
- <https://www.vhfa.org/rentalhousing/supportive-services-and-homelessness-information>
- Require MOU with sponsor, service provider, and VHFA for 15 year Compliance Period.
- Existing inventory of affordable (and supportive) housing has been critical to ensure net-new PSH units.
- New lessons being learned daily...