

# Supportive Housing Evaluation

## **Minnesota Housing**

Special Needs Housing: Combating Homelessness

### **HFA Staff Contact**

Josh Nguyen

[josh.nguyen@state.mn.us](mailto:josh.nguyen@state.mn.us)

## OVERVIEW

In 2019 and 2020, Minnesota Housing conducted a first-of-its-kind systematic evaluation of its rapidly growing supportive housing portfolio and processes. Because supportive housing combines capital resources of housing development with supportive services, the traditional asset management and monitoring processes used by housing finance agencies (HFAs) are not sufficient oversight for supportive housing. While we modified our processes to review certain aspects of supportive housing, they were not enough to understand the performance of the properties, efficacy of the service models, and tenant outcomes. With the size and growth of our supportive housing portfolio, we needed a systematic review of our processes and performance.

Ending homelessness has been a priority for Minnesota Housing since the mid-2000s. In addition to our homeless prevention and rental assistance programs, we have incentivized our capital funding to create supportive housing for the highest need populations since 2004. Our current portfolio of 360 supportive housing developments and more than 6,400 units continues to grow at an average rate of 23 new developments and several hundred new units each year. This includes 100% supportive housing developments and developments that have only a portion of units that are supportive housing.

While we created very effective strategies for incentivizing the development of supporting housing, we do not have specific requirements for supportive housing program design and our staffing and processes for oversight was not keeping pace with our growing portfolio. Oversight is fragmented across work divisions, with each team performing different functions. In addition, capital funding has become more varied and complex, creating asset management and compliance monitoring challenges.

Our portfolio reached a size where we needed to reassess our overall strategy, including how we incentivize and fund supportive housing developments, assess applications, and monitor and evaluate performance of our existing portfolio. Carrying out a comprehensive evaluation was necessary to maintain and grow a successful portfolio to achieve the goal of ending homelessness.

In 2018, staff conducted an internal assessment of gaps and opportunities for developing and managing Minnesota Housing's supportive housing portfolio and identified two primary issues:

1. **Objectives and standards:** Unlike our grant programs for homelessness assistance, we do not have specified expectations or standards for supportive housing program design and fidelity. We also do not have performance goals and tenant outcomes, or specific monitoring as a "program" that has a continuous improvement process.
2. **Performance and oversight:** Currently, we monitor supportive housing units primarily through asset management and compliance processes based on the type of capital financing and financial risk. The primary method for monitoring supportive housing performance and outcomes for tenants has been through Homelessness Management Information System (HMIS) reports and an annual survey of supportive housing property managers and service providers; however, our capacity to perform that oversight has not grown with the size of the portfolio. In addition, this limited information does not give us the full picture of what actually happens at supportive housing properties (service delivery, adherence to industry best practices, tenant screening, etc.)

In response to these findings, Minnesota Housing leadership requested a systematic, in-depth evaluation to not only look at the performance of our current portfolio and processes but also to research and identify industry best or promising practices to address any weaknesses or gaps.

In early 2019, we selected two independent, external evaluators with expertise in supportive housing and affordable housing development: Technical Assistance Collaborative (TAC) and Human Services Research Institute (HSRI). They conducted a comprehensive evaluation throughout 2019 and completed final reports in May 2020. We delayed the public release of the reports until the spring of 2021 so we could determine how to implement the recommendations and focus on our COVID-19 emergency response.

It appears that the evaluation reports are the first of their kind in the country. Prior to our work, we researched other HFAs and found that no one had done this type of evaluation for an HFA’s supportive housing portfolio. The extensive information and recommendations will not only help guide our next steps, but also expand the industry knowledge base and aid other HFAs.

- The first report, [Evaluation of Permanent Supportive Housing](#), examined the current state of Minnesota Housing’s portfolio. The evaluation included an extensive analysis of:
  - Tenant data from Minnesota’s Homelessness Management Information System (HMIS)
  - Capital funding and operating financials
  - Interviews with key stakeholders in Minnesota
  - Surveys of property owners/managers, service providers, and tenants
  - Tenant focus groups conducted around the state
- The second report, [Best Practices in Permanent Supportive Housing](#), provided an assessment of how Minnesota’s portfolio and practices compare with those of other states and industry best practices. It also included recommendations to improve and enhance Minnesota Housing’s management of its supportive housing portfolio. For this report, the consultant collected information on promising practices from eight state HFAs. This report, in particular, provides valuable information for all HFAs.

Minnesota Housing has developed and is implementing an [action plan](#) based on the recommendations from the two reports. For example:

Key Recommendations to Address Gaps	Action Plan to Address Gaps
Reduce tenant screening barriers	Revised tenant selection plan guidelines
Develop supportive housing fidelity standards	Stewardship Council will develop standards
Establish a risk-based monitoring process	Hire new staff person to implement process

**ARE INNOVATIVE**

This first-of-its-kind evaluation provided us with a wealth of information to identify gaps in our supportive housing strategy and identify new and emerging practices that are particularly promising to address those gaps. Linking an evaluation with a best practices report is not a widely used approach. In addition, evaluations are typically structured around a specific program with clearly defined goals and objectives, while supportive housing is an approach for serving people needing supportive services that cuts across multiple programs and funding sources. In addition, the evaluation design very deliberately brought in the expertise and insights of tenants through surveys and focus groups.

**ARE REPLICABLE**

The evaluation process and methodology could be adapted by any state to assess any aspect of supportive housing. Other HFAs could use the Best Practices Report “as is” to improve their supportive housing processes without contracting their own study.

**RESPOND TO AN IMPORTANT STATE HOUSING NEED**

Homelessness continues to increase in Minnesota, and we are facing an unprecedented surge in unsheltered homelessness. Housing cannot be built fast enough to address the need, so it is critical that we work to help ensure that the supportive housing we fund serves the target population and focuses on equity, quality, stability, improving tenants' lives, and preventing people from returning to homelessness. The Supportive Housing Evaluation results and recommendations have helped us to concentrate our efforts and develop an action plan for immediate and continuous improvement.

**DEMONSTRATE MEASURABLE BENEFITS TO HFA TARGETED CUSTOMERS**

People experiencing homelessness who live in supportive housing are our most important customers. We gathered their insights and expertise through tenant focus groups and surveys to inform the evaluation and our future direction. We have already implemented actions that will have a direct impact on tenants, including new and more inclusive tenant screening criteria and guidelines, more focus on quality assurance for supportive housing, and developing provider capacity. We are committed to continually seek tenant feedback to address their needs.

**HAVE A PROVEN TRACK RECORD OF SUCCESS IN THE MARKETPLACE**

We have been very successful in incentivizing the development of new supportive housing, adding an average of 23 new developments with permanent supportive housing units a year, which has led to an overall portfolio of more than 6,400 units.

**PROVIDE BENEFITS THAT OUTWEIGH COSTS**

While the cost of this evaluation was approximately \$100,000, the total development costs for the 23 new supportive housing projects that Minnesota Housing helps finance in a typical year is in the hundreds of millions. Helping ensure that all resources are effectively deployed to meet this critical need exceeds the cost of the evaluation.

**DEMONSTRATE EFFECTIVE USE OF RESOURCES**

The evaluation characterizes our supportive housing program as highly effective and provides information, insights, and recommendations to further strengthen our management and oversight.

**EFFECTIVELY EMPLOY PARTNERSHIPS**

An array of partners and stakeholders participated in the evaluation through key information interviews, surveys, and providing data and documents. For example, we received survey responses from 116 property owners/managers and 148 service providers. The recommendations and our action plan include work to continue to leverage our partnerships with funding partners, housing developers, service providers, tenants, and advocacy and policy groups to improve supportive housing.

**ACHIEVE STRATEGIC OBJECTIVES**

The evaluation reports and action plan will help us achieve several of the priorities in our [Strategic Plan](#):

- Focus on the people and places most impacted by housing instability
- Create an inclusive and equitable housing system
- Increase the development of new housing that is affordable
- Effectively link services with housing
- Prevent and end homelessness