Compass Affordable Housing – Alvord Court

SCALING SMART RESOURCES, DOING WHAT WORKS:

A SYSTEM-LEVEL PATH TO PRODUCING SUPPORTIVE HOUSING IN TUCSON AND PIMA COUNTY. TPCH GAPS ANALYSIS 2019.

"*Supportive housing is the right response to the challenges of homelessness facing our community. Supportive housing offers compassionate and effective strategies to address chronic homelessness and uplifts our most vulnerable neighbors. We know these strategies work and our community partners are proving each day that the combination of affordable housing and compassionate person-centered services lead to long-term housing stability.”*

Albert Elias, Assistant City Manager
City of Tucson

About CSH

CSH is the national champion for supportive housing, demonstrating its potential to improve the lives of very vulnerable individuals and families by helping communities create over 335,000 real homes for people who desperately need them. CSH funding, expertise and advocacy have provided nearly $1 billion in direct loans and grants for supportive housing across the country. Building on nearly 30 years of success developing multi and cross-sector partnerships, CSH engages broader systems to fully invest in solutions that drive equity, help people thrive, and harness data to generate concrete and sustainable results. By aligning affordable housing with services and other sectors, CSH helps communities move away from crisis, optimize their public resources, and ensure a better future for everyone. Visit us at www.csh.org.

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Executive Summary

To ease the trauma of homelessness in Tucson and Pima County, progress must continue in a proven, cost-effective solution: Supportive Housing.

The Need: The number of people with significant disabling conditions and long periods of homelessness is a concern for TPCH and Pima County. In order to escape the continuous and costly cycle of emergency room visits, incarceration and shelter stays, many of these highly vulnerable community members require supportive housing responsive to their particular needs.

This report aims to establish the unmet need for supportive housing using the best available demographic data, the turn-over rate in the current local inventory of supportive housing, and an estimate of the chronically homeless population over time. Combined, the data show Pima County will need at least 389 supportive housing units over the next 2 years, and 2,000 over the next decade to meet the need of the most vulnerable people in need of supportive housing. Implementation will require periodic monitoring, which may result in changes to both need and cost estimates.

The Cost: Supportive housing is deeply affordable housing with ongoing wrap around support services attached. Extensive studies demonstrate that supportive housing is an effective and humane alternative to people with severe disabilities, including those with untreated or undertreated mental illness and addictions, living on our sidewalks, in our shelters, and cycling through our institutions. A strong evidence base also shows there can be significant financial savings to the community because it reduces emergency health care, public safety, Medicaid, other service costs, and institutional stays. Supportive housing requires significant coordinated investments to build and operate new units, lease existing units in the private market, and provide ongoing wrap around services to support successful tenancy.

Already Making Progress: Point in Time data reflect achievements in the goals set forward by TPCH – reducing veteran homelessness, chronic homelessness, and youth experiencing homelessness. This report will highlight recommendations to strengthen and harness the existing progress.

A Shared Responsibility & Investment: Part 3 of the plan places significant emphasis on aligning local efforts with current regional and statewide supportive housing planning and development efforts, and identifies a critical role for private, philanthropic, health care, state and federal funding streams in achieving a new unit goal.

Building on Success: Part 3 of the plan also illustrates how other communities around the country have taken on bold supportive housing plans and needed true inter-jurisdictional and cross-sector collaboration guided by clear outcome metrics. The City of Tucson, Pima County, TPCH and other local stakeholders have already demonstrated their capacity for this kind of collaboration.

Implementation: Part 4 recommends priority next steps to achieve the creation of new supportive housing units. The plan provides a framework to support identifying and pursuing new and expanded partnerships, as well as new sources of revenue to pay for the construction, operation, leasing and services associated with new supportive housing units necessary for the population in Tucson and Pima County.

Part 1: Background

Purpose and Goals

The Tucson Pima Collaboration to End Homelessness (TPCH), has contracted with the Corporation for Supportive Housing (CSH) to assess the effectiveness of the community's efforts to reduce homelessness and recommend strategies to improve outcomes. CSH has also been tasked with the development of a unit goal to meet existing gaps in housing availability in the region, as well as including financial modeling to support resource development. TPCH, and the community at large, has made a strong local commitment to addressing homelessness, as evidenced by the implementation of a range of initiatives and programs to address the problem. These efforts are evidenced in the strides achieved including a 22 percent decrease in the total persons experiencing homelessness identified through the Point in Time census.

TPCH has outlined guiding values to support these efforts. TPCH is client centered, tailoring our programs to populations' needs and respecting individual choice; collaborating across Tucson and Pima County; using data and analysis to drive decisions and actions; plan and solve problems systemically; evaluate and improve the effectiveness of our collective actions; and raise the profile of TPCH to focus attention on homelessness, it's causes and related issues[1]. TPCH is currently revisiting the strategic planning process to ensure these efforts are advanced and sustained.

Supportive Housing

Supportive Housing is a proven solution to some of communities' toughest problems. It combines affordable housing with tenancy support services to help people who face the most complex challenges to live with stability, autonomy and dignity. Supportive housing is more than affordable housing with resident services (a highly effective but less resource-intensive housing and services approach for people who can benefit from services but do not need them in order to access and remain in housing). Supportive Housing is an evidence-based intervention with specific staff-to-client ratios, approaches to services, and quality standards for housing and services operations.

The following is a summary of key aspects of the Dimensions of Quality for supportive housing nationally, which can serve as a baseline to ensure outcomes are met when new units of supportive housing are produced. In some cases, local funders and providers in TPCH might vary from these guidelines when making decisions regarding financing and implementation.

Targeting: Supportive housing is for people who, but for the availability of services, do not succeed in housing or but for housing, are unable to access the preventative and ongoing

[1] TPCH Strategic Plan to End Homelessness 2016 – 2021

healthcare and human services they need. Supportive housing is not the solution for everyone who is experiencing homelessness. It is prioritized for those who need it most. Supportive housing is for people who:

- Are chronically homeless (people who are living with one or more disabling condition and who have experienced long or repeated episodes of homelessness).
- Have a combination of barriers to housing such as complex disabling conditions and extremely low incomes.
- Cycle in and out of institutions (e.g. jails, prisons, hospitals, skilled nursing facilities, and other licensed care facilities).
- Are being (or could be) discharged from institutions and systems of care.

Supportive housing is not necessary for every person experiencing homelessness in the community. Many people will be able to obtain affordable housing in the community without ongoing supportive services attached.

Services: The services in supportive housing are intensive, flexible, tenant-driven, voluntary and housing-based. There is no requirement placed upon tenants to participate in services. The responsibility of engagement lies with the service provider to use evidence-based approaches such as motivational interviewing and assertive engagement to draw tenants into the services from which they are most likely to benefit. The core services in supportive housing are tenancy supports that help people access and remain in housing. Tenancy supports are best delivered at staff-to-client ratios of 1-10 for scattered site supportive housing and 1-15 for clustered and single-site supportive housing. Tenancy supports are delivered by skilled professionals who are responsible for assisting with:

- housing search, documentation, and subsidy applications;
- helping to acquire furnishings, cleaning supplies, and household items;
- ensuring rent is paid and re-certifications are completed;
- safeguarding that lease obligations are met and tenancy rights are upheld;
- providing conflict resolution and supporting moves to different apartments when necessary; and
- helping tenants to make connections in their communities.

Tenancy supports also include varying degrees of transportation to appointments, assistance with medication adherence, health and safety education, substance use disorder supports, nutritional counseling, and money management. Tenancy support staff help tenants access other community-based services such as peer supports, outpatient behavioral health services (mental health or substance use disorder services), primary care, and education and employment. They also make connections with staffs of hospitals, health clinics and hospice when tenants receiving acute medical and/or palliative care are in need of support at home.

Services in many scattered-site and integrated units are provided by staff professionals including case managers, housing advocates, and resource specialists, often with the assistance of trained volunteers.

Additional supportive housing service models include Intensive Case Management (ICM) and Assertive Community Treatment (ACT). These models integrate tenancy supports with traditionally clinic-based behavioral health services such as outpatient mental health through multidisciplinary teams. The mental health system funds these teams, most often, to adhere to specific fidelity measures. These models do not by definition require the delivery of pre-tenancy support services, but their low staff-to-client ratio affords services teams the ability to integrate pre-tenancy and tenancy support services.

Housing: The housing in supportive housing is affordable, not time limited (except, perhaps, in the case of recovery housing), and independent. Rather than screening people out, operators of supportive housing actively seek and "screen in" those who need it most. Tenants hold leases with property owners or service providers master lease units from property owners and sublet to tenants through an occupancy agreement. The tenant initiates roommate arrangements rather than the service provider. Rent and utilities are capped at 30% of a tenant's income, generally. Supportive housing apartments should be in healthy communities with access to amenities. Whenever possible, tenants have independent kitchens and baths, though in some cases, single-room-occupancy buildings (housing with shared kitchens and/or baths), and/or micro-apartments (with shared kitchens) are used for supportive housing. There are four housing models of supportive housing. Communities should have a balanced array of each to allow prospective tenants to make choices about where they live.

- Scattered-site: Housing is rented anywhere in a community.
- Clustered: similar to scattered-site, except that several units are leased within a larger rental development.
- Single-site: An entire housing development is for people who need supportive housing.
- Integrated: Affordable housing development has a set aside of supportive housing.

Any of these models can work well in urban communities. In suburban or rural communities where densities are lower, scattered-site and clustered housing are the most commonly used models.

Evidence Base

The National Alliance to End Homelessness names supportive housing as the solution to the problem of chronic homelessness (National Alliance to End Homelessness, 2014). The Substance Abuse and Mental Health Services Administration of the U.S. Department of Health and Human Services recognizes supportive housing as an evidence-based intervention for people with behavioral health conditions (SAMHSA, 2014). When implemented with fidelity to national quality standards, a growing body of research shows that supportive housing can improve health and lower system costs for highly vulnerable people. By providing stable, affordable housing and tenancy support services, supportive housing can help improve health, foster mental health recovery, and reduce alcohol and drug use among formerly homeless individuals.

The following chart illustrates the difference in local costs between supportive housing (as modeled in this report) and institutions that serve people who might need supportive housing.[2]

Intervention	2018 Cost	Duration
In-patient stay in State Hospital[3]	$2,641	Per night
Emergency Department	$500	Per average visit
Pima County Jail	$110	Per night
Supportive Housing	$59-64	Per night

Sources: State of Arizona, Pima County, Kaiser Family Foundation

Data and Characteristics

The 2018 Housing Inventory Count (HIC) from TPCH reports that there are 2,546 permanent

[2] (See Appendix C for additional detail on the evidence base for supportive housing.)

[3] Henry J Kaiser Family Foundation – adjusted cost for inpatient stay by state

housing beds available, of these, 1,853 are permanent supportive housing as reported in the Housing Inventory Count (HIC) required by the U.S. Department of Housing and Urban Development (HUD). 35 percent of the additional year round beds (n = 1,196) are transitional housing (n = 421), 64 percent are emergency shelter (n = 760) and 1 percent (n = 15) are Safe Haven. People served in the permanent housing inventory– permanent supportive housing and rapid rehousing - reported beds include:

- **1,505 individuals without children.**
- **169 households experiencing chronic homelessness.**
- **1,041 families with children.**
- **822 veterans.**
- **35 youth.**

This section summarizes local data regarding those priority populations, with focus on those experiencing chronic homelessness (people who have a disabling condition and experience homeless for an extended period) and veterans to support the milestones outlined in the strategic plan.

A review of regional consolidated plans and housing authority administrative plan highlights the region's prioritization of homelessness through preferences. However, the HIC provides the most comprehensive listing of dedicated subsidies for people experiencing homelessness and set aside units from the housing authorities are listed in the HIC (e.g. HUD VASH program). Opportunities exist to align and target these preferences toward the units necessary to address the regional need. Once the models have been configured and tracking is underway, there may be opportunities to count existing inventory toward the production goal.

Data Sources: Two primary data sources were used to understand the extent of homelessness in Pima County and the demographics and needs of that population. The 2018 Point in Time Count of Homelessness (PIT Report) and Coordinated Entry System data. People identified through the PIT include a census of people who are staying in emergency shelter, transitional housing, or living in places not meant for human habitation (e.g. unsheltered) on a single night. The most recent PIT was conducted January 23, 2018. The purpose of Coordinated Entry is to provide streamlined and equitable access to shelter and housing interventions for people experiencing homelessness in Pima County. Regardless of where someone first seeks services, vulnerability, eligibility and choice determines access. Coordinated Entry data include information on individuals' levels of vulnerability that will help further refine local understanding of the priority populations for supportive housing, and the specific types of housing and services that will best address their needs. Because Coordinated Entry data include people who are currently accessing services and prioritized for available housing support, it provides a more complete and "real time" picture of the people seeking services in the community. These data sources are used jointly in this report to describe the characteristics and housing needs of people experiencing homelessness throughout the county.

While these data sources provide a reasonably comprehensive picture, they are necessarily incomplete. In particular, they may undercount those who are cycling in and out of institutions, those who are doubled-up or in other unsafe or unstable housing situations and some communities of color.

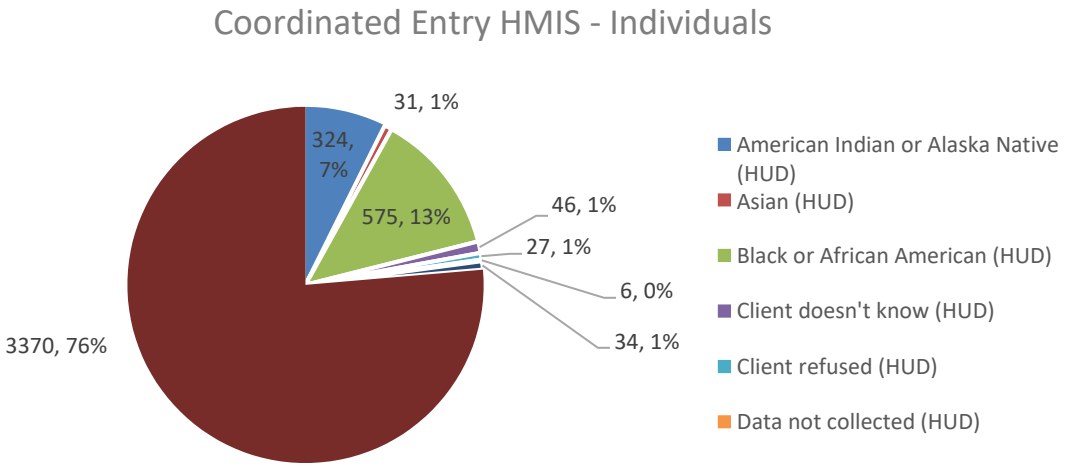
Numbers of People Experiencing Homelessness:

2018 Point in Time				
	Sheltered		Unsheltered	TOTAL
Households without children	Emergency	Transitional		
Persons age 18 to 24	36	31	36	103
Persons over age 24	496	157	323	976

	Sheltered		Unsheltered	TOTAL
Households with at least one adult and one child	Emergency	Transitional		
Children under age 18	81	96	2	179
Persons age 18 to 24	6	24	0	30
Persons over age 24	47	43	2	92
TOTAL HOUSEHOLDS	575	228	361	1,164
TOTAL PERSONS	666	351	363	1,380

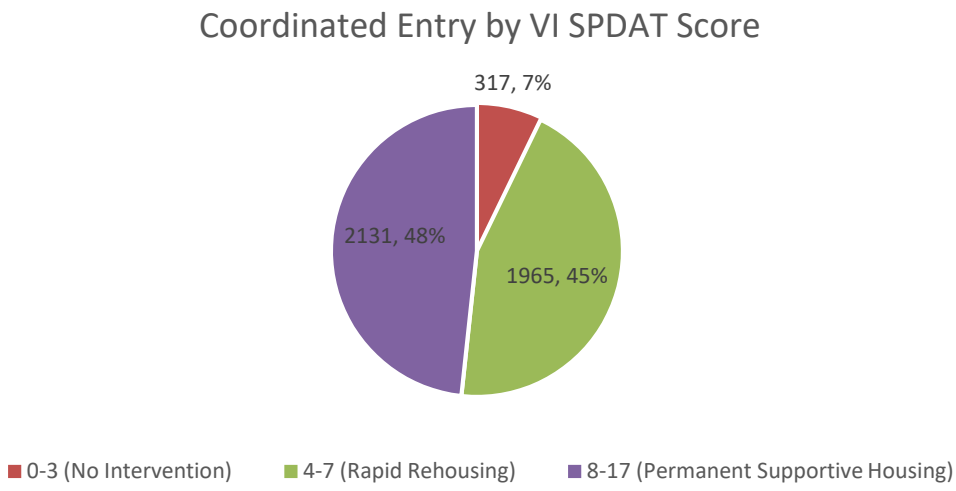
Racial Disparities: The 2018 PIT count notes significant and continuing racial disparities in homelessness. The PIT count is a snapshot of a single night count conducted at least once every two years. Although communities of color make up only 15 percent of the total population of Pima County, they represent 25 percent of the homeless population. Blacks or African Americans represent 4.1 of the population in Pima County, yet make up 11 percent (n = 158) of the population experiencing homelessness as reflected in the 2018 PIT. [4]

Individuals: Adults experiencing homelessness in households without children ("individuals") represent 78 percent (n = 1,079) of those counted in the 2018 PIT count. Among individuals counted, 23 percent (251) were chronically homeless, which by definition includes long periods of homelessness and a disabling condition.



Reviewing the Coordinated Entry data provided through HMIS, the trend in racial disparities continues with 7 percent identifying as American Indian or Alaska Native and 13 percent as Black or African American.

[4] Analysis of Census data for Pima County 2018 and PIT data for Pima County 2018
https://www.census.gov/quickfacts/fact/table/tucsoncityarizona,pimacountyarizona/LND110210

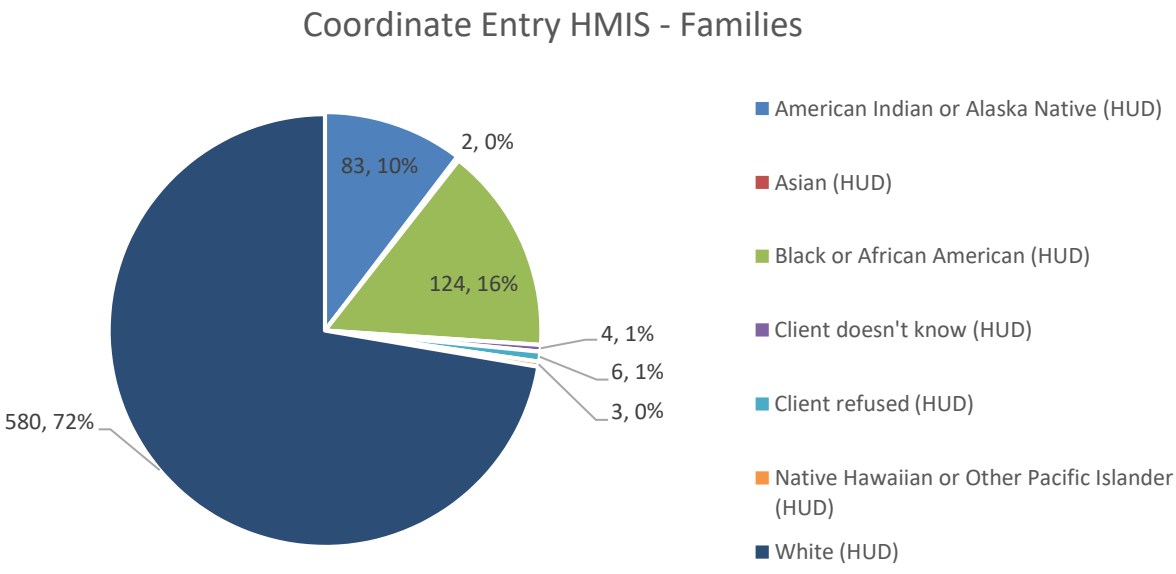


A review of CES VI SPDAT triage data, by acuity for individuals indicates 48 percent (n=2,131) assess for supportive housing, 45 percent (n=1,965) assess for Rapid Rehousing or other shorter term rental subsidy and supportive services, and 7 percent (n=317) may need no formal intervention to resolve their homeless experience.

Veterans: The 2018 PIT recorded 203 veterans experiencing homelessness, with 22 percent (n = 45) in an unsheltered living situation. These data show a 19.7 percent decrease in veterans identified from 2017 PIT data (n = 243, 2017; n = 203, 2018).

Families: People in families with children represent 21% (n = 301) of those counted in the 2018 PIT count (n = 1,380). Among them, only 4% (n = 12) were chronically homeless, making people in families only 4.5% of all who were counted as chronically homeless (n = 263). Stakeholders indicated that this may be an undercount, as the PIT count methodologies particularly underrepresent families.

The Coordinated Entry data reports 802 families and also reflect an overrepresentation from communities of color, including 10 percent (n = 83) identify as American Indian or Alaska Native and 16 percent (n = 124) as Black or African American. 46 percent (n = 372) also reported their ethnicity as Latinx (Hispanic/Latino HUD).



System Performance: Comparing the PIT and HIC indicates a slight underutilization across the available resources. For example, the 2018 HIC for PSH beds indicate 10 percent (n = 191) are unfilled. Overall underutilization is 17 percent (n = 544) for all PSH, ES, and TH. Opportunities should be explored to maximize existing resources that may be underutilized to ensure resources are being optimized. Returns to homelessness at 24 months are 29 percent. This presents another opportunity to explore how to strengthen care coordination, Coordinated

Entry processes to ensure people have the supports necessary to maintain their housing. Deeper analysis is recommended for the system performance recommendations. Reducing returns to homelessness will all support ongoing needs assessments and annual updates to the gaps analysis.

Part 2: Unit and Financial Modeling

Goal for Supportive Housing

Defining a goal for units needed represents a strong, directional target that will enable TPCH, the City of Tucson and Pima County to focus the leadership, resources and implementation activities needed to scale a response to meet the need. Houston has reduced chronic homelessness by 70 percent by working toward clearly delineated goals. Los Angeles County engaged in a financial analysis and went on to generate the resources to end chronic homelessness by creating 10,000 supportive housing apartments over ten years.

In order to determine how much supportive housing a community needs, CSH first estimates the number of people who will experience homelessness and chronic homelessness over the course of a year. We estimate that 90 percent of people experiencing chronic homelessness (n = 263) and ten percent of all households experiencing homelessness (n = 1,380) will need supportive housing. We then review the annual turnover rates of the existing supportive housing stock to determine the number that will become available over the course of a year. We subtract this number of units from the total need to establish the gap. Essentially, the methodology used to establish a unit goal uses the following formula: Annualized need – units available through turnover = new units needed.

In 2018, this analysis was replicated for the purposes of this report and found a new need of 389 units over two years and an additional 2,000 units to support all households in need of supportive housing over 10 years. These initial estimates are based upon a population of people in Pima County who have one or more disabling conditions and have been living outside for an extended period. Many more people who are living in or cycling between institutions and the streets could live in their own homes and communities if they had supportive housing.

[2] Additional, detailed demographics from the Coordinated Entry Lists for single adults, families and TAY are in Appendix D.

Refinements to the exact number of units needed can and should be made on an annual basis to ensure that supply meets demand over time by taking into account fluctuations in the rental housing market; new policies that help or hinder unit creation; federal, state, and local resource alignment; and public support. Resources and tools to support TPCH in planning efforts are developed and made available by CSH.

Cost Assumptions

In order to establish the costs of creating and operating new units of supportive housing, a number of essential costs drivers have to be evaluated. The total costs differ depending on whether the supportive housing is created through development of new affordable housing units or by leasing units on the private rental market. The cost of newly constructed units includes the one-time capital cost of acquiring land and building the units and the ongoing cost of maintenance and operation of the building. Housing leased in the private market requires the ongoing cost of rental assistance to make the rents affordable to people with very low incomes. Both leased and built units of supportive housing require the ongoing cost of providing support services to the tenants in the units. This plan's working assumptions for these costs are summarized here and described in detail in Appendix D.

In order to create a financial model that estimates the total dollar amount needed to create 389 units, stakeholders worked together to establish several important assumptions about the costs of creating and operating supportive housing and the percentage of units to be built and leased.

Following are the working assumptions for each of these factors.

Per-unit costs for newly constructed or rehabilitated housing

Uses	Units for Individuals	Units for Families
Capital Construction (one-time cost)	$255,535	$298,000
Housing Operations (annual cost)	$7,000	7,000
Services (annual cost)	$10,000	$10,000

Per-unit costs for housing leased in the private rental market

Uses	Units for Individuals	Units for Families
Rental Assistance (annual cost)	$8,196	$12,000
Services (annual cost)	$10,000	$10,000

Sources:[3]

- Capital cost estimates are based upon actual costs from the Arizona Department of Housing and approved by stakeholder focus groups. The traditional leveraged model involves the contribution of approximately $100,000 to $125,000 per unit in other local development funds.
- Operating cost estimates are based upon a range of $6-8,000.
- Rental Assistance estimate is based upon HUD's April 2018 fair market rents provided by the Department of Housing and Urban Development for Pima County.
- Service cost estimates are reflect the cost of tenancy support services at 1-15 staff-to-tenant ratio with flexible service funding for people with specific needs not covered by community-based and Medicaid-paid services.

[3] Descriptions of capital, operating, rental assistance and services costs can be found in Appendix E.

Assumptions about the Percentage of Units to Be Newly Developed or Leased in the Rental Market

Because of the variable cost factors for developed/rehabilitated and leased private market units, modeling requires determining the number of apartments that can realistically be constructed and the number that can be leased in the private rental market over a ten-year period. This question can have a significant impact on total cost projections, funder capacity and the timing of creating new units:

Unit type	Opportunities	Challenges
Apartments leased in the private market	**Lower up-front cost.***	**Lack of affordable apartments in the private-market, increased risk of loss of affordability over time**
	Potential to get people housed sooner.	**Screening criteria.**
	Increases tenant-choice about where to live.	**Property owners who are unwilling to rent to people with low incomes or complex rental histories.**
	Engages community members (property owners) in ending homelessness.	**Reductions in the affordable housing stock when "double-subsidizing" to increase affordability for people below 30 percent of area median income (AMI).**
Newly-developed units	**Creates housing stock needed to address affordability long-term.**	**Higher up-front cost.***
	Design can include space for services on-site and assistive technology.	**Takes at least two years for a project to move from concept to operations.**
	Property owners are willing to "screen in" those who need it most.	**Requires significant capitalized reserves to update systems during the required period of affordability.**

*Ongoing costs of providing rental assistance for private market units is greater than the annual operating costs of newly constructed supportive housing units, the total cost of leasing supportive housing units in the private rental market becomes significantly more expensive in the long run than building new units. Using the cost and inflation assumptions

above, the ongoing cost of newly developed units becomes lower than the cost of leased units in year 30 for studio and one- bedroom units and in year 23 for two and three-bedroom units.

Financial Models

For illustration purposes only, this report models the estimated costs of creating new units based upon a range represented by multiple scenarios. Scenarios reflect balancing the mix of newly developed and leased units from 0 percent developed/100 percent leased, 30 percent leased/70 percent developed, 50 percent developed/50 percent leased, and 70 percent developed/30 percent leased. Determining the feasibility will be developed by the community and assesses the various models within local opportunities and constraints to determine the final mix that will be pursued by the collaborative partners.

Model 1: 0% developed/100% leased

Supportive Housing	**Developed** (0%)	**Leased** (100%)	**Total**
Studio/1-bedroom (Individuals)	0	274	274
2-3 bedroom (Families)	0	115	115
Total	0	389	389

Total capital cost: $0 **Total leased cost:** $3,625,704

Model 2: 30% developed/70% leased

Supportive Housing	**Developed** (30%)	**Leased** (70%)	**Total**
Studio/1-bedroom (Individuals)	82	192	274
2-3 bedroom (Families)	34	81	115
Total	116	273	389

Total capital cost: $32 million **Total leased cost:** $2,545,632

Model 3: 50% developed/50% leased

Supportive Housing	**Developed** (50%)	**Leased** (50%)	**Total**
Studio/1-bedroom (Individuals)	137	137	274
2-3 bedroom (Families)	58	57	115
Total	195	194	389

Total capital cost: $52 million **Total leased cost:** $1,734,852

Model 4: 70% developed/30% leased

Supportive Housing	Developed (70%)	Leased (30%)	Total
Studio/1-bedroom (Individuals)	191	82	274
2-3 bedroom (Families)	81	34	115
Total	273	116	389

Total capital cost: $73 million **Total leased cost:** $1,080,072

Model 5: 100% developed/0% leased

Supportive Housing	Developed (100%)	Leased (0%)	Total
Studio/1-bedroom (Individuals)	274	0	274
2-3 bedroom (Families)	115	0	115
Total	389	0	389

Total capital cost: $129 million **Total leased cost:** $0

Services and operating costs remain static across the modeling at $7,000 for annual operating and $10,000 for annual supportive services. Rental costs are dependent on local FMR as outlined in the cost assumptions. Details are outlined in Appendix G.

Note about per-person cost changes between models: Ongoing costs at year ten and beyond decrease in models with higher amounts of newly-constructed units because ongoing operating subsidies that pay for housing operations in publicly-financed supportive housing are lower than the cost of rental assistance to secure housing in the private market.

Part 3: Resources and Alignment

Existing and Potential Resources

The City of Tucson and Pima County are fortunate that state and local agencies generate, leverage, and successfully manage many already existing financing sources available to create supportive housing.
The majority of these sources are dedicated to capital construction and ongoing operating and rental assistance and have strong potential to be dedicated toward the unit goal. The following chart highlights potential sources of financing for supportive housing as new unit goal development is pursued.

Capital funds that can be used for acquisition, construction, and rehabilitation of Supportive Housing

Source	Managing Entity	Description
9% Low Income Housing Tax Credits	ADOH	Competitive source of equity financing for affordable housing.
4% Low Income Housing Tax Credits and Bonds	ADOH	Non-competitive source of equity financing for affordable housing.
Housing Development Resources	City of Tucson and Pima County	Gap financing for affordable housing projects. Funding includes feder sources such as HOME and Community Development Block Grant, a local sources.
Regional Health Systems	Health systems, Managed Care Organizations & potentially private insurance companies	Major gifts may be made through community benefit dollars or other philanthropic grant making, with or without additional assurances rela to service provision. In other communities across the country these types of entities have also funded rent assistance and services.

Operating Subsidies and Rental Assistance

Source	Managing Entity	Description
HUD Continuum of Care Program	TPCH – City of Tucson (Collaborative Applicant)	Ongoing resources for rental assistance or operations for supportiv housing.
City/County General Funds	City of Tucson and Pima County	Ongoing resources for operating or rental assistance for Supportive Housing, often paired with flexible support services staffing and clie assistance.
Housing Choice Vouchers	City of Tucson and Pima County	Federal rental assistance where there are programs with a preferen for people experiencing homelessness.
VASH Vouchers	City of Tucson and Pima County	Housing Choice Vouchers paired with Veteran Affairs Administratio Services
HUD 811 Project Rental Assistance Program	City of Tucson and Pima County	Competitive federal rental assistance program for housing for households with a disabling condition (serious and persistent menta illness and/or intellectually or developmental disability)
State Mental Health Services Fund	RBHA/AHCCCS	Rental assistance subsidy and Medicaid assisted payments for peo with SMI and GMH/SA.

Services funding for tenancy supports and community-based services

Source	Managing Entity	Description
County General Funds	Pima County	Services for people experiencing homelessness including the housing first program for people who are frequent users of the county jail.
SAMHSA		Competitive and block grant to serve people with behavioral health needs such as recovery housing, Substance Use Disorde rental assistance program and Assertive Community Treatment.
Medicaid	AHCCCS	Benefits cover behavioral health, primary care, and long-term services and supports. Tenancy supports currently allowed as part of long-term services for specific populations, including SMI and I/DD.
HUD Continuum of Care	TPCH/City of Tucson	Ongoing resources for supportive services, generally combined with CoC rental assistance or operations funding
Philanthropy	Grant makers	Direct grants to providers. Philanthropy also funds capital and rent assistance.

Generating New Resources

Based on the above, a substantial funding gap exists that will need to be filled with new resources in order to reach the unit goal. Because the cost-saving evidence for supportive housing is so compelling, however, other communities with similar, and much larger, gaps have successfully built multi-sector collaborations to generate the necessary funding. Moreover, we have already seen the emergence of similar collaborations locally. Currently Pima County and the City of Tucson are making investments toward these efforts. Communities that have successfully generated new resources for supportive housing have brought non-traditional partners to the table and engaged in federal, state and local advocacy.

More than a dozen states have executed or are pursuing new Medicaid authorities from the federal Centers for Medicare and Medicaid Services to create sustained funding for tenancy support services.

Resource Alignment Examples

Aligning the three legs of the stool to finance supportive housing is a complex undertaking. Leveraging the perfect combination of sources can feel like solving a Rubik's Cube. The average supportive housing project has at least seven sources of financing, each with their own policy, underwriting, and social justice standards such as environmental requirements, wage rate standards and population priorities. Although some existing resources can leverage others to create new units of supportive housing, repurposing funding, already dedicated to other local affordable housing and service priorities, must be considered carefully.

Because funding supportive housing, especially at scale, requires a large number of fund sources, aligning the efforts of funders is critical to ensuring that leveraging is maximized and providers are receiving the financing they need in order to deliver outcomes. Traditionally, the work of aligning resources has fallen to providers who apply for multiple fund sources and attempt to "demonstrate leverage" to each funder individually. Funders have relied on providers to align their resources, which puts undue administrative burden on providers who are also doing the work of creating and operating supportive housing. Adding to this pressure is the fact that most funders have their own application and budget

forms, which requires developers and providers to show their requests and track awards in multiple ways. Communities with a stake in producing supportive housing like Tucson and Pima County are recognizing that this method of funding has significant limits. They are finding new ways to align the offerings and contracting. This streamlines system-wide approaches and provides transparent processes that reduce administrative burden. Following are examples of how other communities are aligning their financing.

Combined NOFA: A combined funder's notice of funding availability or request for proposal (RFP) provides opportunity to streamline the availability of resources to create supportive housing from multiple funders who manage multiple fund sources. This might include cities, counties, states, housing finance agencies, United Ways and philanthropy. A combined or "umbrella" RFP or NOFA announces the offering of all available resources needed to create supportive housing for a specific funding round and allows funders to make decisions together. Each funder maintains its individual contracting practices. Funders can start small, build upon their alignment of many aspects of the application, review and award process. Combined offerings usually happen once or twice per year. Following are key opportunities for alignment.

1. Shared priorities: Each funder that is offering capital, operating, rental assistance, and/or services funding aligns their priorities to seek proposals from developers that will create a specific type of affordable housing that serves a specific population.
2. Shared focus on racial equity: Funders that work together to integrate racial equity into allocation practices ensure that people of color inform the questions asked in applications and final funding decisions. Aligned funders ask questions about each applicant's focus on racial equity. They combine their financing practices with training and technical assistance to build the capacity of organizations that are led by people of color and that serve communities of color to develop, operate and provide services in supportive housing.
3. Common applications: Funders agree upon the questions they ask in narrative application forms so that providers can respond to one set of questions and funders all receive the same answers. Funding applications ask the right questions to determine if a project can be pre- qualified to meet quality certification standards. All funders use the same excel workbook to request information about capital budgets and operating and services Pro Formas. Budgets link to demonstrate the interdependence and need for financing of each of the three legs of the stool.
4. Timelines: An umbrella RFP or NOFA ensures funders ask for information at the same time and have one due date for applications. This prevents developers and providers from having to apply for funds out of sequence and wait for awards from one funder that are required to receive funds from another.
5. Integrated reviews: Capital operating, rental assistance, and services funders divvy up the work of reviewing and scoring applications and meet to discuss and finalize their ratings. Capital funders learn about the services plan from funders who understand services and vice versa. Racial equity analyses are conducted in all policy and funding decisions. Each funder offers their experience with the developer/operator and has input into final decisions.
6. Aligned Asset Management: Some funders take their alignment into operations by aligning their monitoring of asset management and outcomes. This can be done through monitoring visits, reporting and quality certification.

Benefits of a combined NOFA include:

- Significantly reduces time and administrative burden for providers.
- Ensures projects are able to start as soon as possible.
- Increases the intentional leveraging of multiple funding sources to increase capacity and ability to serve the greatest number of households possible in an equitable way.

Feedback from providers and other stakeholders, including funders, felt the combined NOFA could be a beneficial process. However, this is a significant local paradigm shift from current funding processes and community members felt a process like this would require increased trust across the

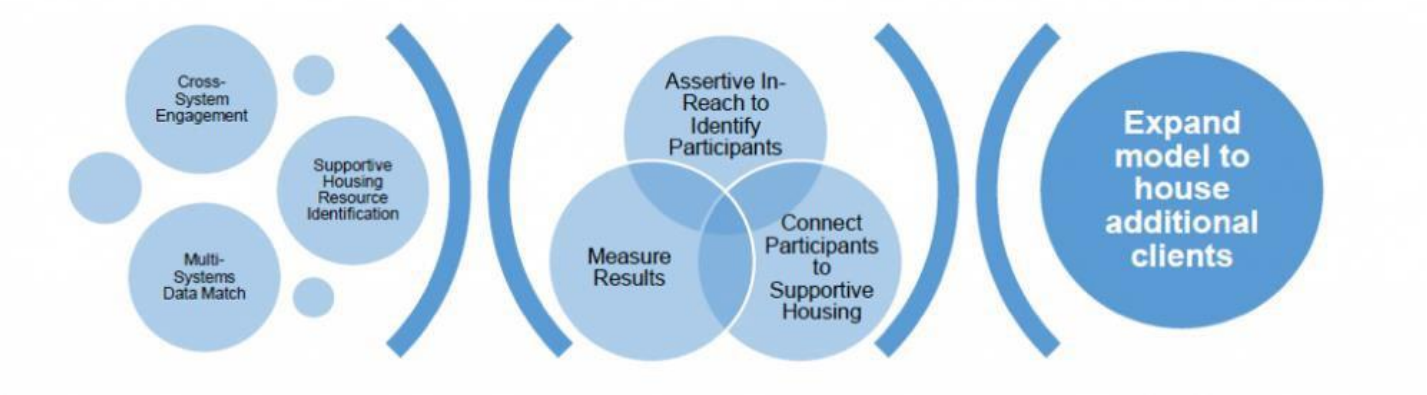
partnerships. A combined NOFA would also require community conversations in advance to ensure there was clarity about the shared priorities and common measures.

Flexible Housing Subsidy Pool: A flexible subsidy pool takes alignment and integration to the next level by literally combining funds into one pool of funding under a single management entity. This model allows public and private investment to leverage each other and gives significant flexibility to providers who are administering the funds to do what they see is needed in the field while remaining accountable to reporting outcomes. Funding can go toward capital gap financing, operating subsidies, rental assistance and/or services. Intergovernmental agreements or memoranda ofunderstanding allow entities to pass their resources to the managing entity to streamline applications, reviews, and awards and contracts. This can be especially appealing to non-traditional funding partners such as businesses and individuals who want to see their dollars used quickly in a way that is needed most. Los Angeles County has administered and evaluated the use of this model with great success. Contracted providers are able to use funding for rental assistance and services, and do whatever it takes to help people get housed and stay housed. They report housing placement and stability outcomes to the managing entity who reports these to the collective funders for shared accountability and learning. The process also outlines clear roles and responsibilities for participating entities to support the implementation and evaluation of the model.

Communities that use combined funding rounds include Seattle/King County, Denver, Minneapolis/St. Paul and the District of Columbia. A number of resources from these communities are readily available to start the work of aligning application forms and processes. Los Angeles County administers the country's largest and most established flexible housing subsidy pool. Seattle/King County's All Home connects housing first and racial equity principles into all aspects of their administration and funding decisions. Houston, Los Angeles, San Jose, Santa Clara, San Diego and the states of Connecticut and Indiana are integrating national supportive housing quality standards into their application processes.

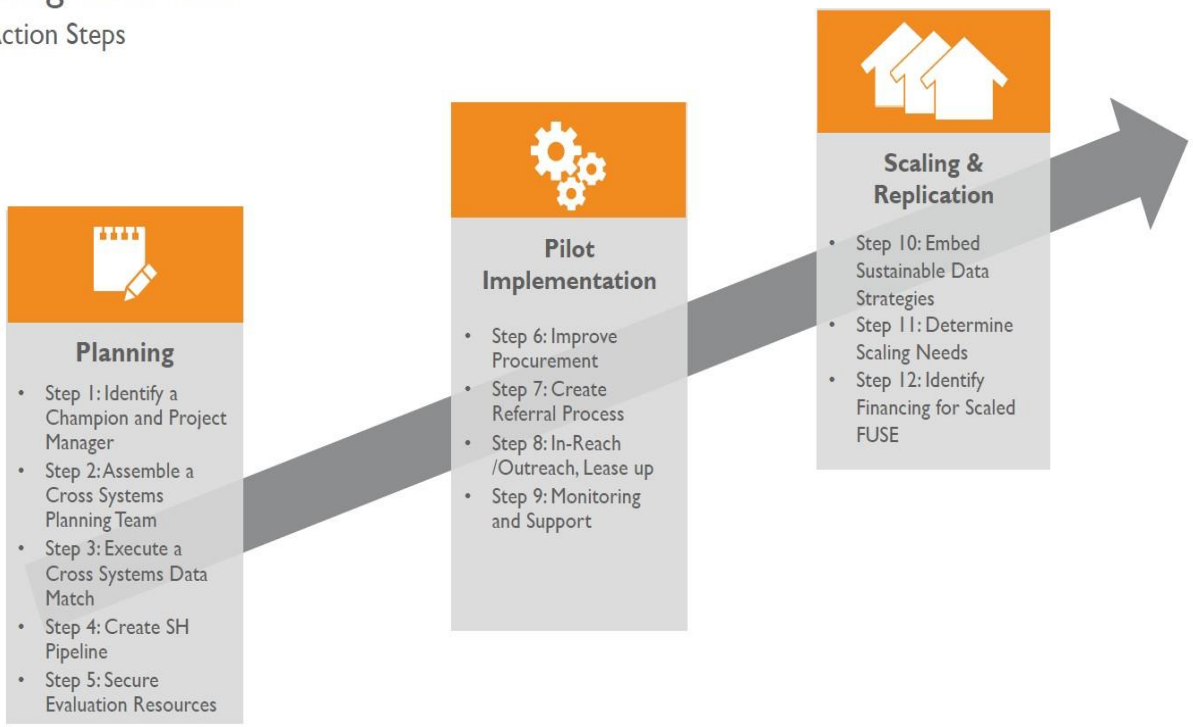
Frequent User Systems Engagement (FUSE): CSH FUSE (Frequent Users Systems Engagement) is a proven model identifying frequent users of jails, shelters, hospitals and/or other crisis public services and then improving their lives through supportive housing. Supportive housing is an evidence-based solution that leads to better health and other good outcomes for people who are experiencing homelessness and disabled. Tenants are provided affordable housing with wraparound support services, which stabilizes their lives and significantly reduces returns to jail and homelessness, reliance on emergency health services, and improves overall quality of life. Stakeholders in the focus groups felt this model held some promise in supporting cross-sector data matching, setting priorities, model collaboration and could support efforts to expand resources, develop trust and accountability.

The CSH FUSE Roadmap



Growing with scale

FUSE Action Steps



Frequent Users in Healthcare

FUSE also works to improve healthcare outcomes and costs

- Increased quality of life
- Connection to more appropriate community care
- Housing stability
- Better conditions in ERs

- Decreased ER, hospital use
- Decreased ambulance usage
- End to homelessness

- Continuity of care from hospital to community: confidence that patients get care they need
- Reduced risk of discharge to street
- Reduced readmissions to ER and hospital

- Cost avoidance in ER and inpatient care
- Reduction in uncompensated care debt

- More appropriate use of ER space and staff
- More efficient use of hospital social workers and discharge planners

Part 4: Recommendations for Implementation

Realizing the goal of creating additional units of supportive housing requires active and collaborative leadership across multiple government, nonprofit and private sector partners. TPCH and collaborative partners will have important roles, and should support implementation at several levels.

While Tucson and Pima County have already made significant progress toward their goals of reducing homelessness for several priority populations, bringing supportive housing delivery systems to a broader scale will require new or expanded structures for governance, funding, coordination, communications and monitoring of outcomes.

Framework

Efforts to expand investment in supportive housing to meet the needs of the community requires developing new partnerships and will also require us to work together in new ways. The following framework provides an outline for opportunities to advance our efforts collectively:

- **Focus the Effort.** Focus on people who are experiencing homelessness *and* have complex health challenges, including serious mental health and addiction issues. These issues are themselves a major contributing factor to homelessness, and represent a subset of the homeless population that has a very high impact on social systems, neighborhoods and businesses across the county.
- **Address Equity.** Address racial equity and disparities during all phases of the process, including the strategic planning, fund development, implementation and evaluation phases. Work to foster equitable outcomes across race, ethnicity and other aspects of personal identity.
- **Align with Other Efforts.** Recognize the critical need to leverage potential collaborative investments with current efforts by local government jurisdictions. Advance their supportive housing goals, with a particular focus on the 0- 30% Area Median Income (AMI) population, which was $0- $12,750 annual income per individual in 2018.
- **Develop Policy and Advocacy Efforts.** Policy changes are necessary for systems alignment and improvement. Build and sustain clear policy and advocacy efforts to support alignment and implementation of regional goals.

- **Engage the Business Community.** Engage business leaders to bring them into the collaboration. Early outreach to the business community highlighted a common interest in collaborating with health systems and other partners to address the challenges relating to and interacting with homelessness. Work to actualize this potential and create true cross- systemscollaboration.

- **Build a Sustainable Effort.** Work to ensure the collaborative approach is sustainable over time. While community benefit funds and philanthropic investments can be very important catalysts for transformation, especially in the startup phase, the strategic framework should work toward a reliable funding source that can help it scale and sustain over time.

- **Focus on Prevention and Diversion.** Work to include prevention and diversion efforts to support a holistic approach to overall system improvement, including reducing the number of people being evicted in Pima County. Without addressing the front door problems of inflow, it will be challenging to address the issues of homelessness in the region.

- **Affordable Housing.** Stakeholders reflected a need to address the creation of affordable housing as a critical sector in the regional solutions. The relationship between affordable housing, health and human services is a foundation for the changes sought by the community.

This strategic framework takes a systems approach to addressing homelessness, with a special focus on those who experience both homelessness and complex health challenges and whose impact on community systems and resources is most keenly felt across sectors. At a glance, the framework primarily recommends:

1. **Establish a Flexible Fund.** Establishing a flexible funding pool would leverage and enhance existing community funding efforts in the housing space by providing services, rent subsidies, or rent assistance tailored to fill critical gaps in the current models.

2. **Target Investments at Critical Gaps.** Focus its efforts on addressing racial equity, persons who are homeless, have complex health challenges and are transitioning out of settings where they have received services designed to stabilize their health. This approach will combine investments to *increase supportive housing availability* in the community with a *care transitions* approach desired to ensure direct access to supportive housing for those served in intensive health and behavioral health facilities and services.

3. **Use Data to Target Investments for Maximum Impact.** Finally the collaborative, with TPCH, should have a dedicated data collection and analytics capacity, which will ensure effective allocation of resources, support continuous quality improvement and allow for rigorous evaluation of the impacts of shared investments across sectors. HMIS and other data sources and collection methods will be critical to measuring and evaluating progress.

Through the framework a case for a flexible solution that can nimbly align with other regional efforts and funding sources, fill critical systems gaps, meet people where they are and support solutions that improve outcomes for the most vulnerable people they serve while positively impacting systems across the community.

Governance

As described in Section 3, multiple communities have successfully taken on ambitious supportive housing expansion goals. In many of those communities, two critical governing bodies are present in some form, one to coordinate fund source development and alignment and another to coordinate and monitor implementation efforts. Successful implementation in Pima County would benefit from similar structures, which will be aligned with the committees and board to ensure that work under this plan is connected to ending homelessness, including a commitment to racial equity and person centered services. Additionally,

this body will ensure that the strong collaboration that already exists continues and grows. Stakeholders felt this would require a broader group of partners than currently participate in TPCH. All stakeholders interviewed agreed that TPCH, the City of Tucson and Pima County would be central to participating in the make-up of an expanded body to secure the resources necessary to bring new units into the community.

The potential range of funders is broad, therefore development of the group should be evolutionary, beginning with a core of key government (local, state and federal) staff, foundation and health system representation and expanding to other entities as gaps and opportunities are identified. This body could act quickly (within three-to-six months) following adoption of a plan to convene the initial iteration. From there, expanding, creating and sustaining the group will require coordinated political leadership and an investment of resources to staff adequately. Identifying an appropriate coordinator is critical. This could be a foundation or, as in some communities, an organization like the United Way or CSH.

Timeline for Start-Up – While there will be opportunities for early coordination; this body should be fully convened and functioning within six months to one year of adoption of this recommendation.

Planning Committee: This standing committee will bring together key existing supportive housing implementation entities to:

1. refine, and periodically update the recommendations in this Plan into specific targets for types of units, types of supportive housing, and sub-populations served – i.e. develop a "road map" to prioritize future supportive housing investments;
2. work with federal, state, and regional government partners, as well as philanthropic and private sector partners, to continuously monitor opportunities for additional funding for supportive housing, and work with TPCH to pursue those opportunities;
3. track projects against the progress metrics identified later in this section and adjust investment priorities and strategies as needed; and
4. provide regular reports to the TPCH, and other community-facing bodies on these progress metrics.

Successful operation of the planning committee will require adequate staffing resources to convene and facilitate the planning work and to conduct ad hoc and ongoing needs assessment and evaluation work. In Pima County, this staffing will align with the staffing infrastructure for TPCH and may be partially or fully supported by the Collaborative Applicant.

Timeline for Start-Up – While there will be opportunities for early coordination; this body should be fully convened and functioning within three to six months of adoption of this recommendation.

Centering the voices of people with lived expertise and experience: The stakeholder engagement, giving rise to this plan, includes the perspectives and guidance of people with lived experience of chronic homelessness, as well as the insight of service providers who work daily with them, including culturally specific service providers. Expansions of supportive housing infrastructure will be significantly more likely to address the varied needs of people with lived experience of homelessness if the implementation phase intentionally and meaningfully involves their voices. Specifically, without centering on the voices of people of color and the culturally specific organizations they created to meet the needs of their communities, racial disparities in homelessness will not change.

People with lived experience must help drive and inform decisions and the ongoing

engagement. Early development of each of these bodies should include intentional infrastructure and resource to elicit, hold up and act upon this insight. A component of our planning is to host focus groups and collect survey data from participants in housing to ensure satisfaction and create feedback opportunities (Appendix F).

Board and Committees: TPCH, Tucson and Pima County has a strong multi-sector multi- jurisdictional governance structure charged with overseeing planning and implementation of community-wide ending homelessness strategies, including those specifically addressing chronic homelessness and racial equity. In order to ensure ongoing alignment of the community's supportive housing work with the broader efforts of TPCH, the SHIC should routinely seek input from the TPCH's existing Committee structure as it develops and modifies its work plan, and should annually seek approval of its work plan from the TPCH Board. Recommendations for the Board and Committees include setting forward and implementing planning necessary to improve existing system performance. Specific activities to support improvement include:

- Strengthening system and program coordination to reduce returns to homelessness.
- Minimize underutilized resources (e.g. bed analysis) to reduce number of people who are unsheltered.
- Develop and evaluate a system-wide move on strategy in partnership with City of Tucson and Pima County. Including existing opportunities to leverage existing prioritized vouchers and units in the community.
- Evaluate and seek opportunities to strengthen the Coordinate Entry System.
- Explore data sharing opportunities to identify high cost, high needs people who may not currently access homeless services through FUSE or other models.
- Identify new partnerships and funding resources to map and develop sustainable pipeline of supportive housing.

Raising the Necessary Funding Develop a "Road Map"

Part 2 provides scenarios on the mix of units by household size and an estimated range of costs depending on the ratios of developed vs. leased units. An initial task of the board and committees should be to answer a number of critical questions that will allow this high-level guidance to be translated into a road map for specific fundraising targets and project investment priorities.

Those critical questions include:

- What are the core values -- for example racial equity, geographic equity, access to amenities, cost-control innovations and resident choice -- that should guide the design and selection of specific supportive housing projects?
- What is an ideal target ratio of developed to leased units?
- Within that ratio, what is the target number of single and family sized units to be developed and leased?
- What supportive housing models and approaches are most appropriate and effective for serving people from culturally specific communities?
- Within those targets, what are the proposed numbers of different types of supportive housing, including, e.g., permanent supportive housing, structured mental health housing, and transitional recovery housing?

- Of those respective unit types, what are the target number of units in single-purpose supportive housing buildings, clustered in affordable housing buildings, and scattered in affordable housing and private market complexes?

A road map and plan that answers these questions will be critical to the task of identifying the most appropriate new and expanded revenue streams. It will also be a critical foundation for the ongoing implementation and monitoring work. Nonetheless, the road map is not set in stone. Reaching an ambitious supportive housing goal will require contributors be opportunistic and adaptable. CSH has developed a strategic planning and tracking tool to support TPCH in documenting and communicating this effort. With the annual reassessment of the supportive housing need, it also will be necessary to adjust the road map to address emerging demographic and market conditions over the coming years.

Resource Braiding and System Capacity Building

Part 3 illustrates the range of current funding streams for supportive housing and ways in which other communities have sought to align and braid those streams to maximize the production of supportive housing. Los Angeles, in particular, stands out. Part 3 also identifies multiple, relevant planning processes that are ongoing at the local, state, and regional levels. TPCH may learn from the success of other communities and leverage the current planning processes to develop resource-braiding strategies that yield the maximum number of supportive housing units in keeping with the road map.

One of the ongoing planning processes discussed in Part 3 is a flexible supportive housing pool.

In addition to means of braiding resources, TPCH would evaluate the capacity of current community based organizations to support the necessary expansion of supportive housing, specifically those that would be best positioned to meet the plan's racial equity and other road map goals. As we have seen in other communities, as new resources come into the system, developers, operators, service providers and funders may all struggle to scale their operations quickly enough, especially as scale demands that they transition from comparatively independent program-based models into coordinated system-based models. The expansion will create challenges for the community's Coordinated Entry and data systems that will need to be addressed. Depending on how funds are braided and deployed, elements may be missing from the system entirely. TPCH will need to develop a set of system capacity building, accountability measures and expansion strategies to accompany the road map.

Monitoring, Reporting, and Evaluation

Tracking new and ongoing outcomes will require a backbone organization to coordinate data collection and analysis. TPCH is well positioned to take on this role, in collaboration with Pima County and the City of Tucson. Evaluating progress will require new methodologies and staffing capacity to collect, analyze and report data specific to the new goals in alignment with data currently entered into the regional Homeless Management Information System (HMIS) and data systems used by TPCH for ongoing affordable housing asset management activities. These will need to be able to "talk to" existing data systems. With multiple agencies and partnerships aligning to support the TPCH strategic plan goals, it will be important that TPCH and collaborative partners develop a shared vision for the data to be collected, matched and evaluated.

Reporting baselines should track the number of units produced and progress toward unit goal development with a focus on the:

- Number of newly constructed, rehabilitated, and leased units beyond those that existed at passage of the Local Housing Resolutions;

- Amount of services funding for new projects on a per-person basis, including disaggregation of project funding to culturally-specific housing and service providers;
- Additional following outcome and process measures for key categories of the plan.

Resources and Alignment Process Measures

- Status of funding alignment efforts;
- Status of development and integration of shared quality standards and racial equity outcomes into braided solicitations;
- Status of racial equity integration in governance and funding decisions;
- Schedules and sources of offerings in subsequent affordable housing development and supportive service solicitations to create supportive housing;
- Status of capacity building efforts for funders and providers in meeting quality standards and ensuring racial equity;
- Costs and sources of capital, operating, and services per unit;
- Number and types of capacity building training in supportive housing best practices and racial equity;
- Policies developed and enacted to expedite siting of new supportive housing developments.

Resource Generation Process Measures

- Number of new prospective funders engaged;
- Status of exploration and possible implementation of a flexible housing subsidy pool;
- Public education efforts regarding the need for additional resources;
- Status of efforts to generate new capital, operating, rental assistance, and services resources.

Target Population Outcome Measures

- Number of people experiencing chronic homelessness disaggregated by race (measured through PIT counts and Coordinated Entry data);
- Reduce 1st time homelessness numbers;
- Number of people served through eviction prevention or diversion;
- Number of people housed disaggregated by race;
- Housing retention disaggregated by race.

As other regional and local funding partners are identified, they may identify additional outcome measures of interest. For example, health systems may want to track improved health outcomes and reduced use of emergency services.

TPCH should develop a methodology for tracking these process and outcome measures, as they relate to this Plan and the more specific goals set out in the Road map. In addition, TPCH should approve and implement a reporting plan that includes periodic progress updates to the board and relevant collaborative partners. The update should document the cumulative progress made toward the Plan and Road Map goals, and highlight specific revenue streams and projects that have opened or are in the pipeline.

This update will also describe the results of the periodic updated analysis of the unmet need for supportive housing. This should include recommendations for changes in the target number of units and any strategy adjustments resulting from the updated analysis and/or changes in demographics and market conditions and should be revisited annually.

Evaluation of current investments will also be an important component and making sure that the investments of the CoC are aligned and supporting the strategic goals.

Communication

Successful implementation of this Plan will require a comprehensive communications strategy that helps build community understanding of the need for supportive housing, each of the significant funding initiatives identified by TPCH, and the implementation strategies pursued by the planning. A larger shared messaging frame backed up by ongoing progress reporting will be essential elements of this communications plan, but each new funding initiative will need its own communications strategy, whether a voter-backed initiative or an effort to bring new funders to the table.

For example, In Los Angeles County, a broad coalition of labor unions, builders, real estate and investment companies, entertainers, lawyers, and nonprofits collaboratively invested in the campaign for Measure H, which created a dedicated local revenue source to fund homeless programs that passed by a 67 percent vote of the public. These organizations were motivated to collaborate because they saw the growing need in their community, and they were educated about solutions through events such as United Way's HomeWalk, a 5K walk to end homelessness and CSH's Speak Up! program, a supportive housing tenant empowerment and advocacy program in which people with lived experiences tell their stories to encourage the creation of more supportive housing.

Other communities have also found it essential to have specific communications campaigns to, for example, recruit new private market owners of multi-family housing to accept supportive housing residents with rental vouchers, and to reduce neighborhood opposition to the siting of supportive housing developments. The board and committee members may work with TPCH to identify the resources to prepare the larger communications strategy and be prepared to launch funding and strategy-specific communications campaigns as needed to support broadening support for the development of new units, alongside the new collaborative partnerships being built.

Closing Statement

"We make the greatest impact when we work together – government, philanthropy, business, social services, faith groups, people experiencing homelessness, and the community as a whole. Tucson Pima Collaboration to End Homelessness provides a forum for our community to work together toward the goal of ending homelessness with the urgency and resources need to ignite real change in our region."

Claudia Powell, TPCH Chairperson
Associate Director, University of Arizona Southwest Institute for Research on Women

Teeing up the quote from our current Continuum of Care Board Chair, Claudia Powell, the Board stakeholder group was in broad agreement that the CoC must engage with a range of community partners and sectors to develop a holistic approach to the critical issues of homelessness and housing in Pima County. TPCH must connect with non-CoC programs and funders to incorporate other sectors in developing shared solutions. Collaborating strategically and effectively with the business community, elected officials and feeder systems, such as health and justice sectors, will support and expand TPCH's goal of reducing homelessness and increasing affordable and supportive housing across the region. The framework, modeling and strategies outlined in this document should support our collective vision to create a more cooperative and inclusive way of working together, and with the community at large. Critically important components of the framework are alignment with existing efforts in the community, development of policy and advocacy strategies, focusing our efforts and using data to inform action steps.

Contacts for further information: **Jason Thorpe, Collaborative Applicant Coordinator, Tucson Pima Collaboration to End Homelessness, City of Tucson Housing and Community Development**

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Appendix A: Stakeholder Engagement

Four focus groups were held to review the high level recommendations in Tucson on June 4 and 5.

TPCH Representatives – volunteers who provided feedback on the first draft

Focus Groups – funders, philanthropy, health care sector, work force development, service providers, government, etc.

Presentations and discussions also occurred with the following groups:
TPCH Board and Focus Groups – presentation for TPCH Board, conference calls and email opportunities to incorporate community feedback.

Related direct consumer feedback: - focus group for lived experience held on June 5, recommend follow-up surveys (Appendix F)

Appendix B: Definition of Supportive Housing

Definition:

Supportive housing (SH) is affordable housing with wrap-around services that assist households in which one or more members has a disabling condition and is at imminent risk of or has experienced homelessness (usually prolonged or recurrent episodes of homelessness). Our community operates two primary models of supportive housing:

1. permanent supportive housing for populations with more complex needs
2. facility-based transitional housing for populations with shorter-term needs

Supportive Housing Approaches:

Several supportive housing approaches have been used successfully, both locally and nationally:

- **Purpose-built or single-site housing:** Apartment buildings designed to primarily serve tenants who are formerly homeless with the support services typically available on site.
- **Unit set-asides:** Affordable housing owners agree to lease a designated number or set of apartments to tenants who have exited homelessness or who have service needs, and partner with supportive services providers to offer assistance to tenants.
- **Scattered-site housing:** People who are no longer experiencing homelessness lease apartments in private market or general affordable housing apartment buildings using rental subsidies. They can receive services from staff who can visit them in their homes as well as provide services in other settings.

Populations served by Supportive Housing:

Supportive housing is for those who would not be successful in their housing without additional supportive services, and for whom services would be less effective without stable housing. Permanent supportive housing serves those with long-term disabilities, including mental illness and addictions, who usually have long-term or cyclical homelessness in their background. Transitional housing serves those who require a level of intensives services, but not necessarily permanently and are at high risk of becoming chronically homeless. Tenants of supportive housing can include (though aren't limited to):

- People in early recovery including those exiting substance abuse treatment and detox
- People with acute medical conditions that require advanced care outside of a hospital setting
- Families whose head of household is disabled, including mental illness and addictions – often with involvement in the child welfare system
- People cycling through institutions such as jail, inpatient psychiatric care and hospitals
- Survivors of domestic or sexual violence engaged in safety- and trauma-focused services
- Other distinct subpopulations, like transition-aged youth (aged 18-25) and veterans

Appendix C: Evidence Base for Supportive Housing

Following are additional examples of the evidence base for supportive housing.

Bud Clark Commons (BCC), a supportive housing development in Portland, has 130 apartments that are prioritized for people with long experiences of homelessness and complex health needs. In the year before they moved into BCC, residents on Medicaid averaged total monthly health care costs of $1,626. In the year after moving in, average costs were $899 per month, a 45% decline. Total Medicaid cost reductions were greater than $.5 million in the first year.

Similarly, a supportive housing project in Washington State, 1811 Eastlake, is nationally recognized for its documented success in improving health outcomes and reducing Medicaid costs by housing people experiencing chronic homelessness who have severe alcoholism and high use of crisis services. A research study on the project was published in the *Journal of the American Medical Association* (Larimer, et al., 2009)[2]. Ninety-five tenants of 1811 Eastlake had total costs of $8,175,922 in the year prior to the study, which decreased to $4,094,291 in the year after enrollment, showing a 53 percent total cost rate reduction for housed participants relative to wait-list controls and historical data on service usage. Total emergency costs for this sample declined by 72.95 percent, or nearly $600,000 in the two years after the program's launch. The project also found that supportive housing tenants dramatically reduced alcohol use within 12 months of tenancy (24 percent fewer drinks per day and 65 percent fewer days intoxicated).

A cost benefit analysis of the Denver Housing First Collaborative examined system costs of 19 supportive housing residents for two years prior to, and two years post, housing (Perlman & Parvensky, 2006)[3] The post-period had 34 percent fewer emergency room visits, 40 percent fewer inpatient visits, 82 percent fewer detox visits, and 76 percent fewer incarceration days.

In a comprehensive examination of the evidence on supportive housing's outcomes, Rog, et al. (2013)[4], recommended that policy makers consider including supportive housing as a covered service for individuals with mental illness and substance use disorders.

For a more comprehensive listing of the evidence base for supportive housing, see this literature review compiled by CSH.

[2] Larimer, M. E., Malone, D. K., Garner, M. D., Atkins, D. C., Burlingham, B., Lonczak, H. S., . . . Marlatt, A. (2009). Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons With Severe Alcohol Problems. *Journal of American Medicine*, 1349-1357.

[3] Perlman, J., & Parvensky, J. (2006). *Cost Benefit Analysis and Program Outcomes Report.* Denver: Denver's Road Home.

[4] Rog, D. J., Marshall, T., Dougherty, R. H., George, P., Daniels, A. S., Gose, S. S., & Delphin-Rittmon, M. E. (2013). Permanent Supportive Housing: Assessing the Evidence. *Psychiatric Services in Advance*.

Appendix D: HMIS Coordinated Entry System Data Individuals/Families/Transition Age Youth (TAY)

VI SPDAT Data

Race - Individuals

Row Labels	Count of Primary Race
American Indian or Alaska Native (HUD)	324
Asian (HUD)	31
Black or African American (HUD)	575
Client doesn't know (HUD)	46
Client refused (HUD)	27
Data not collected (HUD)	6
Native Hawaiian or Other Pacific Islander (HUD)	34
White (HUD)	3370
(blank)	
Grand Total	**4413**

Ethnicity - Individuals

Row Labels	Count of Ethnicity
Client doesn't know (HUD)	22
Client refused (HUD)	30
Data not collected (HUD)	9
Hispanic/Latino (HUD)	1202
Non-Hispanic/Non-Latino (HUD)	3150
(blank)	
Grand Total	**4413**

Gender - Individuals

Row Labels	Count of Gender
Client refused	1
Data not collected	1
Female	1480
Gender Non-Conforming (i.e. not exclusively male or female)	9
Male	2903
Trans Female (MTF or Male to Female)	13
Trans Male (FTM or Female to Male)	6
(blank)	
Grand Total	**4413**

Age - Individuals

18-24	171
25-29	479
30-39	1032
40-49	1000
50-59	1151

60-69	483
70-79	85
80-89	12
(blank)	0
Grand Total	**4413**

VI SPDAT Score by Housing Range	
0-3 (No Intervention)	317
4-7 (Rapid Rehousing)	1965
8-17 (Permanent Supportive Housing)	2131
Null	
Grand Total	**4413**

Veteran Status - Individuals	
Yes	724
No	3621
Client Doesn't Know	11
Client Refused	5
Data Not Collected	11
(blank)	41
Grand Total	**4413**

Disability- Individuals	
Yes	2745
No	1585
Client Doesn't Know	48
Client Refused	4
Data Not Collected	16
(blank)	15
Grand Total	**4413**

F VI SPDAT Data

Race- Family Head of Households

Row Labels	**Count of Primary Race**
American Indian or Alaska Native (HUD)	83
Asian (HUD)	2
Black or African American (HUD)	124
Client doesn't know (HUD)	4
Client refused (HUD)	6
Native Hawaiian or Other Pacific Islander (HUD)	3
White (HUD)	580
(blank)	
Grand Total	**802**

Ethnicity - Family Head of Households

Row Labels	Count of Ethnicity
Client doesn't know (HUD)	2
Client refused (HUD)	2
Data not collected (HUD)	1
Hispanic/Latino (HUD)	372
Non-Hispanic/Non-Latino (HUD)	425
(blank)	
Grand Total	**802**

Gender - Family Head of Households	
Row Labels	**Count of Gender**
Female	666
Male	136
(blank)	
Grand Total	**802**

Age - Family Head of Households	
18-24	114
25-29	163
30-39	321
40-49	159
50-59	34
60-69	8
70-79	2
80-89	0
(blank)	1
Grand Total	**802**

F VI SPDAT Score by Housing Range	
0-3 (No Intervention)	16
4-8 (Rapid Rehousing)	400
9-20 (Permanent Supportive Housing)	386
Null	
Grand Total	**802**

Veteran Status - Family Head of Household	
Yes	48
No	751
Client Doesn't Know	2
Client Refused	1
Data Not Collected	0

(blank)	0
Grand Total	**802**

Disability - Family Head of Household	
Yes	237
No	556
Client Doesn't Know	3
Client Refused	1
Data Not Collected	1
(blank)	4
Grand Total	**802**

Parents in Family Households	
2	229
1	573
Grand Total	**802**

Children Currently in Family Households	
3 or more	189
2	205
1	254
0	154
Grand Total	**802**

Children NOT Currently in Family Households	
3 or more	48
2	71
1	124
0	559
Grand Total	**802**

TAY VI SPDAT Data

Race- Youth

Row Labels	**Count of Primary Race**
American Indian or Alaska Native (HUD)	23
Asian (HUD)	3
Black or African American (HUD)	53
Client doesn't know (HUD)	2
Client refused (HUD)	1
Native Hawaiian or Other Pacific Islander (HUD)	3
White (HUD)	169
Grand Total	**254**

Ethnicity - Youth

Row Labels	Count of Ethnicity
Client doesn't know (HUD)	1
Client refused (HUD)	2
Hispanic/Latino (HUD)	95
Non-Hispanic/Non-Latino (HUD)	156
Grand Total	**254**

Gender - Youth	
Row Labels	**Count of Gender**
Female	105
Gender Non-Conforming (i.e. not exclusively male or female)	2
Male	143
Trans Female (MTF or Male to Female)	3
Trans Male (FTM or Female to Male)	1
(blank)	
Grand Total	**254**

Age - Youth	
17	1
18	58
19	37
20	43
21	26
22	21
23	34
24	34
(blank)	0
Grand Total	**254**

TAY VI SPDAT Score by Housing Range	
0-3 (No Intervention)	14
4-7 (Rapid Rehousing)	118
8-17 (Permanent Supportive Housing)	122
Null	
Grand Total	**254**

Veteran Status -Youth	
Yes	4
No	250
Client Doesn't Know	0
Client Refused	0
Data Not Collected	0

(blank)	0
Grand Total	**254**

Disability- Youth	
Yes	95
No	156
Client Doesn't Know	3
Client Refused	0
Data Not Collected	0
(blank)	0
Grand Total	**254**

Appendix E: Detailed description of supportive housing costs

Financing to develop or rehabilitate new units of supportive housing in clustered or single-site settings can be thought of as a three-legged stool. With only two legs, the stool will not stand. The three legs are:

- Capital funds for new construction and rehabilitation.
- Operating subsidy to pay the difference between the cost of operating the rental housing and the total amount that tenants can pay in rent and utilities.
- Services funding to pay for tenancy support services.

When financing scatted-site housing in the private rental market, two types of subsidies are needed:

- Rental assistance to pay the difference between “tenant rents” and the market rent on an individual apartment.
- Services funding to pay for tenancy support services.

Capital Costs:

Capital costs make up the “bricks and sticks” of supportive housing. They cover acquisition, construction, and rehabilitation. Costs typically fall into three categories:

- Acquisition costs generally include land, buildings, and holding costs.
- Hard costs include items such as construction and rehabilitation work, offsite improvements (such as sewers, utilities, etc.), and building materials.
- Soft costs include fees and services such as architectural services, appraisals, engineering, legal costs, municipal fees, and permits.

Once a building is up and running, capital costs include the replacement of major structures and systems such as roofs, heating and cooling, and electric, and plumbing upgrades.

Capital Financing:

By definition, housing affordable to people below thirty-percent (30%) of AMI cannot generally support debt. Similar to requirements for a single-family-home mortgage, banks that lend to multifamily housing developers require proof of income (revenue) to make loan payments (debt service). When tenants with extremely low incomes pay 30 percent of their incomes toward rent and utilities, this doesn’t come close to covering the full cost of operations, and there is clearly no profit to pay debt service. When housing people with no or extremely low incomes, public subsidy is necessary to pay for capital construction and rehabilitation so that debt is not required in the operating budget. Modeling for this plan is based on an average capital cost of $218,000 per unit for studios and 1-bedroom apartments. (This is notably lower than in most west-coast cities.) Two and three bedroom apartments are modeled at an average per-unit cost of $238,000. Capital cost data are the Arizona Department of Housing Low Income Housing Tax Credit costs.

Operating Costs:
This cost category covers everything it takes to operate a building and generally falls into four categories:

- Fees and services include management fees, office supplies, legal services, accounting, taxes, insurance, and marketing.
- Maintenance and repair costs generally cover repairs, trash removal, supplies, pest control, grounds upkeep and landscaping, elevator maintenance, painting, carpets, and decorating.
- Utilities generally include heating and air conditioning, electric, common area utilities, water and sewer, and telephone.
- In the case of supportive housing, many providers also provide resident services, which provide an additional level of on-site (generally front-desk) staff to the operations and management of housing.

Operating Subsidies: Supportive housing ensures that tenants pay no more than thirty percent (30%) of their incomes toward rent and utilities (often referred to as the "tenant rent"). To fill the gap between what supportive housing tenants can pay and the cost of building operations, an operating subsidy is needed. Operating subsidies are generally considerably lower than rental assistance subsidies because they only fill the gap to cover costs rather than providing rents comparable to those in private rental market. Financial modeling for this plan estimates a cost of $7,000 per unit in operating costs.

Rental Assistance: Rental assistance subsidizes the difference between tenant paid rent, based on income, and the market-rate rent on an apartment.

Rental Assistance Resources:
The largest program that provides this type of subsidy is the Section 8 Housing Choice Voucher (HCV) program. HCV subsidy limits (payment standards) are based on HUD-determined fair market rents (FMRs), which are designed to ensure that tenants renting in the private market will have access to forty-percent of the total units available in any Office of Management and Budget-defined metropolitan area. This goal is established to ensure a plentiful array of rental housing options while not driving local market rents to chase subsidy rates. A lack of available market-rate units can drive voucher holders to use their vouchers in developments that are already subsidized by capital financing to offer rents affordable to people at fifty and sixty percent (50 and 60%) of AMI. When supportive housing tenants use rental assistance designed for the private market in affordable housing, the result is a net loss in total affordable housing. Decreases in affordable housing lead to increases in homelessness and often additional disparities in access to affordable housing for people of color. In some markets such as San Francisco, homeless service providers have used enhanced rates on rental subsidies in order acquire rental units. While this approach has been successful for tenants using enhanced-rate rental assistance, there are now challenges in the fact that supportive housing programs generally rely on a fixed set of amenable landlords, and these landlords are now more reluctant to house people with standard-rate vouchers. Rental assistance costs in the model are $8,196 per year ($683 per month) for studios and one bedrooms and $12,000 ($1,000 per month) for two and three bedroom units. These costs are based upon HUD's April 2018 FMRs.

Services

CSH estimates $833 per person per month ($10,000 per year) as a baseline cost for tenancy support services as a starting place for most communities. This estimate has been vetted and used widely by providers and funders of supportive housing and is increasingly the basis for actuarial studies to determine rates for new Medicaid tenancy supports benefits.

This rate generally supports the costs of a full-time Masters-level Tenancy Supports Specialist or a Bachelors-level Specialist with supervision.

Tenancy Supports cost per tenant per year	**Caseload**	**Total available for Tenancy Supports Specialist Salary and Benefits**
$ 10,000	10	$ 100,000
$ 10,000	15	$ 150,000

By way of reference, multidisciplinary teams that follow fidelity standards to Intensive Case Management (ICM) or Assertive Community Treatment (ACT) can cost as much as $17,000 per person per year.

Tenancy supports are most effective when paired with community services such as out-patient mental health, substance use disorder services, education and employment, specialized children's services, primary care, and care coordination. However, these services are not always readily available to tenants of supportive housing, and many providers would like to be able to provide enhanced services directly in supportive housing. Community feedback consistently reinforced the need for additional services funding in the model to provide flexibility for these supplemental services.

Because Medicaid is an entitlement for people with incomes below the poverty level in Arizona, theoretically, nearly all supportive housing tenants are eligible for Medicaid-reimbursed behavioral health and primary care services. Some might wonder whether tenants receiving these services also need tenancy supports. It should be noted that even at the highest potential level of service for people with the most complex needs, mental health out-patient services are reimbursed at a rate of approximately $3,300 per person per year. This is may not be sufficient to provide both mental health services and tenancy supports, and with a significant number of people experiencing homelessness reporting behavioral health concerns, these services must be prioritized for their specialty focus. As well, other entitlement and mainstream-system funded services should be considered ancillary to the financial projections of this model and the financing of supportive housing services.

Although some community-based services are funded through entitlements, not everyone is eligible for or able to access these services. People who are not documented or seeking citizenship, for example, are not eligible for Medicaid, which can present disparities for a subset of the target population who need health services and housing. Many people who suffer from mental illness and addiction may be reluctant to or unable to travel to clinics to receive services, and/or they might be mistrustful of providers with whom they do not have immediate rapport closer to home. With additional, flexible services funds, providers with additional in-house expertise can supplement tenancy support services and provide their own behavioral health and/or nursing supports.

The caseload ratio for families needing supportive housing is the same as that of single adults, but providers often find that additional services are needed for children in families that have experienced the trauma of homelessness. Flexible funding allows providers to enhance their services plans to specialize in the services their clients need most, whether it be a child therapist, a supported-employment specialist, or a nurse.

In order to ensure that enough services financing is available to provide core tenancy supports and some ancillary supports connected to housing, this model was developed and has agreement by stakeholders surveyed at a rate of $10,000 per household, per year.

Appendix F: Participant Satisfaction Survey

CSH Quality Supportive Housing Certificate Program: SAMPLE Tenant Satisfaction Survey

Agency Name:_____Project Name:_____

Thank you for taking this tenant satisfaction survey. Please take a few minutes to tell us about your experience. We appreciate your honest responses. There is a comment section at the end. Please feel free to comment on any of the questions. Your answers are anonymous and your individual responses will not be shared with anyone.

1. How long have you been in the program? (Check one)

☐ Less than 1 month ☐ 1 to 6 month ☐ 7-12 months ☐ 13 months to 18 months (1.5 y)
☐ More than 1 ½ years

2. These are the services I receive:

☐ Employment ☐ Substance Abuse ☐ Medical ☐ Mental Health Services ☐ Educational
☐ Case Management Services ☐ HIV Prevention/Education ☐ Other:_____

	Yes	No	Not Sure/ Can't Remember
3. Are you satisfied with your housing overall?	☐	☐	☐
4. Are you satisfied with the services available to you?	☐	☐	☐
5. Have you participated in one or more community organizations or activities?	☐	☐	☐
6. Do you believe you have strengthened your social support network since moving into supportive housing?	☐	☐	☐
7. Are you satisfied with the location of your apartment?	☐	☐	☐

8. Do you feel safe in your apartment?	☐	☐	☐
9. Did you participate in an orientation introducing you to the housing unit?	☐	☐	☐
a. Did you participate in an orientation introducing you to the neighborhood?	☐	☐	☐
b. Did you participate in an orientation discussing your rights and responsibilities as leaseholder within 14 days of move in?	☐	☐	☐
c. Did you receive supporting materials from orientation that was written in plain language and translated as needed?	☐	☐	☐
10. Were your housing needs discussed with staff prior to move in?	☐	☐	☐
11. Do you feel like you have a good understanding on the procedure(s) for reporting maintenance problems?	☐	☐	☐
12. Do you follow the procedures for reporting maintenance problems?	☐	☐	☐
13. Did you feel like an active participant in the design, development and implementation of your individualized service plan?	☐	☐	☐
14. Do you believe that staff would support you in moving on from supportive housing to other permanent housing in the community if you felt ready to do so?	☐	☐	☐
15. Are you aware of all the services available to you in supportive housing?	☐	☐	☐
16. Do you know how to access services that you are interested in?	☐	☐	☐
17. Do you believe that staff will help you obtain information you need to take charge of managing your health?	☐	☐	☐

18. Do you believe you have the opportunity to connect with other tenants and/or peers if you wanted to do so?	☐	☐	☐

19. In the comment box below, please provide any additional information about your supportive housing program and/or supportive service provider; including what has been working and what can be improved.