

# Homelessness ARPA Year 2 Funding Request

July 13, 2022



# Agenda

## **\$25M for deeply affordable housing creation and expansion**

- Permanent Supportive Housing
- Overview of the Deeply Affordable Housing Gap Financing Program
- AHGF Program Q and A

## **\$25M for ongoing community support services**

- Housing First Supportive Services
- Temporary Interim Gap Housing
- Low Barrier Housing Collective
- Competitive Grant Funds to Local Nonprofits

# Permanent Supportive Housing (PSH) Funding

- **Funding Request: \$25,000,000**
- The addition of new, deeply affordable units dedicated to households with incomes 0-30% AMI and set asides in developments for Permanent Supportive Housing (PSH)
- These will be awarded through the Metro Development & Housing Authority (MDHA) as a competitive RFP. They will provide low-cost loans to developers with development transactions that are unable to close due to a financing gap, e.g., due to construction cost increase, insurance increases and/or changes in originally sufficient financial commitments prior to closing. Program income generated from these loans will be dedicated to housing and/or services for our citizens experiencing homelessness. The affordability period for the units will be 20 to 35 years. Unlike many other affordable housing units, these will be dedicated for households experiencing homelessness. Units will be filled through Coordinated Entry process and matched with the appropriate case management provider
- Support Services: Will be required to work with the Housing First case management program providing ongoing support services

# Overview of the Deeply Affordable Housing Gap Financing (AHGF) Program

## **Overview**

The Deeply Affordable Housing Gap Financing program (AHGF) is a \$25,000,000 loan fund dedicated to the creation of new units for permanent supportive housing. The program will provide subordinate financing for affordable rental housing projects for families at 30% of the Area Median Income (AMI). AHGF is intended to address the financing needs of projects that have a financing gap due to construction cost increases and/or supply chain disruptions.

## **Additional Information**

For more information on the AHGF Program, please reference the handout

# AHGF Program Q and A

**Q: What would be the best mixture of subsidized unit and permanent supportive housing – or how will this be determined?**

**A:** MDHA mixture of subsidized (units that are affordable to families at 30% AMI) and permanent supportive housing (units that will be set aside for permanent supportive housing vouchers and come with services) will be based upon the amount of AHGF invested into the project. The maximum amount of AHGF funds invested will not exceed the maximum per unit subsidy limits established by HUD for the Section 234-Condominium Housing (elevator-type) and basic mortgage limits for Nashville, Tennessee multiplied by the high-cost percentage of 375% to account for rapid price increases. The applicable limits are listed in the following table.

2022 Maximum Per Unit Subsidy Limits				
0 BR	1 BR	2 BR	3 BR	4+ BR
\$249,615	\$286,144	\$347,959	\$450,146	\$494,119

**Q: What happens to the funds when money comes back – where is the accountability and who manages this?**

**A:** MDHA will manage loan proceeds from the AHGF program. Loan proceeds will be used to address affordable housing and/or services for the homeless as outlined in Nashville’s Consolidated Plan for Housing and Community Development. MDHA will report the AHGF program outcomes annually in the Consolidated Annual Performance Evaluation Report (CAPER).

**Q: Concern re: affordable housing with private developers – it’s not forever. How do we ensure we’re sustaining it**

**A:** All units will be required to meet certain rent and occupancy requirements for a period of up to 35 years (“affordability restrictions”). Affordability restrictions remain in force regardless of transfer of ownership or repayment of the AHGF loan. Affordability restrictions will be enforced with a deed restriction (“Declaration of Restrictive Covenants”) which will be recorded with the Davidson County Register of Deeds.

# AHGF Program Q and A

## **Q: Is this new or different from existing MDHA programs or the Catalyst Fund?**

**A:** This AHGF program is different in its focus on encouraging the creation of new units for permanent supportive housing targeting households at thirty percent (30%) and below through Coordinated Entry. The HOME Investment Partnership program is a federal program that serves households at up to eighty percent (80%) of area median income. The program is restricted by federal guidelines for eligible activities. The AHGF program will provide a substantial amount of additional funding beyond what is provided through the HOME program along with greater flexibility.

The Catalyst Fund is a recommendation of the Affordable Housing Task Force that is primarily intended to make funds available to developers to acquire housing in which the affordable term is about to expire and/or preserve naturally occurring affordable housing. The entire purpose of the Catalyst Fund is different than the Gap Financing program being proposed in which the latter is meant to make funding available in existing projects to get deep affordability.

## **Q: How do you guarantee the affordability timeframe? What are the teeth? Can you provide examples?**

**A:** All units will be required to meet certain rent and occupancy requirements for a period of up to 35 years (“affordability restrictions”). Affordability restrictions remain in force regardless of transfer of ownership or repayment of the AHFG loan. Affordability restrictions will be enforced with a deed restriction (“Declaration of Restrictive Covenants”) which will be recorded with the Davidson County Register of Deeds.

# AHGF Program Q and A

**Q: Who are the developers? How will they be recruited? Can developers with worker safety issues be excluded?**

**A:** The AHGF program will target nonprofit or for-profit developers that have applied to the Tennessee Housing and Development Agency and been awarded low-income housing tax credits (LIHTCs) reserved under either the 4% or 9% programs. THDA requirements with respect to worker safety will apply.

**Q: How will the HPC be engaged in this?**

**A:** MDHA will provide program information to members of the Homeless Planning Council (HPC). In addition developers will be required to accept households via referral from Coordinated Entry.

# AHGF Program Q and A

**Q: Please walk through the process: what is meant by program income, and how is its use determined? What does the projection look like?**

**A:** Program income is the yearly amount of AHGF loan proceeds repaid by the developer. Reuse of loan proceeds will be determined by homeless priorities outlined in Nashville's Consolidated Plan and reallocated in the Annual Update to the Consolidated Plan (Action Plan). Below is a sample example of loan proceeds reallocated to provide affordable housing in conjunction with the HOME Investment Partnership Program annual Request for Applications (RFA) process

## Sample Loan Proceeds

AHGF Loans Awarded \$ 18,750,000

Interest Rate .5%

Term 20 Years

Annual Loan Proceeds \$ 985,356

## Sample Reuse of AHGF Loan Proceeds

HUD HOME Affordable Rental Funding \$ 1,795,132

AHGF Loan Proceeds \$ 985,356

Total Available Funding \$ 2,780,488 (awarded via RFA process)



# Housing First Supportive Services

- **Funding Request: \$9,000,000**
- This will provide the ongoing Support services needed to help the individual or family maintain the housing opportunity listed above and other opportunities that may be created by leveraging these funds.
- These will be competitive grants released through the Metro Homeless Impact Division (MHID) in coordination with a non-profit healthcare partner
- The competitive grants will be used to build capacity (creation of new or further development of existing) in Housing First Case management services
- Preference will be given to applicants that embody the mission and values consistent with the evidence-based, best practice Housing First programs
- To assure ongoing sustainability, programs must be currently licensed to bill Medicaid or must already be in process of obtaining license to bill Medicaid with expectation of licensure within 12 months of award
- This funding will provide the case management and supportive services necessary to support approximately 500 households when fully scaled and staffed at the end of the 3 years. First year will require 3 to 6 months to staff up and each team will then serve 50 to 75 in the first year. In year 3 teams should be serving 500-700 households
- These services will begin while individuals are in the proposed interim housing program and follow them into Permanent Housing units

# Housing First Supportive Services

- **Funding Request: \$9,000,000**
- Examples of ACT Team (Assertive Community Treatment) intensive multidisciplinary clinical team based treatment for people with ongoing and persistent mental health and substance use concerns
- The team includes rehab/ recovery and addiction specialist, medical professionals, psychiatrist, therapist, supported employment options, social workers, and other social service specialist. These services are mobile and available 24/7
- These services cost between \$6-12K annually per client depending on the level of intensity required. This will allow for us to assist up to 700 people within the three-year funding period (Easy math would include \$1 Million per 100 people)
- Utilizing teams that currently bill Medicaid will help with offsetting the cost and allow for more onboarding of less intensive services such as Intensive Case Management services

# Responses to Housing First Supportive Services Questions

- **Q: Worried about sustainability of this funding – recognizes the need, but for how long can this help? What is the sustainability path after the one-time funds expire? Are there examples of success in other places?**
  - A: The supportive services grant money will be used for start-up of assertive community treatment teams, intensive case management teams, and other supports needed for the individuals housed by this program. In the first year, the teams will be funded primarily through this grant. The awardees for the grant will be organizations that are licensed to bill Medicaid for rehabilitation services and other related treatments services for this population. Thus, in year 2 and going forward, the Medicaid billing for services will reduce the need for grant funding by these teams. There are many examples of organizations and cities that have accomplished this exact start up for housing services. Cities include Philadelphia, Washington D.C., and currently underway in Atlanta
- **Q: Is this Rapid Rehousing?**
- A: No, it is not. Rapid rehousing has a finite rent subsidy and also has few or minimal support services. Rapid rehousing is designed for a population that does not have severe mental health, addiction or other challenges. Housing First is a permanent supportive housing program. Applicants will receive a rent subsidy or voucher as long as they qualify under the poverty definitions.

# Responses to Housing First Supportive Services Questions

- **Q: What kind of wrap-around services? Has there been any discussion of re-entry program?**
- A: The wrap around services are community-based and comprehensive. Services include mental health, addiction treatment, referrals to health services, as well as assistance with housing apps, benefits and entitlement apps, and support in reconnecting with family and joining mutual aid organizations in the community.
- The reentry programs will be incorporated into the overall initiative because individuals who meet the criteria of chronic homelessness and other disabilities that have contact with the criminal justice system will be among the groups prioritized in this initiative.
  
- **Q: How does this align with the Homeless Planning Commission (HPC) plan? Collaboration?**
- A: MDHA and contractors were diligent in interviewing all stakeholders to determine needs and gaps for the HOME American Rescue Plan. We used that information combined with our ongoing review of data and national best practices. This will be a very collaborative process that will include HPC, Continuum of Care, those with current and past lived experience, business, philanthropy, faith-based community, and other important state and city stakeholders

# Temporary Interim Gap Housing

- **Funding Request: \$9,000,000**
- Temporary interim housing for individuals and families as they look for housing units and/or await a permanent housing subsidy
- Services to be procured through MHID. Applicants will be required to be consistent Housing First program principles and offer low barrier immediate access to individuals, families, and youth
- The purpose of emergency interim housing is to provide a safe and supportive environment for individuals and families as they complete the application process to secure the appropriate permanent housing placement
- Initial assessments will connect the participants to ongoing support services that will follow them into their permanent housing placement. On site support services will be provided to increase the effectiveness of the program.
- This gap housing is short term in nature and temporary as an option in our housing crisis resolution system, 90 days -up to 1 year.
- With current Point-In-Time Count numbers averaging 1900 people, providing safe and secure housing options, connecting people to support services, while address their housing goals is vitally important to ensure that vulnerable participants are accessing social determinants of health needs
- These services will be provided using the disaster response mobile units, hotels and faith based partners
- This will create 3-4 more housing navigation sites to assist with housing 300-400 of our most vulnerable individuals
- All locations will be staffed around the clock and include security

# Responses to Temporary Interim Gap Housing Questions

- **Q: Can you comment more on very low barrier national best practices?**
- **A:** The housing first approach is a low barrier approach to both services and housing. Individuals served by housing first do not have to meet any pre-treatment requirements, such as participation in psychiatric treatment or substance abuse treatment as a precondition for enrollment into the program. They simply have to qualify by being chronically homeless and having multiple disabling conditions. The low barrier approach also applies to the housing component of the program. Individuals are offered immediate access to housing without any transitional housing or other housing preparedness or readiness programs. Individuals go directly from the streets, shelters, jails, or hospitals into a place of their own. They are supported by frequent visits from supportive services providers.
- **Q: How does this work with supportive services? How do all of these work together?**
- **A:** Housing First has two components: 1. Support and treatment services 2. The permanent rent subsidy (Vouchers, Shelter plus care, or other HUD rent subsidies). These two components are fused together so that each person who receives housing also receives services.
- **Q: Who is the coordinating agency? Do they have a fee?**
- **A:** MHID will be the coordination agency but the RFP may be issued by a nonprofit healthcare partner . All grants have administrative funding which is usually 10%

# Low Barrier Housing Collective

- **Funding Request: \$3,000,000**
- This will include a Program Manager and 2-4 Housing Navigators providing housing obtaining, maintaining, and retention support
- The program engages client, landlords and developers in the housing first program by expanding current services and creating Housing Navigation support services. This will create an average of 150 per \$500K along with creating and expanding capacity
  1. Landlord incentives
  2. Security deposits/damage indemnification
  3. Minor repairs to meet Housing Quality standards
  4. Housing specialist to provide ongoing support assist individuals and families in the identification of a unit of their choosing. Housing Specialists also provide ongoing to assistance landlords and tenants to address and housing related issues
  5. One time funding for furniture per household
  6. Increase education on tenant rights along with increased education on how to acclimate into their new home
  7. Stabilizing Community Support opportunities helping to build stronger community connection

# Competitive Grant Funds to Local Non-Profits Through MHID

- **Funding Request: \$4,000,000**
- Competitive grant funds for Support Services to local non-profits released through MHID
- This will fund 8-10 non-profits with historical data to support services listed below
- Creation of new high-fidelity Housing First programs or the conversion of existing programs to Housing First all to be accessed through coordinated entry
- Ongoing services for trauma informed care, critical time intervention, recovery opportunities, harm reduction and education support, along with Workforce Readiness opportunities.
- Small Landlord Participation funding is to be released as a competitive grant program for small landlords to bring units up to housing quality standards. Successful applicants will agree to set aside funded units for use with PSH