

Memorandum



DATE September 4, 2008

TO Members of the Quality of Life Committee: Pauline Medrano, Chair; Vonciel Jones Hill, Vice Chair; Carolyn R. Davis; Angela Hunt; Sheffie Kadane, David A. Neumann; and Steve Salazar

SUBJECT Permanent Supportive Housing

Environmental and Health Services and the Housing Department will brief the Committee on Permanent Supportive Housing at their meeting on Monday, September 8, 2008.

Please contact me if you have questions or need additional information.



David O. Brown
Interim Assistant City Manager

Attachment

c: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
Judge C. Victor Lander
Ryan S. Evans, First Assistant City Manager
Ramon F. Miguez, PE, Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, PE, Assistant City Manager
David K. Cook, Chief Financial Officer

Permanent Supportive Housing

A Briefing To The Quality of Life Committee

Environmental & Health Services/Housing
Department

September 8, 2008



KEY FOCUS AREA: ECONOMIC VIBRANCY

□ Purpose

To brief the Committee on:

- Current Status on Homeless Persons in the City
- The current status of Permanent Supportive Housing (PSH) in Dallas
- A 5-year plan to increase the number of PSH units in the City of Dallas
- Outline Potential Cost to City based upon project models

Who is considered Homeless

- Who is considered homeless
 - 1) A person living in a place not meant for habitation (e.g. in a car, parks, sidewalks or abandoned building); 2) in an emergency homeless shelter; or 3) transitional housing
 - If a person is in one of these three places, but most recently spent less than 30 days in a jail or institution, he/she qualifies as coming from one of these three categories
 - A person who is being evicted within a week from private dwelling unit and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing; or
 - Discharged within a week from an institution, in which the person has been a resident of more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support network needed to obtain housing

Who is considered Chronically Homeless

- Unaccompanied homeless individual
- Disabling condition
- Either continuously homeless for a year or more OR at least (4) episodes of homelessness in three (3) years
- Must have been sleeping in a place not meant for human habitation, (e.g. living on the streets) and or in emergency homeless shelters during that time

End Chronic Homelessness by Year 2014

4 Key Strategies

Independent Homeless Authority Metro Dallas Homeless Alliance	Open and Operate Homeless Assistance Center	Develop 1,000 New Permanent Supportive Housing Units	Rebuild Mental Health Resources
a) Working with County and state agencies to leverage resources	a) The Bridge open of 90 days	a) Present Plan to City Council	a) Present Plan to state legislators this fall
b) Have raised commitments of \$13M from non-city sources	b) Population 50% more than planned for	b) Brought in 300 (+-) units on line in the last 3 years	b) Already brought in approximately \$3M for the Bridge resources
c) Hands on operation of the Bridge	c) Crime down 18% in first two months downtown	c) 700 Additional units needed	

HOMELESS POPULATION

- ❑ 5,600+ Homeless people in Dallas at last count representing 96% of Dallas County's homeless population
- ❑ The Bridge can accommodate 625 persons maximum per day with 320 sleeping in Pavilion/Courtyard
- ❑ Roughly 30% of the population being serviced at the Bridge (190) are ready to transition into Permanent Supportive Housing Units

What is Permanent Supportive Housing?

- Permanent, supportable housing linked to a range of supportive services that enable tenants to live independently and participate in community life.
 - It is a cost effective and successful alternative to more expensive and less effective emergency services or institutional settings
 - It can be a Project-based Rental Assistance Program (PBRÁ) that goes with the project or Tenant-based Rental Assistance (TBRA) that goes with the client
 - Dedicated to serving single chronically homeless persons with disabling conditions

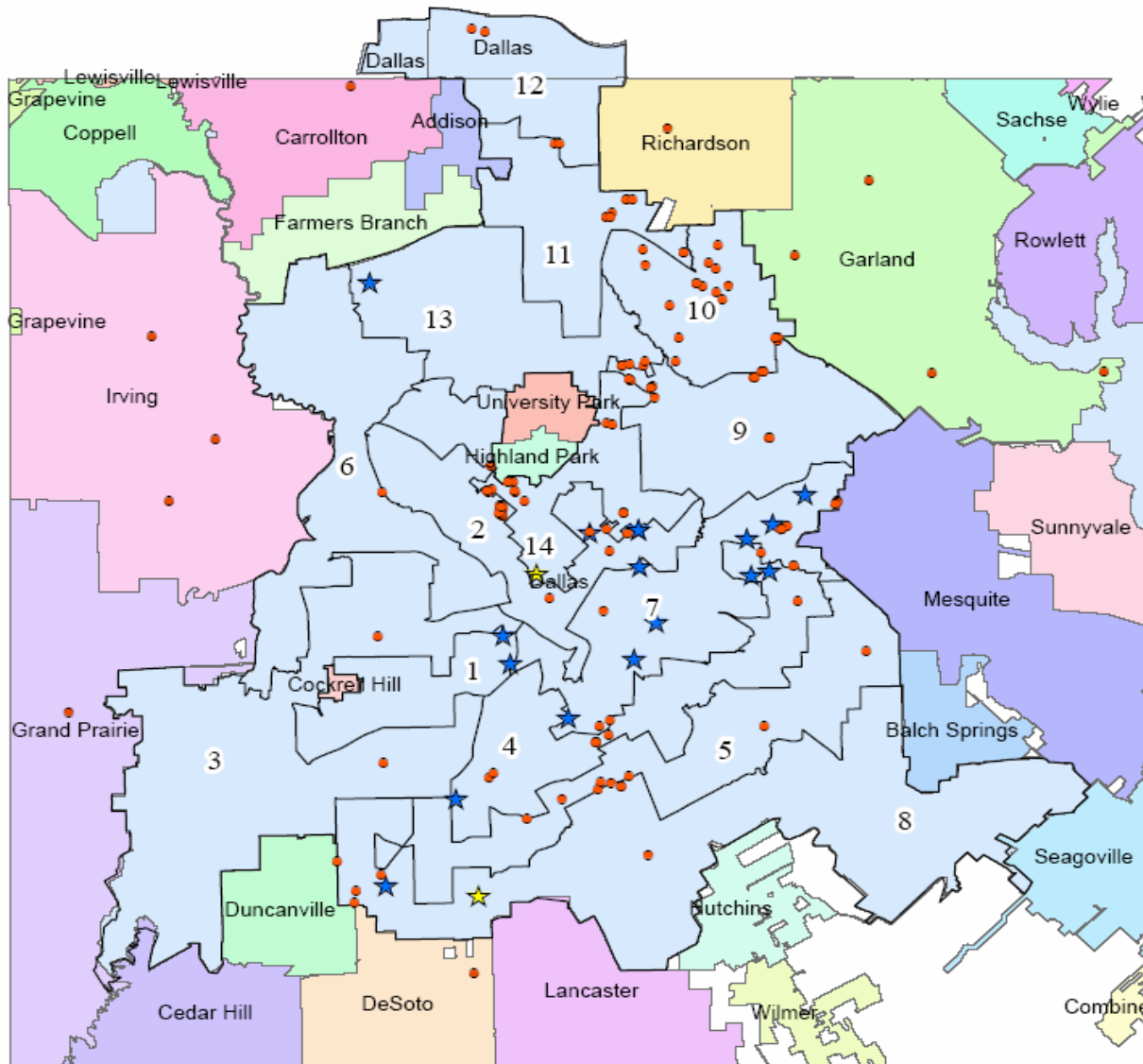
Status of Existing Permanent Supportive Housing

- There are 852 PSH clients in City of Dallas
 - 17 Locations are Project-Based
 - 2 Locations are Project-Based under construction
 - 167 Locations are Scattered-Sites
- 338 new PSH units in both Project Based and Scattered Site Locations have been brought on line since the 2005 10-Year Plan to End Chronic Homelessness

PSH under construction or application pending

- ❑ 50 units under construction @ 511 N. Akard St. downtown

Permanent Supportive Housing by Council District



Permanent Supportive Housing by Council District

Area	Type of Site	Number of Sites / Persons
Dallas City Council District 1	Project Based	2
	Total Number of Sites	2
	Total Number of Persons Housed	89
Dallas City Council District 2	Project Based	3
	Scattered Site	22
	Total Number of Sites	25
	Total Number of Persons Housed	109
Dallas City Council District 3	Scattered Site	2
	Total Number of Sites	2
	Total Number of Persons Housed	8
Dallas City Council District 4	Project Based	4
	Scattered Site	7
	Total Number of Sites	11
	Total Number of Persons Housed	45

Permanent Supportive Housing by Council District

Area	Type of Site	Number of Sites / Persons
Dallas City Council District 5	Scattered Site	8
	Total Number of Sites	8
	Total Number of Persons Housed	14
Dallas City Council District 6	Scattered Site	1
	Total Number of Sites	1
	Total Number of Persons Housed	1
Dallas City Council District 7	Project Based	6
	Scattered Site	16
	Total Number of Sites	22
	Total Number of Persons Housed	54
Dallas City Council District 8	Project Based	1
	Under Development	1
	Scattered Site	6
	Total Number of Sites	8
	Total Number of Persons Housed	145

Permanent Supportive Housing by Council District

Area	Type of Site	Number of Sites / Persons
Dallas City Council District 9	Scattered Site	15
	Total Number of Sites	15
	Total Number of Persons Housed	98
Dallas City Council District 10	Scattered Site	20
	Total Number of Sites	20
	Total Number of Persons Housed	132
Dallas City Council District 11	Scattered Site	11
	Total Number of Sites	11
	Total Number of Persons Housed	63
Dallas City Council District 12	Scattered Site	2
	Total Number of Sites	2
	Total Number of Persons Housed	3

Permanent Supportive Housing by Council District

Area	Type of Site	Number of Sites / Persons
Dallas City Council District 13	Project Based	1
	Scattered Site	2
	Total Number of Sites	3
	Total Number of Persons Housed	4
Dallas City Council District 14	Under Development	1
	Scattered Site	18
	Total Number of Sites	19
	Total Number of Persons Housed	87
Other Cities in Dallas County	Scattered Site	12
	Total Number of Sites	12
	Total Number of Persons Housed	25
Unknown (Partial Address Given)	Scattered Site	3
	Total Number of Sites	3
	Total Number of Persons Housed	3

Permanent Supportive Housing by Council District

Area	Type of Site	Number of Sites / Persons
Totals	Project Based	17
	Under Development	2
	Scattered Site	167
	Total Number of Persons Housed	880*

*Of the 880 persons housed, 852 are in the City of Dallas, 25 persons are in other cities in Dallas County and three gave partial addresses

Two Primary Elements of PSH

□ Physical Units

- The City of Dallas needs to build more PSH units

□ Services Needed for Residents of those units

- Services requires investment from many sources

PHYSICAL PSH UNITS

❑ Must add 700 PSH units in next 5 years

- 200 additional leased units
- 50 units at 511 N. Akard
- 450 additional units
- DHA vouchers
- under construction by Dallas Central Ministries
- combination of mixed-income with PSH set-aside; 50 unit multi-use development and 150 solely committed to homeless population

PSH Providers in City of Dallas

- PSH providers:
 - ABC Behavioral Healthcare
 - AIDS Services of Dallas
 - Central Dallas Ministries
 - City of Dallas
 - Dallas Housing Authority (Metrocare Services is the Service Provider)
 - Housing Crisis Center
 - LifeNet Community Behavioral Healthcare
 - Metrocare Services
 - Prince of Wales SRO (ABC Behavioral Healthcare is the Service Provider)

- New PSH units (in use or under development) in the City of Dallas since the adoption of the 10-Year Plan are:
 - Provider Units/Beds: Metrocare Services -78/78; Housing Crisis Center-50/70; Central Dallas Ministries-105/105; Dallas County-35/35; City of Dallas-70/70; TOTAL: 338/358

Physical PSH Units (Cont'd)

- ❑ 200 additional lease unit's rent will be paid through the HUD Special Needs Voucher Program presently committed by the Dallas Housing Authority
- ❑ 500 new units will have a funding gap to build depending on the type of financing structure that is used and will require rental subsidies – once qualified for the program no more than 30% of the applicant's income can be spent on rent plus utilities
- ❑ The page 20 financial models assumes a 100% tax abatement based upon an ownership of the new units by either an LLC of the Dallas Housing Authority or an LLC of the Dallas Housing Finance Corporation

Permanent Supportive Housing Model

	# of units	Tax Credits	Tax Abatement	Value of Ad Valorem Tax Abatement	Per Square Foot Cost for Total Development Cost	Per unit Cost for Total Project Cost	Per unit Gap
Market	250	No	None	0	\$118.77/SF	\$123,246	0
100% Workforce Housing	250	No	100%	\$644,950 Per year \$2,580 per unit Workforce Housing	\$117.56/SF	\$122,121	0
80% Market 20% PSH	250 with 50 PSH units	No	100%	\$644,950 Per year \$2,580 per unit \$12,819 per unit for 50 SRO Units	\$117.56/SF	\$122,121	\$30,000/unit with \$1.5M Gap for 50 SRO Units
100% PSH 9% Tax Credits	125	Yes	100%	\$234,000 \$1,872 per unit	\$203.73/SF	\$76,417	\$14,400/unit with \$1.8M Gap for 125 SRO Units
100% PSH 4% Tax Credits	125	Yes	100%	\$261,000 \$2,088 per unit	\$200.01/SF	\$74,879	\$36,000/unit with \$4.5M Gap for 125 SRO Units

*Assumes 15% cash equity

Conclusions From Financial Models

- ❑ A 100% PSH project with 9% tax credits has smallest GAP @ \$14,400 per PSH unit but will be hardest to obtain from the TDHCA based upon supply and demand
- ❑ A 4% PSH project with tax exempt bond is the most expensive @ \$36,000 per unit but has the advantage of easy access to tax credits from TDHCA and Private Activity Bonds from the Texas Bond Review Board

Conclusions From Financial Models (cont'd)

- ❑ An 80% market/20% PSH project is desirable as a mixed-income project but requires several projects to reach annual goal and would require 15% equity infusion from the developer
- ❑ The GAP, in current dollars, to build the 500 new units would range from \$7.2M (all 9% tax credits) to \$18M (all 4% tax credits) depending on the mix of the three different PSH models
- ❑ Not included in the financial modeling are any large/older buildings that could become available which could effect GAP

Supportive Services For 700 new Units

- ❑ \$8,000 cost built into the service investment per person
- ❑ These costs are based on the needs of the clients, some will need more, others less
- ❑ Potential funding sources for these services
 - Medicaid
 - City of Dallas
 - Philanthropy
 - Supportive Housing Program Continuum of Care
 - Other Public Contributions such as:
 - NorthStar Behavioral Health
 - Department of Labor – Job Training
 - Veteran’s Administration
 - Health, Resources and Services Administration (HRSA)
 - Substance Abuse and Mental Health Services Administration (SAMHSA)

Impact of Supportive Housing

- Using a study conducted in New York City on homeless persons with psychiatric disabilities who were placed in service rich supportive housing
 - Examined the use of emergency shelters, psychiatric hospitals, medical services, prisons and jails
 - The study found:
 - A homeless mentally ill person in New York City uses an average of \$40,449 of public services annually
 - Those persons placed in service enriched housing reduced their use of publicly funded services by an average of \$12,145 annually
 - The reduction in service use pays for 95% of the costs of building, operating and providing services in supportive housing

What will it cost if we do not provide Supportive Housing Units

Housing Cost in Dallas per bed, per Day

Permanent Supportive Housing*	\$27.00
Transitional Housing*	\$31.00
State Prison**	\$44.01
Dallas County Jail***	\$35.70
Terrell State Mental Hospital****	\$355.00
Texas State Mental Hospitals (Statewide Average)*****	\$375.00

* 2007 Exhibit 1 – Dallas City & County / Irving Continuum of Care

** Source: *Texas Department of Criminal Justice Agency Strategic Plan for Fiscal Years 2005-2009*, Page 24

*** Source: Catherine Sola - Dallas County Budget Office
(Based on FY 2007 Budget)

**** Source: Health and Human Services Commission Department of State Health Services State Hospitals Section Mission, Vision, Goals and 2007 Work Plan - Statewide Performance Indicators 3rd Quarter FY 2007 - (Page 59)

Funding Conclusions

□ Physical PSH Units

- Leasing 200 existing units carries no occupancy cost due to HUD vouchers
- Building 500 new units over 5 years will have a total GAP funding requirement ranging from \$7.2M to \$18M in current dollars
- The City will be expected to fund the majority of the GAP with either CDBG, HOME, GO Bonds or CO's, to the extent permissible by each source of funding

□ Services for PSH Units

- Assuming 140 units per year for 5 years placed into service @ a cost of \$8K per unit would carry a total cost of \$16.8 Million
- City will be expected to fund a portion of this cost

Recommendations

- ❑ Council approves 5-year plan endorsing city-wide implementation based on land availability and cost
- ❑ Use CDBG, HOME, General Obligation Bonds and Certificates of Obligations to the extent permissible by each funding source
- ❑ Donation of land and or other City resources when available and necessary to assist in funding the gap in financing
- ❑ MDHA leads Dallas area interagency work group to further design, implement and finance PSH plan through intergovernmental collaborations with Housing Authority, Mental Health Agencies and Metro Dallas Homeless Alliance (MDHA)
- ❑ Develop a program of neighborhood education regarding benefits and myths related to PSH
 - MDHA will provide the materials and tailor the program to each individual Council District
- ❑ Develop a collaborative legislative agenda among City of Dallas, Dallas County and Dallas County Medical District to increase state funding for PSH in Dallas and selected statewide efforts for tax credit improvements and related issues

Next Steps

- September 24, 2008 Council Action to:
 - Approve 5-year plan endorsing city-wide implementation and Program Statement, and
 - Use CDBG, HOME, General Obligation Bonds and Certificates of Obligations to the extent permissible from each funding source