June 18, 2008

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Office of Health Services, Long-Term Care and Waiver Services
Department of Health and Mental Hygiene
201 W. Preston Street
Baltimore, MD 21201

RE: Maryland Money Follows the Person Housing Strategy

Enclosed is NCB Capital Impact's final written report. The document includes findings and recommendations for the development of a Maryland Money Follows the Person (MFP) housing strategy.

Based upon our research, we divided the housing strategy into both short term and long term strategic tasks. These tasks have been further grouped by the following categories:

- Creation of and access to affordable, accessible and integrated housing;
- Awareness and education of cross sector agencies, organization and providers;
- Creation of seamless housing transition process through the Transition Center.

We developed our recommendations to align with the Maryland MFP Operational Protocol. And, we present these strategic recommendations to the Maryland Department of Health and Mental Hygiene as a road map to successfully transition people with disabilities out of institutional settings into community based affordable, accessible and integrated environments of their choice.

If you have any questions regarding the information contained in this report, please do not hesitate to contact me at 703-647-2352. NCB Capital Impact has enjoyed working with the Maryland Department of Health and Hygiene and look forward to providing our technical assistance expertise in the future.

Best Regards,

Candace L Bal

Candace Baldwin
Senior Policy Advisor

Maryland Money Follows the Person

Housing Strategy

Findings and recommendations submitted to the Maryland Department of Health and Hygiene

June 2008

NCB Capital Impact

Purpose

The purpose of this document is to provide a final written report of the findings and recommendations for the development of a housing strategy to assist with the implementation of the Maryland Money Follows the Person (MFP) Initiative. The recommendations provided were developed in accordance with the Maryland MFP Operational Protocol. We present these strategic recommendations to the Maryland Department of Health and Mental Hygiene as a road map to successfully transition people with disabilities out of institutional settings into community based affordable, accessible and integrated environments of their choice.

Methodology

NCB Capital Impact conducted an analysis of the current housing finance program landscape including state and local affordable housing programs. We also gathered information on best practice models from other states regarding affordable housing for very low income populations. Through a series of key stakeholder interviews, we gathered information from a number of sources including representatives from state agencies, public housing agencies, housing developers and a housing transition coordinator for a local service provider. NCB Capital Impact interviewed eleven key stakeholders with each interview lasting on average of 1 ½ hours for a total seventeen hours of time. NCB Capital Impact also conducted research to support the transition process by identifying promising practices to guide the Transition Center's efforts.

Background

Research shows that home ownership has notably risen in recent years, and that an increasing amount of Americans' assets is comprised of home equity except among certain populations – primarily low-income populations.[1] Unfortunately, low-income populations, by default, include many seniors and most persons with disabilities. While some such individuals may own their homes, they may not be able to afford long-term supports (LTS) and cover the costs of maintaining a home (i.e., property taxes, utilities, and basic maintenance).

These individuals often must choose between their home and LTS since they typically cannot afford both. The most common scenarios are either spending-down to Medicaid or using home equity to cover LTS costs. The latter, typically reverse mortgages, is often unappealing or – more likely – unwise financially.[2] For very low-income populations (e.g., deep subsidy populations in housing financing approaches), housing is rapidly becoming much more unaffordable than in the past without significant assistance. For example, researchers indicate that the national average rent for a

[1] Bucks, B. et. al. Recent Changes in U.S. Family Finances: Evidence from the 2001 and 2004 Survey of Consumer Finances. Federal Reserve Board.
[2] Cheek, M. and Blum, J. (2004) Frontline Perspectives on Long-Term Care Financing Decisions and Medicaid Assets Transfer Practices. Kaiser Family Foundation. Accessed at http://www.kff.org/medicaid/upload/7458.pdf on December 11, 2007

studio apartment is now well in excess of 100 percent of the total income of someone who is entirely reliant on Supplemental Security Income (SSI).[3]

Maryland Environment

Like the rest of the nation, Maryland currently is facing an affordable housing crisis. Recent reports indicate that the state has a gap of 150,000 units of affordable housing when compared to the estimated demand of families, seniors and individuals with disabilities.[4] Additionally, balancing the needs of all Marylanders who need affordable housing is challenging when rising real estate costs prohibit the very low-income individuals with disabilities from securing adequate housing. In particular, individuals with disabilities and elderly that rely upon SSI as their sole source of income are priced out of the Maryland rental housing market. In the Maryland suburbs surrounding Washington, DC, and in the Baltimore area, rental housing, including low rent, is likely to become scarce as families forgoing purchasing or selling homes they can no longer afford move to renting. The culminating effect is a decline in open market rental stock that might have housed LTS populations.

According to the ***Priced Out in 2006*** report, 130.5 percent of the monthly SSI benefit is needed to rent an efficiency/studio apartment in Maryland. The average one bedroom unit cost in Maryland is 147.9 percent of the average SSI cash benefit. The availability of Housing Choice Vouchers is minimal with many waiting lists closed in the major metropolitan areas such as Baltimore and Columbia, Maryland and the Washington DC Metropolitan area – including the Maryland suburbs. The Maryland Governor's Commission on Housing Policy 2005 Typology report notes a shortage of approximately 19,503 units of housing to meet the growing needs of individuals with disabilities.[5] The lack of housing units coupled with rising rental costs further exacerbates the ability for individuals to transition out of an institution back and into the community.

The State of Maryland has made great strides in expanding incentives and resources to develop affordable, accessible and integrated housing options. These programs include incentives under the LIHTC Qualified Allocation Plan to target and market units to individuals with disabilities; a Bridge Rental Subsidy Program for individuals with disabilities; a Partnership Rental Housing Program that provides capital funds for income restricted housing that is occupied by individuals with disabilities, the Home Modification Directory and an online listing of accessible rental housing units. These programs provide a firm foundation from which to build and expand strategies to preserve, protect and perpetuate sustainable affordable housing options for individuals with disabilities. Critical to addressing the needs of individuals with disabilities transitioning into the community will be to ensure the coordination of the housing programs with long term supports delivery systems to provide a comprehensive strategy.

Recent Housing Trends

[3] O'Hara, A, Cooper, E., Zovistoski, A., and Buttrick, J. Priced out in 2006, The Housing Crisis for People with Disabilities.
[4] **The Daily Record**, "New Maryland Program to Offer Incentives to Preserve Affordable Housing" November 29, 2007.
[5] Governor's Commission on Housing Policy, *Multi-family Quantitative Analysis,* PowerPoint Presentation for Housing Taskforce Retreat 2005.

The recent downturn in the nation's real estate marketplace has complicated state strategies to enhance housing options for LTS populations. Instability in the mortgage and lending marketplace is making financial institutions more conservative when assessing home and multifamily loan applications, driving up mortgage interest rates, and impacting investors' interest in the real estate and housing marketplaces.[6] Difficulty securing personal home loans and dampened investor interest in renovation or new construction projects present yet another layer of housing challenges for persons with disabilities:

- Banks and other financial institutions are adjusting their risk management strategies to reduce exposure in a less stable marketplace. Persons with disabilities who are typically low-income, have fewer assets and savings as well as less work history and are likely to have more difficulty securing an affordable mortgage.

- The Low-Income Housing Tax Credit (LIHTC) program has become an integral component of any affordable housing initiative including those targeted to persons with disabilities. LIHTC relies on investors purchasing the tax credits from developers. The housing downturn could have a notable impact on the LIHTC marketplace and create yet another barrier to creating affordable housing options for persons with disabilities.

- Current affordable housing finance programs do not provide enough incentives to developers and property owners to "drill down" to the low and very low-income population. This requires individuals with disabilities who rely on SSI payments for community living expenses to utilize multiple subsidy programs, many of which have conflicting regulations for use.

- A decrease on the demand side of the home ownership marketplace could drive up costs in the rental marketplace. Rent increases could make more housing unaffordable to persons with disabilities.

- Already long U.S. Department of Housing and Urban Development (HUD) voucher waiting lists are likely to lengthen even more.

Implications for Money Follows the Person

Deinstitutionalization efforts like Money Follows the Person present particularly significant challenges associated with restructuring housing financing and programs as well as developing cross agency (both state and local) working arrangements aimed at increasing accessible, affordable and integrated housing options for seniors and persons with disabilities. Individuals moving from institutions often have the least financial resources and essential living items (e.g., furniture, cooking utensils, etc.).[7] Such

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[6] ***Financial Times***. *U.S. Housing Market Down Turn*. August 22, 2007.
[7] The Centers for Medicare and Medicaid Services (CMS) allows for purchase of such items under specific guidelines. Such "community transition" benefits must be coordinated with a broader transition strategy that includes housing options analysis and development of a personal living budget.

strategies are often also needed for people living in the community who may need to reduce their living expenses, move to a more accessible location that offers some services or make modifications to their homes to avoid institutionalization (i.e., diversion).

However, states often struggle with housing policy tools that can provide a deep subsidy to provide affordable rental rates for individuals dependent on SSI for their sole source of income. This requires a multifaceted layering of finance tools coupled with tenant based rental assistance. Often these financing tools are charged with the task to serve a heterogeneous population and state housing finance agencies are stretched to maximize resources for a large population with varying degrees of housing needs. Additionally, many state housing finance mechanisms do not provide options that can be used to make existing homes accessible through home modification and assistive technology. Housing finance tools for accessibility and accommodation could reduce pressure on similar Medicaid-financed programs. In sum, housing strategies jointly coordinated with Medicaid benefits that foster independence would extend aging-in-place, increase choice for persons with disabilities and reduce the demand for new housing construction – a difficult proposition in today's marketplace – and limited housing subsidy programs (e.g., Low-Income Tax Credits, Public Housing, HOME funds, etc.).

Additionally, transition specialists and transitioning consumers will have access to additional funds in the community (e.g., higher personal needs allowances typically found in Medicaid-financed home and community-based services (HCBS) programs) and programs to help with community living costs, such as Food Stamps and Low-Income Heating and Electric Assistance Programs (LIHEAP). However, experience shows that coordination of such programs and the resulting budgets often fall short of providing a reasonable budget for a home and community based placement.

Maryland is implementing a Deficit Reduction Act of 2005 (DRA) Money Follows the Person (MFP) Demonstration program. A positive step toward rebalancing our nation's LTS systems, MFP will increase demand for housing programs and subsidies at a time when state housing and community development agencies are coming under increased pressure to aid more people than were envisioned when most state MFP proposals were drafted. As states finalize and implement their MFP Operational Protocols, state housing finance agencies will come under pressure to target program resources to individuals transitioning from institutional settings into the community. Such agencies will be forced to revisit framing documents such as Qualified Allocation Plans and Consolidated Plans to balance MFP with efforts for the homeless, families displaced by the current housing market volatility, and current programs for Temporary Assistance to Needy Families (TANF)-like populations.

Overview of Workplan Tasks and Findings

Key Stakeholder Interviews

NCB Capital Impact conducted research on state-level housing and LTS stakeholder perspectives on policy options and collaborations to increase affordable, accessible and integrated housing options for LTS populations. The purpose of this task was to gather first hand information from Maryland state staff, housing and long-term supports stakeholders on housing priorities, opportunities, challenges and possible solutions. The focus of each interview protocol was to:

- Assess gaps, barriers and obstacles for expansion of existing housing assistance programs
- Gain an understanding of stakeholder's perspectives on affordable, accessible and integrated housing issues and opportunities for cross sector, cross disability collaboration
- Explore legislative and regulatory options to expand affordable, accessible and integrated housing

Key findings from the stakeholders highlighted:

- Need for expansion of rental subsidies to bridge the gap between the housing development subsidy and consumer's income level
- Need to engage local government agencies to identify community solutions to enhance the state's MFP initiative
- Need to replicate existing local programs and expand existing state housing programs to target the MFP population.

NCB conducted two major initiatives to gather perspectives on barriers and obstacles for the expansion of affordable, accessible and integrated housing. The first task was a live focus group with the MFP Interagency Workgroup representing disability and aging services stakeholders. In addition to the initial focus group, NCB Capital Impact met with eleven key stakeholders including state agency representatives from the MFP Interagency Workgroup, two public housing authority officials, a private housing developer, a local service provider and other stakeholders as identified by the MFP workgroup. Of the eleven interviews, nine were held via conference call, one was held in person and one stakeholder provided written answers to a prepared interview protocol. The following synthesizes the comments, suggestions and questions that resulted.

Existing Housing Programs

Stakeholders were asked to identify existing Maryland state and local housing programs that would best support the creation of and access to housing for the MFP target population. Respondents were asked to identify best models of housing programs from other states and local communities NCB Capital Impact should consider to be incorporated into the housing strategy. Stakeholders were aware of standard housing programs available to the MFP population. Examples include the Bridge Rental Subsidy, Housing Choice Vouchers (Section 8), McKinney-Vento grants, Shelter Plus, Montgomery County Supportive Housing Rental Assistance Program, HOME, CDBG, and local housing funds (e.g. Anne Arundel County).

Respondents identified model housing programs including Montgomery County's Visibility and Design for Life programs, lease purchase programs, bridge subsidies, and use of tax credits and bonds. Certain localities have created innovative programs to support affordable housing and such programs and policies could be expanded to other communities across the state. In addition to the programs identified by the respondents, housing trust funds and inclusionary zoning are two possibilities for all counties in the state. Respondents also identified the State of Iowa's Low Income Housing Tax Credit Program as a model for Maryland due to its focus on the prioritization for the MFP population and cross agency collaboration.

Barriers and Obstacles
Interviewers inquired as to the barriers and obstacles facing the MFP Initiative to expand current housing programs to support transition. Respondents acknowledged the general lack of funding for affordable housing at the federal, state and local levels. Respondents pointed to a disconnect in understanding the needs of the MFP population among housing providers, thus creating no statewide connection between housing and service providers. Politically, some respondents felt it is more popular to create housing for the elderly rather than persons with disabilities. In general, NIMBYism is a distinct barrier. For the deinstitutionalized population their lack of life skills and ability to maneuver through the system without sufficient help affects their housing options. Some possible solutions to these identified barriers include the expansion of affordable housing programs at the local level. Even in financially desperate times, setting aside dedicated funding for affordable housing is possible and may even be a better time to do so as opposed to a locality having a surplus budget. A lack of education may contribute to the disconnect between housing and service providers, or the need for a venue to bring both providers together.

Legislative and Regulatory Opportunities
Regarding the view of Maryland's ability to expand, develop and enhance affordable, accessible and integrated housing for individuals with disabilities and seniors, stakeholders were asked about their general perspectives and suggestions for legislative and regulatory changes. Respondents felt there is a greater need for housing for persons with disabilities. One respondent pointed to the need for advocates to have a stronger emphasis on quantitative analysis to better illustrate the disability housing issue. Another respondent found the legislative process unclean and insurmountable at the state level. Applications can be long and frustrating as each development and Public Housing Authority has individual contracts. Respondents expressed concern about the ability of the state to be sustainable in the effort of expanding, developing and enhancing affordable, accessible and integrated housing for individuals with disabilities and seniors.

These results clearly indicate that respondents are not confident in the state's ability to meet the affordable, accessible and integrated housing problems, nor are the respondents confident in legislative process. Respondents indicated the need for a comprehensive analysis and implementation process to guide the state's affordable housing work over a longer term period beyond a four year administrative cycle. The respondent results also point to the need for advocates to be more savvy and technical. By meeting decision-makers and offering concrete quantitative (as well as qualitative) evidence, advocates can better illustrate the need for affordable housing for the MFP population in a way that meets the technical needs of decision-makers.

The current Section 8 Voucher Reform Act was identified as a potential concern as it changes rent portions for clients. Baltimore's weak inclusionary zoning law was identified as a weak addition to local funding. As for barriers, one respondent felt local public housing agencies are understaffed and overburdened and foreclosures loom large over the general population meaning more need for low-income rental housing.

Regarding specific legislative and regulatory changes, respondents identified House Bill 54 as one solution. This proposed bill looked at making tax credits available to persons interested in making their homes accessible. Overall respondents identified the need to expand the Bridge Rental Subsidy Program. One respondent felt the LIHTC program does not provide enough teeth for requiring accessible units to go to individuals with disabilities. Most of the respondents were in agreement that more should be done legislatively to increase resources for the development of affordable, accessible and integrated housing including HB 54, Bridge Rental Subsidy and LIHTC. At the local level, removing regulatory barriers against inclusionary zoning can create more affordability.

Cross Agency, Cross Sector Collaboration
The perceived level of cross sector, cross disability collaboration varies among stakeholders. One respondent found micro scale collaboration in communities where there is strong outreach and service provider interaction with other providers. However, another respondent felt that agencies generally act independently of each other. Respondents identified that enough developers are willing to partner with nonprofits and there are incentives for regular developers to do it as well. This respondent pointed to a need for allocation plans for these partnerships however there is a concern that nonprofits are often unwilling to give up control in the process. At the national level, one respondent pointed out that HUD has funding potential to support cross disability collaboration but regulations don't allow for inquiry into specific disability. From these results, we can infer that limited cross sector, cross disability collaboration exists in Maryland and the fact that only limited opportunities were identified may point to uncertainty in the possibility of such collaborations.

MFP Transition Center
An integral part of the implementation of the MFP housing strategy hinges upon the proposed Transition Center. This centrally located entity will be the sole source for housing and service coordination for MFP individuals to transition into the community. This entity will need to coordinate its efforts with the multitude of state agencies, community based service and housing providers in order to ensure consumer needs are met. The key stakeholders interviewed represent many of the entities the Transition Center will work with as part of the transition

coordination process. NCB Capital Impact felt it prudent to inquire of the respondents as to their vision of the Transition Center and the coordination of these various transition processes.

Respondents generally were favorable about the Transition Center, viewing it as an opportunity to centralize efforts. Concerns raised included transportation barriers to and from the Center, how the Center will handle the differences presented by all the populations involved in the MFP initiative. Other challenges include interactions with case management in terms of getting people from nursing homes into the community. Respondents did not feel PHAs would be amenable to the creation of a uniform application to assist the Transition Center to streamline applications for multiple housing locations. This is due to the fact that HUD regulations for collecting applicant information differ from private developer compliance for financial subsidies.

As the transition center minimizes agency workload, there seems to be great excitement over the Center. However, concerns around transportation and diversity of agency populations remain distinct issues worthy of exploration. Clearly, the transition of the MFP population is a major issue and the cross agency collaboration between the local providers and state agencies is key to making the move successful.

Suggested Strategic Activities

Respondents identified short-term strategies for the MFP population including reauthorization and expansion of the Bridge Subsidy program, promotion of coalitions working together to increase cross sector collaboration and ensuring MFP applicants access the Maryland renter's tax credit. These short-term strategies are appropriate and actionable measures for MFP advocates and stakeholders. These strategies seem geared toward the state, whereas stakeholders may also want to diversity efforts and delve into collaboration at the local level.

Respondents had many comments on activities and programs they would like to see implemented in the long term to create affordable, accessible and integrated housing. Comments included generally increasing multifamily housing instead of senior-only housing. Respondents identified the need to create dedicated revenue sources of capital for development and tenant based rental assistance. More client education would enhance independence for the MFP population. Many respondents expressed interest in updated changes to the LIHTC through the QAP and the creation of a permanent supportive housing program at DHCD. One addition to the respondents' list is a state level coordinated, comprehensive long term plan and implementation schedule to expand, develop and enhance affordable, accessible and integrated housing for individuals with disabilities and seniors.

Best Practice Models

Based upon the information highlighted by the key stakeholder interviews and the MFP Operational Protocol, NCB Capital Impact sought out best practices that would provide actionable models for Maryland at both the state and local levels. The Maryland MFP Initiative has identified a heterogeneous population with a varying degree of housing needs. With this in mind, NCB Capital Impact researched a variety of housing programs that would provide models to create a wide array of housing choices. The models detailed below provide a framework for the creation of tools to increase access to affordable, accessible and integrated housing.

New Jersey Special Needs Trust Fund

The New Jersey Special Needs Trust Fund provides capital financing to create permanent supportive housing and community residences for people with special needs. The fund gives priority to individuals with mental illness. The fund utilizes proceeds from motor vehicle surcharge securitization bonds issued by the New Jersey Economic Development Authority. The fund is administered by the New Jersey Housing and Mortgage Finance Agency ("HMFA"). The fund was created through an act of legislation in 2005. Capital financing from the fund comes in the form of loans, grants and other financial vehicles and investments. Eligible recipients include not-for-profits, for-profits and governmental entities at the sate, county and municipal levels. Eligible uses include financing for acquisition of land and/or buildings, rehabilitation of existing buildings or new construction, conversion of buildings as rental apartments/units and community residences for an identified target populations. The Maryland MFP program may consider this fund a possible model for linking transportation to the location of affordable housing and services. While this New Jersey fund is unique, the linkage between the two major issues illustrates a distinct community development problem. For more information: http://www.state.nj.us/dca/hmfa/biz/devel/specneed/guidelines.pdf http://www.state.nj.us/dca/hmfa/biz/devel/specneed/TrustFundAct.pdf

North Carolina Low Income Housing Tax Credit – Percentage Set Aide Reserves

North Carolina provides a percentage set aside for reserves to ensure accessible units are going to the intended audience. North Carolina mandates a 10 percent set aside in every LIHTC project. In 2002, the North Carolina Housing Finance Agency partnered with the North Carolina Department of Health and Human Services to coordinate the inclusion of people with disabilities within properties funded by the Federal Low Income Housing Tax Credit program. Tax credit properties are charged with developing a Target Plan aimed at 10 percept of total units being available to extremely low-income people with disabilities including the homeless. Since 2002, an estimated 900 units of affordable rental housing linked with services and supports have been funded. More than 200 new units on average are added each year. The role of the North Carolina Department of Health and Human Services is to facilitate the partnership between the property owner or manager and the local lead agency representing the human service system. North Carolina's approach is a cross-disability model of linking affordable housing with community-based services for people with disabilities. The State of Maryland may consider specifically setting aside a certain percentage in all LIHTC projects. Like the North Carolina project, Maryland may seek to incorporate set asides for the MFP population. For more information: http://www.wid.org/programs/access-to-assets/equity/equity-e-newsletter-summer-2007/equity-summer-2007-feature-article

Iowa Finance Agency Low Income Housing Tax Credit – Set Aside Pool for Development
The Low-Income Housing Tax Credit (LIHTC) Program of Iowa is administered by the Iowa Finance Authority (IFA) as specified by the Iowa Code Section 16.52. The amount of annual Tax Credit authority is based on the per-capita amount of the population estimates released by the IRS. In 2007, IFA's per capita Tax Credit authority was $5,815,065. The minimum tax credit awarded to any development is $700,000. There is one pool of tax credit that is divided into five set-asides: Service-Enriched, Affordable Assisted Living, Affordable Preservation, Underserved Area and Nonprofit. After each set aside is fulfilled, the remaining tax credits are awarded in the General Pool. For 2008, the set aside percentage for affordable assisted living was seven percent or approximately $407,000 of the State housing per capita tax credit. According to the QAP, if the development is located in a metropolitan statistical area, then no less than 40 percent of the low-income units are required for families with incomes at or below 40 percent of the area median gross income. The development must obtain and retain enrollment as a Medicaid 1915(c) waiver provider or maintain a contract with an enrolled Medicaid waiver provider, as per the requirements. Also required, the development must implement a comprehensive supportive service plan. For more information: http://www.iowafinanceauthority.gov/documents/2008QAP.pdf

Virginia Livable Home Tax Credit
Virginia's Livable Home Tax Credit program encourages accessibility and universal "visitability" in residential units through tax credits up to $500 for persons either purchasing a residence that is accessible or "visitable" or for persons retrofitting a residence for accessibility or "visitability". Previously, the Livable Home Tax Credit Program has been administered by the Department of Taxation, but this responsibility has now been shifted to the Virginia Department of Housing and Community Development. This change went into effect on January 1, 2008. Eligible applicants are persons filing Virginia individual income tax returns who have incurred costs by purchasing a new residential unit with accessible or Universal "visitability" features, or persons who have retrofitted residential units on or after January 1, 2008. The tax credit is $500 for the purchase of a new residence and 25 percent of the cost of retrofitting activities not to exceed $500. Any tax credits that exceed the eligible individual's tax liability may be carried forward up to 5 years. Virginia's program encourages aging in place and mixed with supportive services, this model can be transferred for the Maryland MFP population. For more information: http://www.vda.virginia.gov/pdfdocs/Tax%20Credit%20for%20Making%20Your%20Home%20Accessible.pdf

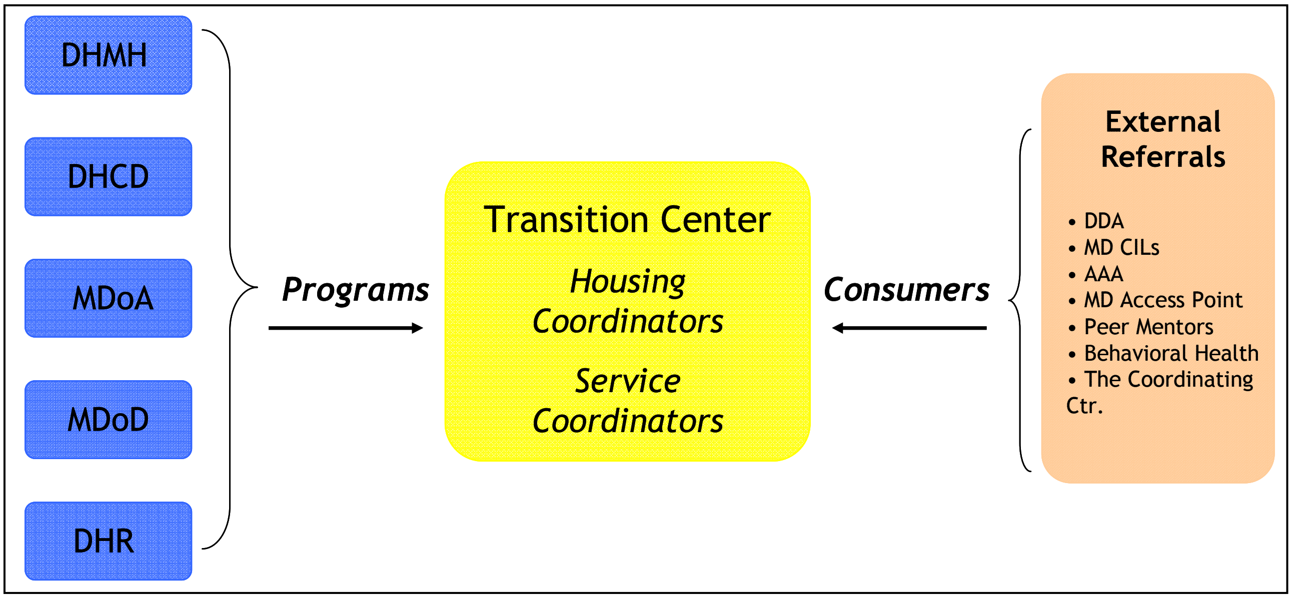
Cleveland Housing First Initiative
Cleveland's Housing First initiative was established in April 2002 to provide permanent housing solutions for people with disabilities experiencing long-term homelessness, incorporating linked on-site services. Cleveland has a higher percentage than the national average of long-term homeless veterans. Cleveland's Housing First has a goal of

developing 1,000 units of permanent supportive housing for single adults with histories of long term homelessness and disabilities. In November 2007, 186 apartments had been built. By the end of 2008, over 400 apartments will be occupied. In over a year of operation, over 90 percent of the initial residents remain in apartments and nearly all who have left are in permanent housing. Almost all residents take part in services. Rates of emergency and general hospitalization have been substantially reduced. Cleveland's Housing First Initiative grew from several different local collaborative efforts. In 1998 the Sisters of Charity Foundation of Cleveland sought to increase the number of permanent, affordable, quality housing units for low-income persons and families.
The Cleveland/Cuyahoga County Office of Homeless Services (OHS) works with a number of entities to identify and promote an integrated service delivery effort as part of permanent housing: the City of Cleveland, the County Mental Health and Alcohol and Drug Boards, the Cuyahoga Metropolitan Housing Authority, the Veterans Administration, homeless advocacy organizations and nonprofit shelter and service providers. For more information:
http://www.socfdncleveland.org/sistersofcharity/OurFocusAreas/SupportiveHousing/HousingFirst/tabid/310/Default.aspx

Transition Center

In addition to specific review and recommendations on housing programs to create access to affordable, accessible and integrated housing choices, NCB Capital Impact was tasked to provide recommendations for a coordinated, feasible transition process through the proposed Transition Center. Based upon the request for proposal submitted by the Maryland Office of Health Services, Long-Term Care and Community Supports Administration, the Transition Center's responsibility will be to coordinate community services for individuals with varying degrees of disabilities who are transitioning out of nursing facilities. In addition to coordinating community based service programs to meet long term supports needs, the Transition Center will be required to provide housing assistance to the MFP population and advocate for the development of housing opportunities for persons with disabilities. The Transition Center will be a centralized entity collaborating with local and State agencies to administer waiver funds, assist in the development of transition plans and provide education to residents on community based programs.

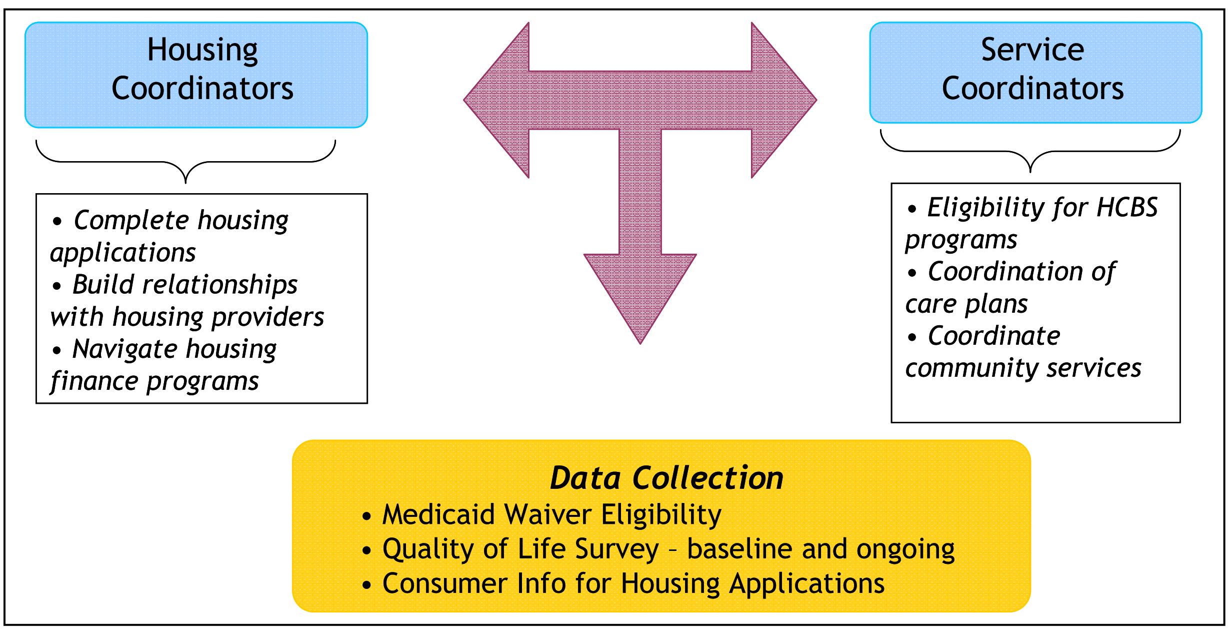
NCB Capital Impact initially reviewed the process flow of the many agencies that the Transition Center will have to coordinate and collaborate with to ensure a seamless transition. The Center will need to coordinate with a number of state and community based inputs. The state entities will assist in providing access to programs for services and housing, while the external partners will provide the referrals of individuals wishing to transition out of the institutional setting.



NCB Capital Impact researched a number of promising collaborative practices that have created integrated housing and service programs for a variety of populations. Existing homeless and supportive housing programs provide some of the best examples for the development of an integrated system for the coordination of housing for individuals with extremely low income levels, mirroring the income levels of the MFP population. From our research, it was clear that the involvement of service partners in the planning of services from the beginning of the housing assistance phase is critical to the development of a cohesive, coordinated service delivery system. Lessons learned from similar transition programs identified that locating appropriate housing become more complicated when the availability of housing assistance is tied to support services or is a requirement to participate in the program. The solution, therefore, is to separate housing needs from personal care and other service needs. When appropriate services and supports are readily available, housing issues can usually be resolved.

There remains a need for an adequate supply of affordable, accessible and integrated housing units within the community. The Transition Center Housing Coordinators will need to conduct a wide spread awareness and education program to identify housing agency partners to assist in the transition. The State of Maryland has a number of mission based housing developers and agencies that would like the opportunity to assist individuals with disabilities to live within the community. It is recommended the Housing Coordinators create connections with the housing developers, public housing agencies, property managers and other housing advocacy groups in order to be positioned to gather information on available housing units. Additionally, the Housing Coordinators will also need to become advocates statewide to encourage the development of and access to affordable, accessible and integrated housing. NCB Capital Impact recommends the Transition Center Housing Coordinators to become members of the Maryland Affordable Housing Coalition and the Maryland Association for Housing and Redevelopment Agencies (MAHRA). Both of these organizations hold regular meetings and are critical partners for the development of housing linkages for the MFP population.

The development of a seamless transition process will assist in a comprehensive delivery of coordinated community based housing and service support for the MFP population. This will require transparency in information sharing among all of the stakeholders. Beginning with the initial contact with the MFP participant, agencies, both internal and external to the State, will need to ensure information gathered is available to all of the various participants and providers of the process. Creation of a web based or technology driven application process will allow both the housing and service coordinators at the Transition Center to ensure the MFP participant's information is collected once. This will reduce the need for multiple contacts with the MFP participant to gather similar information. This will also reduce the number of visits to the Transition Center by the MFP participant. This will also expedite the process for completing the housing search. Internally the Transition Center should create a housing application process where all of the MFP participant's information related to housing (i.e. credit history, income, and choice of preferred setting) can be collected. This application should include the information needed for both public and private housing settings.



Housing Strategy Recommendations

NCB Capital Impact recommends the State of Maryland undertake the following strategic actions as part of the MFP Housing Strategy. These housing strategy recommendations have been divided into both short term and long term strategic tasks. With the short time period available for the implementation of the MFP Initiative, NCB Capital Impact focused a number of the short term activities on utilizing existing networks and enhancing local housing activities to secure and preserve existing units. The changes to legislative and regulatory programs governing housing production will not result in an immediate creation of housing units and thus these activities are long term strategies. The housing strategy has been grouped into the following categories:

- Creation of and access to affordable, accessible and integrated housing;
- Awareness and education of cross sector agencies, organization and providers;
- Creation of seamless housing transition process through the Transition Center.

While these strategy recommendations focus on the MFP specific population, we discovered there is a need for the State of Maryland to cast a wider net and develop programs and policies that will address the affordable housing needs of all individuals with disabilities. We recommend the State look towards the sustainability of the MFP housing strategy in order to incorporate initiatives that will serve a more global population that requires access to affordable, accessible and integrated housing choices.

Creation of and Access to Affordable, Accessible and Integrated Housing

Short Term (6 months to 1 year)

- Set aside a portion of state HOME funds to be used for tenant based rental assistance.
- Expand the creation of supportive housing rental assistance programs on a local level, using Montgomery County's SHRAP as a model, by providing a match through either state HOME or Section 8 funds to assist local municipalities in replication.
- Encourage local municipalities to prioritize affordable housing units for MFP population through local Consolidated Plans, Continuum of Care plans and local long term care plans.
- Define MFP population as homeless through state regulation to allow MFP recipients and housing developments for MFP population to access and utilize McKinney Vento Act and Shelter Plus Care funding programs for housing support.
- Create state income tax credit for homeowners and landlords to offset the cost of home modifications for accessibility features during the year in which the improvements were made.
- Create prioritization for Group Home funding program to encourage development of units for MFP recipients.

Long Term (1-3 years)

- Expand current Bridge Rental Subsidy and provide prioritization for MFP recipients.
- Implement changes to the Low Income Housing Tax Credit Program Qualified Allocation Plan to give more prioritization to housing built for individuals with disabilities at or below 30% AMI. These changes include set aside pool of funds for projects with $\geq$ 25% of accessible units, require certification of resident's

need for accessible unit prior to renting, and annual certification and compliance review by DHCD.

- Create a capital costs match program for Section 811 projects through either DHMH Capital Bond program or HOME funds.
- Develop packaging of financing tools to leverage multiple sources and direct for the development of permanent supportive housing (DHMH Capital Bond Fund, HOME and Bridge Rental Subsidy, Maryland Affordable Housing Trust, State Section 8 Rental Assistance, Low Income Housing Tax Credits).
- Expand the Maryland Housing Rehabilitation Program to be directed towards multi-family affordable rental housing owners, currently accepting Housing Choice Vouchers, to make accessible modifications and are willing to give priority to the MFP population.
- Implement statutory change to direct proceeds from the sale of formerly state owned institutional property (e.g. Rosewood) to be invested in an interest bearing trust. Interest earned to be used to fund a permanent rental assistance program for individuals with disabilities at SSI income level.

Awareness and education of cross sector agencies, organization and providers

Short Term (6 months to 1 year)

- Create education and outreach program to educate housing providers, service providers, property managers, Maryland ADRC locations, on available housing programs and eligibility requirements.
- Educate local municipalities and encourage the prioritization of individuals with disabilities in their local consolidated plans, continuum of care, HOME and CDBG and other local housing programs.
- Educate local municipalities to replicate existing local housing programs for individuals with disabilities (e.g. Montgomery County Supportive Housing Rental Assistance Program, Housing Authority of Ann Arundel County HOME TBRA and public housing).

Long Term (1-3 Years)

- Create a statewide "Olmstead-like" taskforce or workgroup to bring agencies back together and provide leadership from Governor's office.
- Create education tracts on all annual statewide conferences to conduct cross agency education to housing and service providers.

Creation of seamless housing transition process through the Transition Center

Short Term (6 months to 1 year)

- Create a single application to gather all pertinent data from consumers incorporating all of the information required by both private and public housing providers.

- Connect to local coalitions in order to coordinate and access information on local and statewide housing initiatives to ensure MFP population housing needs are being addressed.
- Connect with local property managers, housing developers, and public housing authorities in order to access housing units for the MFP population. This activity would include activities such as connecting with local housing coalitions, attending the Maryland Affordable Housing Coalition meetings, and connecting with the Maryland Association of Housing and Rehabilitation Agencies (MAHRA).
- Develop a clearinghouse of housing programs, eligibility criteria, application process and link to statewide Housing Registry.
- Create transition education program including information on accessing transportation, developing social networks, managing finances and other life skills training.

Long Term (1-3 years)

- Create a virtual single point of entry through technology that can be accessed by the Transition Center, CILs, Maryland Access Point locations and other agencies involved with housing.

Resources

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