Report to the St. Louis Partnership for Mental Health and Housing Transformation Grant:

Permanent Supportive Housing Unit Goal

Corporation for Supportive Housing

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About Corporation for Supportive Housing

For over 20 years, CSH has led the national supportive housing movement. We help communities throughout the country transform how they address homelessness and improve people's lives. CSH develops innovative program models, provides research-backed tools and training, offers development expertise, and collaborates on public policy and systems reform. And, CSH is a certified community development financial institution (CDFI). We make it easier to create and operate high-quality affordable housing linked to services. To date, CSH has made over $300 million in loans and grants, and has been a catalyst for over 150,000 units of supportive housing. For more information, visit csh.org.

Introduction and Overview

As an extension of the technical assistance provided to the St. Louis Partnership for Mental Health and Housing Transformation (Partnership) in August of 2011, the Corporation for Supportive Housing (CSH) is pleased to provide this report which contains a unit goal for permanent supportive housing for the City of St. Louis. The Partnership, funded by the Substance Abuse and Mental Health Services Administration (SAMHSA) and led by the St. Louis Mental Health Board (StLMHB), requested this technical assistance from CSH in order to quantify the need for permanent supportive housing (PSH) among persons with serious mental illness who are homeless or at-risk of homelessness. Quantifying this need is a key step in the process of establishing a community strategy to create the units needed to prevent and end homelessness among these vulnerable populations. Building on data provided by the StLMHB, national standards, and CSH's experience developing PSH unit goals in communities ranging from Austin, Texas to Jacksonville, Florida, CSH utilized its program and financial modeling tool to determine a PSH unit goal for the City of St. Louis. This report outlines this goal and provides initial recommendations for how the goal can be used as a catalyst for PSH production.

What is Permanent Supportive Housing (PSH)?

In order to fully understand the unit goal and recommendations contained in this report, it is important to have a clear understanding of permanent supportive housing and its role in ending homelessness. Based on twenty years of experience working with communities to develop supportive housing, CSH defines PSH as "A cost-effective combination of permanent, affordable housing with services that helps people live more stable, productive lives. Supportive housing works well for people who face the most complex challenges - individuals and families who are not only homeless, but who also have very low incomes and serious, persistent issues that may include substance use, mental illness, and HIV/AIDS." Permanent supportive housing is a proven intervention for individuals and families who are homeless long-term or repeatedly, whose needs often result in frequent and inefficient use of public systems (such as shelters, hospitals, and jails.) Among the positive outcomes, research has shown that more than 80% of persons who participate in supportive housing stay housed for at least one year[1]. Cost savings are realized in communities as the use of expensive services such as emergency rooms and detox services decline while the use of more cost-effective preventive services increase.

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[1] Barrow, S., Soto, G., & Cordova, P. (2004). Final report on the evaluation of the closer to home initiative. Retrieved from http://www.csh.org/index.cfm?fuseaction=page.viewPage&pageID=3834&nodeID=81

It is important to recognize that PSH is not one size fits all, and that not all persons and families facing homelessness are in need of PSH. Recent results from the Homelessness Prevention and Rapid Rehousing Programs nationwide indicate that many homeless families can respond well to quick and intensive stabilization of their housing condition, and may not need long term services and support of PSH. However, those individuals and families experiencing chronic homelessness and/or serious mental illness can, and do benefit from the more sustained supports available through PSH. A range of PSH models – single-site, scattered-site, set-aside and master-leased units – exist and are available to a community as they work to match the needs of the population with the resources in the community. A number of these models are touched on in this report as may be applicable to the St. Louis community. Stakeholders should give careful consideration to what approaches they believe will work best in St. Louis.

Definition of Key Terms

The following definitions, and corresponding data, were utilized in the development of the PSH unit production calculations:

- Chronic homelessness – HUD's definition recommended in the *2012 Housing Inventory Count and Point-in-Time Count of Homeless Persons Data Collection Guidance*.

  "An unaccompanied homeless adult individual (persons 18 years or older) with a disabling condition who has either been continuously homeless for a year or more OR has had at least four (4) episodes of homelessness in the past three (3) years. To be considered chronically homeless, persons must have been sleeping in a place not meant for human habitation (e.g., living on the streets) and/or in an emergency shelter/Safe Haven during that time. Persons under the age of 18 are not counted as chronically homeless."

  "Disabling Condition – Any one of (1) a disability as defined in Section 223 of the Social Security Act; (2) a physical, mental, or emotional impairment which is (a) expected to be of long continued and indefinite duration, (b) substantially impedes an individual's ability to live independently, and (c) of such a nature that such ability could be improved by more suitable housing conditions; (3) a developmental disability as defined in Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act; (4) the disease of acquired immunodeficiency syndrome or any conditions arising from the etiological agency for acquired immunodeficiency syndrome; or (5) a diagnosable substance abuse disorder."

- At-Risk of Homelessness – from the narrative of the SAMHSA *St. Louis Partnership for Mental Health and Housing Transformation Grant*

  "…include those individuals who are at-risk of homelessness, as evidenced by living in doubled-up, precarious or unstable living situations, or having experienced two or more episodes of literal homelessness in the past three years."

  "…many people with severe mental illness experience a wide range of at-risk housing situations (e.g., cyclical patterns of episodic homelessness, frequent moves from doubled-up and precarious housing situations, adult children with mental illness living precariously with their parents solely because of a lack of other safe and affordable housing options.")

General Methodology

Step 1: Number of Homeless Persons - To gain a full understanding of the PSH needs for persons experiencing homelessness in general, with a particular focus on persons with serious mental illness, it is important to first develop a complete picture of the number of households experiencing homelessness over the course of a year. The homeless point-in-time (PIT) count provides a snapshot of homelessness at a given moment. The PIT generally

captures the homeless sheltered and unsheltered population that use emergency shelter and services, with a breakdown of that population by family composition, chronic homelessness and those with disabilities.

Step 2: Number of Homeless Persons over a Year - Taking the PIT data and converting it to an estimate of the annual number of persons experiencing homelessness over a year requires the use of additional tools, including a review of the use of shelter facilities, reports of length of stay, and frequency of repeat occurrences among the homeless population. Additional calculations were also developed in order to determine the subpopulations of persons with serious mental illness.

Step 3: With the annualized homeless population numbers in hand, the next stage of the calculation utilizes local and national evidence to estimate the proportion of the homeless population that needs and benefits from PSH and compares this need to the existing PSH stock.

Step 4: Lastly the analysis identifies the appropriate housing production strategy to meet the unit production goal based on housing market conditions and general resource availability.

PSH Unit Goal for All Persons Experiencing Homelessness

The overall PSH unit production goal in St. Louis as determined through this analysis is 1227 which includes 457 units specifically for the portion of the homeless population with serious mental illness. An additional 325 units would provide access to PSH for the segment of the population with serious mental illness that may be at-risk of homelessness, including those who are currently inappropriately housed in institutional settings.

The following briefly traces the analysis and data sources used to determine the PSH production goal.

The St. Louis 2012 Point-In-Time (PIT) count found 1506 sheltered and unsheltered persons; of whom 136 were defined as chronically homeless and 356 reported severe mental illness. These subpopulations represent 9% and 23.6% respectively of the total counted homeless population in the 2012 PIT Count. Next this data was adjusted to create the annualized estimates for the overall homeless and the identified subpopulations. These annualized estimates were considered reasonable when compared to both the St. Louis City Continuum of Care (AHAR) report for 2011 as provided by project partners, and additional PIT count calculations applying a national multiplier which uses statistics drawn from the National Survey of Homeless Assistance Providers and Clients (NSHAPC).[2] The annualized estimate for the total number of persons who experience homelessness in a given year is 5,486. This number includes 530 persons experiencing chronic homelessness (including persons in families), and 949 persons with serious mental illness.

[2] CSH uses the methodology described in its publication, "Estimating the Need," to estimate the annual homeless number. The methodology was developed by leading homeless researcher, Martha Burt, at the Urban Institute.

Table 1 below summarizes the annualized homeless population data:

Table 1 - Annualized Homeless Population Data from Point-in-Time Count		
Homeless Population	Number that are Homeless at a Point in Time+	Number that are Homeless over the Course of a Year
Single Adults	917	3349
Persons in Families	579	2101
Unaccompanied Youth *	10	36
Total	**1506**	**5486**
Chronic Homeless (subset of above)	136	530
Persons with Serious Mental Illness (subset of above)	356	949
+ City of St. Louis Point in Time Count 2012		
* Unaccompanied youth were not included in the PSH Unit Production analysis		

The PSH unit production goal is developed by examining the population experiencing homelessness, those that would most need or benefit from PSH, and the current inventory of available units of PSH. Based on the number of households experiencing homelessness over the course of a year, local and national data was used to determine what percentage of each subpopulation is in need of permanent supportive housing. Extensive research shows permanent supportive housing to be an effective intervention for persons experiencing chronic homelessness. The vast majority of these individuals would be unable to obtain or maintain stable housing without ongoing supportive services. Therefore, it is assumed when evaluating the subpopulation of persons experiencing chronic homelessness, including those with serious mental illness, that 95% of this group would benefit from permanent supportive housing. When examining the larger population of homeless persons who are not chronically homeless, a much lower percentage will need permanent supportive housing. Although these individuals are in need of support, most will be able to obtain and maintain housing with short or medium-term supportive services and financial support and using models such as transitional housing and rapid rehousing. When analyzing the need for PSH among this group, we look for those individuals who resemble individuals among the chronically homeless group. HUD's 2010 *Annual Homeless Assessment Report to Congress* indicates that nationally 36-46% of sheltered individuals are disabled. Based on this data, local St. Louis data, and CSH program modeling completed in other locations, it is estimated that 30% of the non-chronic homeless population need access to PSH.

To determine the number of units needed, the next step in the analysis looks at the existing PSH housing stock, its availability or vacancy based on approximate turnover use to determine the gap in availability of units for the target populations. The existing PSH housing stock for St. Louis is 833 units based on information gleaned from the *HUD's St. Louis City Continuum of Care Housing Assistance Programs Housing Inventory Chart for 2011* and *the City of St. Louis 10-Year Plan to End Chronic Homelessness Update Revised 1/4/11*. The progress to date under the *St. Louis 10-Year Plan to End Chronic Homelessness* has significantly increased the number of PSH under development for chronic homelessness. These units (82) in the pipeline were subtracted from the estimated number of PSH units needed to produce a remaining goal of 1227 for all homeless persons.

Table 2 provides detail on the need for housing among the homeless population and subpopulations, the available units and the estimated gap or PSH unit production goal. It is worth noting that the turnover rate, or frequency of use of existing PSH units was reported as 21% for individuals and 30% for families in *the HMIS Sheltered Homeless Persons in City of St. Louis Report for 10/1/2010-9/30/2011*. This rate may warrant further examination of the conditions or factors within the system that could be prompting persons to leave PSH at this rate.

Table 2 - Permanent Supportive Housing Need in the Community

Population	Number that are Homeless over the Course of a Year	Percent of Population in Need of PSH	Number of PSH Units Needed	Number o Existing PSH Units	Annual Turnover Rate	PSH Units Available (and under development)	Current PSH Units Needed
Single Adults	**3349**		**1218**	483	21%	183	**1115**
Chronic	451	95%	429				301
Non-chronic	2898	30%	869				814
Families with Children	**671**		**218**	350	30%	105	**113**
Chronic	25	95%	24				24
Non-chronic	646	30%	194				89
						Total PSH Units Needs for all Homeless Persons	**1227**
Homeless Persons with Serious Mental Illness (subset of above)	**949**		487	50	21%	10	**457**
Chronic	159	95%	151				141
Non-chronic	790	40%	316				316
Person with SMI At-Risk of Homelessness	**1684**	30%	325	n/a	n/a	0	**325**
						Total PSH Units Needs for Persons with Serious Mental Illness	**782**
						Total PSH Units Needed for al Homeless Persons and Persons with SMI At-Risk of Homelessness	**1553**

PSH Goal for persons with Serious Mental Illness who are Homeless or At-Risk of Homelessness

Although the PSH unit goal for all persons experiencing homelessness in the City of St. Louis was determined in this analysis, this process focused on determining the goal specifically for persons with serious mental illness. The unit production goal for persons with serious mental illness amongst the homeless population is 457. This represents 37% of the overall recommended unit production goal. The prevalence of serious mental illness amongst the homeless population was reported in the 2012 PIT at 23.4%. The prevalence amongst the chronically homeless was consistently higher at 38.49% from the *Ten Year Plan to End Chronic Homelessness in St. Louis City and County, August 2005* and 30% from the *Regional Housing Needs Assessment and Resource Inventory released March 2012* by the Behavioral Health Network of Greater St. Louis. The portion of the PSH unit production goal allocated for those with serious mental illness represents a high proportion of the units due to the evidence that those persons with serious mental illness (amongst the general homeless and chronic homeless population) would benefit at a higher percentage than the general population from the stable environment and services available through permanent supportive housing.

As requested by the St. Louis Mental Health Board, CSH completed an additional analysis to approximate the number of PSH units that could benefit those persons with serious mental illness who may be at-risk of homelessness and those who are inappropriately housed in institutional settings. For the latter number – those inappropriately housed in institutions –the number of 184 people with serious mental illness living in St. Louis City skilled nursing facilities and residential care facilities as provided by Larry Fletcher, Director of the Supported Community Living Program was utilized. Additionally, calculations were based on the number of persons receiving publicly funded psychiatric services as eported in the *Regional Housing Needs Assessment and Resource Inventory released March 2012* by the Behavioral Health Network of Greater St. Louis. This number was adjusted by removing possible duplicate counts and also discounting by 85%[34] to reflect the possible risk of homelessness. This resulted in

[3] Folsom, D.P., Hawthorne, W., Lindamer, L., et al. (2005). Prevalence and risk factors for homelessness and utilization of mental health services among 10,340 patients with serious mental illness in a large public mental health system. *American Journal of Psychiatry, 162(2)*, 370-6.

a combined "at-risk" population of 1,084. As indicated above, not every individual with serious mental illness is in need of PSH. CSH estimated the number of this "at-risk" population that if facing homelessness would benefit from PSH at 30% for an at-risk unit production goal of an additional 325 units.

PSH Unit Production Strategies

The next and last step in this phase of the PSH unit production modeling is to assess the development strategy to produce the needed units. A full analysis to determine a realistic PSH goal and to allocate units between development and leasing strategies would need to incorporate:

- availability of qualified housing stock,
- capital resources for new construction and rehabilitation,
- organizational development capacity,
- timelines, and
- identification of subsidy resources to bring market or affordable rents in the range of affordability for persons at extremely and very low income levels.

This combination of critical items typically results in a plan to develop a realistic (but still ambitious) portion of the total units needed over a time period of 3-5 years. Such a detailed analysis is outside the scope of this technical assistance engagement, but this section provides some preliminary estimates of what portion of the PSH unit goal could be achieved through leasing and what portion would be best accommodated through development – either new construction or rehabilitation.

A leasing strategy creates units by coupling existing units in the rental housing market with rental subsidy to achieve affordability. A leasing strategy can utilize scattered site or concentration of units in both the general housing inventory and the affordable housing inventory. A new construction or rehabilitation strategy develops units through either acquisition/rehabilitation of existing units or new construction. In many instances, rental subsidies are still needed to bring the development units within the affordability range of extremely low income households. Supportive services must be coupled with the units under both strategies.

For this analysis in St. Louis, CSH estimated that 50% of the desired PSH units could be achieved through a leasing strategy and an equal number be brought on-line through new construction or rehabilitation. This recommendation is determined based on housing market conditions and a general look at capital resources and community capacity targeted for development of affordable and supportive housing. The State housing finance agency, Missouri Housing Development Commission, has in the past two years instituted policies in its rental development programs including the Low Income Housing Tax Credit Program (LIHTC), that give priority for the development of permanent supportive housing—both as a percentage of larger affordable housing developments or as developments that are 100% PSH. The supportive housing community has the opportunity to identify partners and continue to develop new PSH units.

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[4] Kuno, E., Rothbard, A.B., Avery, J., & Culhane, D. (2000). Homelessness among persons with serious mental illness in an enhanced community-based mental health system. *Psychiatric Services, 51(8)*, 1012-6.

Additionally, the Agency's priority to fund preservation developments utilizing existing housing stock could create significant opportunity for development of PSH in existing properties in the City of St. Louis.

The assumptions about current housing market conditions, an 11% rental unit vacancy rate and a 71% rate of housing cost burden among households below 30% of area median income, were informed based on data taken from the *City of St. Louis Consolidated Five Year Consolidated Plan 2010-2014* as well as area housing affordability and burdened household data compiled for St. Louis as part of the National Low Income Housing Coalition, *Congressional District Profiles using 2009 American Community Survey data*. These factors indicate that a scattered site leasing strategy coupled with identification of new resources for rental subsidies could be a cost effective mechanism to increase the PSH housing supply.

Table 3 shows the Production Strategy and unit size estimated for the PSH Unit production goal for those units targeted to persons with serious mental illness. For purposes of simplification, unit size is listed as either 0-1 bedroom or multiple bedrooms to meet family housing needs.

Table 3 - Permanent Supportive Housing Production Strategy for Units Targeted to Persons with Serious Mental Illness

	Total PSH Units Needed	Leased Units 0-1 BR	Leased Units Multiple BR	Developed Units 0-1BR	Developed Units Multiple BR
Targeted Tenancy					
Persons with SMI, Chronically Homeless	**141**	67	4	66	4
Persons with SMI, not Chronically Homeless	**316**	128	30	128	30
Person with SMI, At-Risk of Homelessness	**325**	138	24	139	24
Total PSH Units Needed for Persons with Serious Mental Illness	**782**	**333**	**58**	**333**	**58**

Recommendations and Next Steps

This PSH Unit Production Goal identifies the need to create 1227 units of PSH to meet the needs of the estimated homeless population in St. Louis. A portion of this PSH unit goal, 457 units, if developed would meet the needs of the persons within this group with serious mental illness. To address the potential PSH need posed by persons with mental illness who may be at-risk of homelessness, an additional 325 units should be added to the supply of PSH.

CSH recognizes that creating this number of units will require a significant and ongoing investment on the part of the many stakeholders who are committed to preventing and ending homelessness in the City of St. Louis. In undertaking this effort, the City of St. Louis community has a number of strengths on which to draw. The St. Louis Partnership for Mental Health and Housing Transformation already brings together many of the key stakeholders who will be needed to achieve this goal. In addition, since the launch of *The Ten Year Plan to End Chronic Homelessness in St. Louis City and County,* the City and County of St. Louis together with organizations serving homeless populations have completed significant housing development targeted to the most vulnerable among the homeless population. In building on these efforts and many more throughout the community, CSH recommends the following:

- Using the PSH unit production goal and this report as a guide, conduct additional analysis on development and operating cost scenarios as well as the necessary capital, operating and service resources to execute them. You may wish to create a 3-5 year plan to develop a portion of the needed units.
- Build and/or strengthen collaboration with the local housing authority to coordinate permanent supportive housing in redevelopment plans and allocation of rental subsidies.

- Build local capacity for development and service provision by funding relevant training for developers, lenders, and consultants.
- Create opportunities to educate and involve the affordable housing community in the production of permanent supportive housing.
- Develop an outreach program to engage and educate the residential property owners about integrated supportive housing with a goal towards identifying units within their properties for PSH.
- Ensure that the majority of units created take a Housing First and Harm Reduction approach to best serve the needs of the targeted population.
- Use this unit goal in efforts to advocate for additional resources at the local and state level and as a way to engage diverse partners such as the business community. You may wish to track progress toward this goal on the St. Louis Mental Health Board website or other public forum.
- Designate or create a team to track progress and coordinate efforts. A Pipeline Working Group or Funders' Council should be created to regularly review and strategize around potential projects in the City of St. Louis. The group can be diverse, but must include members with substantial development expertise and influence at the funding level.

Conclusion

CSH is pleased to have had the opportunity to develop the permanent supportive housing unit goal for the St. Louis Partnership for Mental Health and Housing Transformation and commends the Partnership on its commitment to ensuring the availability of appropriate housing and services for persons with serious mental illness. It is CSH's hope that the goal contained in this report can both clarify the need for PSH among persons with SMI and serve as a rallying point for the community in its comprehensive efforts to prevent and end homelessness for all its citizens. CSH thanks the Partnership for this opportunity to provide technical assistance and looks forward to future opportunities to collaborate.