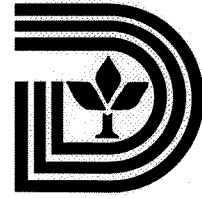


# Memorandum



CITY OF DALLAS

DATE August 15, 2008

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dr. Elba Garcia, Vonciel Jones Hill, Angela Hunt, Linda Koop, Pauline Medrano

SUBJECT Permanent Supportive Housing

On Monday, August 18, 2008, you will be briefed on Permanent Supportive Housing. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez'.

A.C. Gonzalez, Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom P. Perkins, Jr., City Attorney  
Craig Kinton, City Auditor  
Judge Jay Robinson, Judiciary  
Ryan S. Evans, First Assistant City Manager  
David O. Brown, Interim Assistant City Manager  
Ramon Miguez, P.E., Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Dave Cook, Chief Financial Officer  
Jerry Killingsworth, Housing Director  
Jeanne Chipperfield, Budget Director, Office of Financial Services  
Helena Stevens-Thompson, Assistant to the City Manager

# Permanent Supportive Housing

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## A Briefing To The Housing Committee

Housing Department  
August 18, 2008



# KEY FOCUS AREA: ECONOMIC VIBRANCY

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## 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

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- 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

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- ❑ 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

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- ❑ 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?

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- 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 (PBRA) 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

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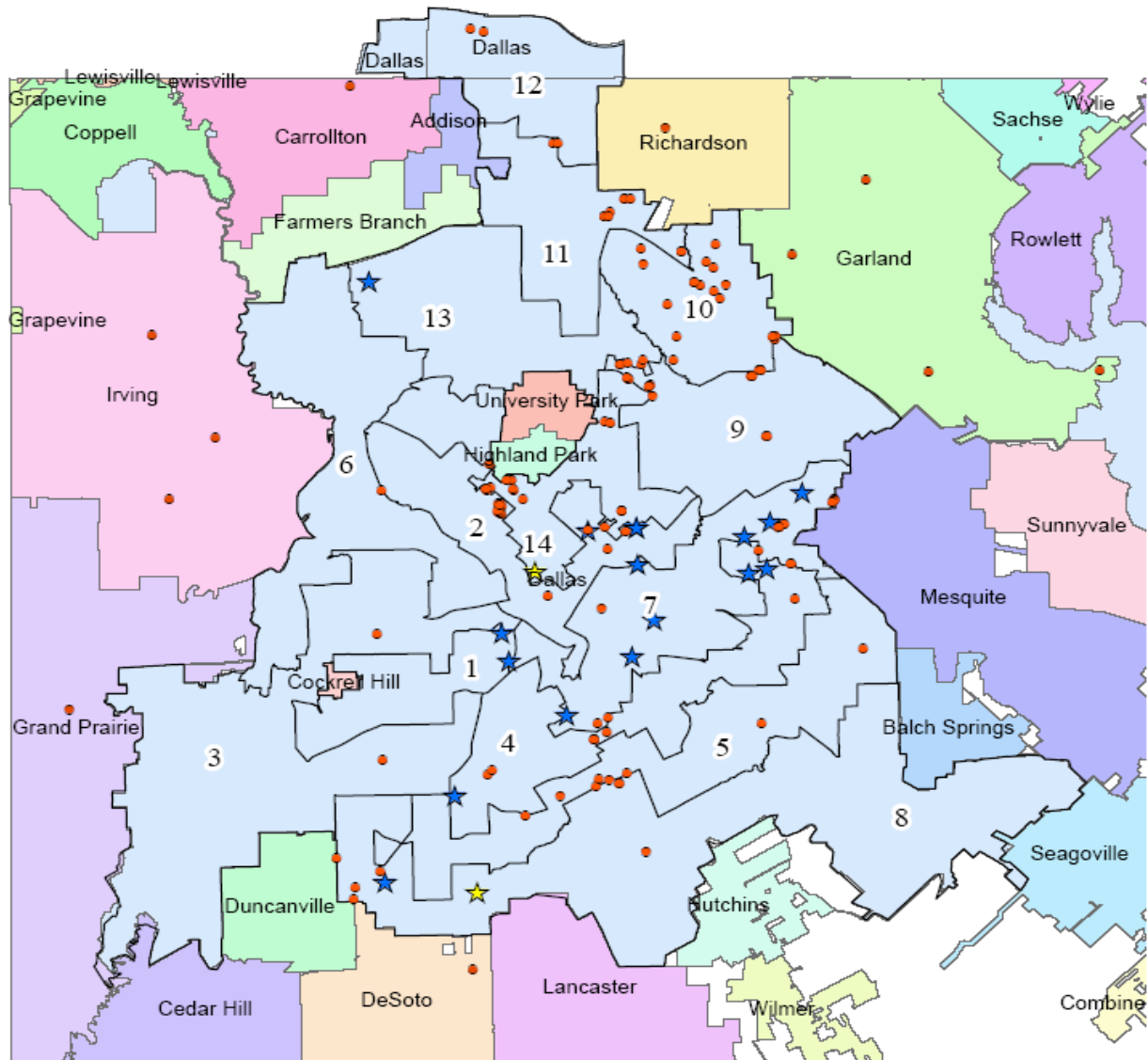
- There are 852 PSH units in City of Dallas
  - 724 units are scattered-sites and funded through HUD's Continuum of Care providers
  - 64 units – Aids Services of Dallas in North Oak Cliff
  - 64 units – Prince of Wales on Live Oak
  - 338 units have been brought on line since 2005
    - 167 Scattered-site
    - 171 are new units

# PSH under construction or application pending

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- ❑ 50 units under construction @ 511 N. Akard St. downtown
- ❑ 150 units LifeNet in Fair Park area – 9% tax credit transaction – deadline for funding is October, 2008

# Permanent Supportive Housing by Council District



|   |                 |   |                   |   |                  |
|---|-----------------|---|-------------------|---|------------------|
| ★ | Type of Project | ★ | Under Development | □ | Council District |
| ★ | Project Based   | ● | Scattered Site    |   |                  |



# 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

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## □ 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

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❑ 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

\*Could be reduced to 300 if LifeNet SRO receives 9% funding

# PSH Providers in City of Dallas

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- 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)

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- ❑ 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<br>Per year<br>\$2,580 per unit<br>Workforce Housing                     | \$117.56/SF                                     | \$122,121                            | 0   |
| 80% Market<br>20% PSH      | 250 with<br>50 PSH<br>units | No          | 100%          | \$644,950<br>Per year<br>\$2,580 per unit<br>\$12,819 per unit<br>for 50 SRO Units | \$117.56/SF                                     | \$122,121                            | \$30,000/unit with<br>\$1.5M Gap for 50<br>SRO<br>Units |
| 100% PSH<br>9% Tax Credits | 125                         | Yes         | 100%          | \$234,000<br>\$1,872 per unit  | \$203.73/SF                                     | \$76,417                             | \$14,400/unit with<br>\$1.8M Gap<br>for 125 SRO Units   |
| 100% PSH<br>4% Tax Credits | 125                         | Yes         | 100%          | \$261,000<br>\$2,088 per unit  | \$200.01/SF                                     | \$74,879                             | \$36,000/unit with<br>\$4.5M Gap for 125<br>SRO Units   |

\*Assumes 15% cash equity

# Conclusions From Financial Models

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- ❑ 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

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- ❑ 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

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- ❑ \$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

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- 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

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## Housing Cost in Dallas per bed, per Day

|   |                |
|---|----------------|
| <b>Permanent Supportive Housing*</b>                  | <b>\$27.00</b> |
| 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

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- 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 existing GO Bonds, future GO Bonds, or CO's
- 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

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- ❑ Council approves 5-year plan endorsing city-wide implementation based on land availability and cost
- ❑ 20% designated set aside for PSH from the sale of future General Obligation Bonds and Certificates of Obligations pledged to the Housing Trust Fund
- ❑ 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

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- September 10, 2008 Council Action to:
  - Approve 5-year plan endorsing city-wide implementation and Program Statement, and
  - 20% designated set aside for PSH from the sale of future General Obligation Bonds and Certificates of Obligations pledged to the Housing Trust Fund