Connecting Residents of Subsidized Housing with Mainstream Supportive Services: Challenges and Recommendations

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Executive Summary

The U.S. Department of Housing and Urban Development's (HUD's) current Strategic Plan puts forth an agenda to "transform the way HUD does business," including a focus on simplifying programs, streamlining regulations, and eliminating unnecessary rules.[1] In that spirit, this report, prepared for the *What Works Collaborative*, outlines a series of non-statutory policy options that could be adopted by HUD to improve access to mainstream supportive services by residents of subsidized housing. These policy options address shared challenges, including a lack of onsite specialized capacity to deliver services and/or access qualified service providers, limited and unreliable funding for resident services, and constraints on the use of common space to deliver services to residents and members of the surrounding community, that affect family and senior properties across the country.

Our research uncovered a wide-ranging set of policy options to address these challenges; those selected for inclusion in this paper surfaced multiple times in conversations with practitioners and researchers, and either provide a promising solution to a discrete problem or help to overcome broad systemic issues. On its own, no single action or reform will fully resolve the complex set of administrative and regulatory challenges. We did, however, identify four critical pathways through which these policy options operate and HUD can strengthen and expand the role of subsidized housing as a platform for services that enrich residents' health, safety, economic self-sufficiency, and quality of life. These include:

- ***Promoting co-location and coordination among housing and services providers***—Adjustments to HUD programs and rules may enable more housing providers to site a medical clinic on the premises of a senior development or offer after-school programs in a family property's common space. With improved coordination between HUD and the Department of Health and Human Services, Department of Labor, and federal agencies, as well as between housing and services providers, co-location can effectively connect residents with needed services.

- ***Enabling housing providers to use existing funding streams and other resources more effectively***—Finding the funds to support resident services presents a challenge even to seasoned practitioners. Through joint rule-making that makes it easier to layer various federal programs, such as the Low-Income Housing Tax Credit and Section 202 program, and regulatory changes that allow residual receipts and other existing funding streams to be used more flexibly, HUD could help to expand the available pool of resources available to support the services component of service-enriched housing.

- ***Supporting access to well-trained service coordinators***—Service coordinators help to connect residents of subsidized housing with services available in the community, and also help to promote community-building and networking among building residents, staff, and other service providers. Policy options identify strategies for bringing qualified service coordination to more properties, including by allowing the cost of service coordination to be covered "above the line" within privately-owned multifamily properties' operating budgets and expanding service coordinator training opportunities to cover a wider range of topics.

[1] U.S. Department of Housing and Urban Development. 2010. *HUD Strategic Plan: FY 2010 - 2015*. Washington, DC: Author.

- ***Developing and implementing a forward-looking research agenda***—The analysis identified the need for a number of rigorous, targeted research projects to better evaluate and demonstrate the positive contributions of service coordination. In particular, research demonstrating the cost effectiveness of housing-based supportive services could help to spur greater interagency cooperation and coordination.

A full list of challenges and policy recommendations included in this report can be found on the next page.

Limitations and additional considerations

The scope of this paper is limited to programs that serve older adults and families in HUD-subsidized housing (public or privately-owned). Services are also an important component of housing strategies for formerly homeless families and individuals, as well as people with a severe mental illness or physical disability, many of whom live in HUD housing. While many of the policy options discussed below also apply to these residents, a thorough analysis of the obstacles to and solutions for better serving these specific populations is beyond the scope of this paper.

This report also does not address the question of whether HUD should continue to provide funding for the service coordinator function, which straddles the housing and services fields, or whether this role should be shifted to the Department of Health and Human Services (HHS) or another federal agency. Whether this role stays within HUD or moves elsewhere, however, the importance of uninterrupted funding of service coordinator programs at levels adequate to meet residents' needs remains high.

Finally, we do not argue that HUD should take on an expanded role in determining the services that work best for residents in various stages of life or designing and administering those programs. As most stakeholders would agree, those functions are best left to other federal agencies and their state and local counterparts, including the Department of Education, HHS, Department of Labor, and Department of Veterans Affairs, to name a few.

HUD does play an important role, however, in laying the foundation on which those services may be effectively delivered and in building bridges to other agencies at the federal level to address obstacles to improved coordination among federal agency grantees at the local level. Based on input from dozens of researchers and practitioners, this report suggests specific steps that HUD can take, independently or in partnership with other federal agencies, to address barriers and create opportunities for connecting residents of subsidized housing with mainstream supportive services.

Summary List: All Challenges and Policy Responses

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Introduction

Practitioners have long recognized that families and individuals may need more than an affordable unit in order to maintain stable housing. Supportive services provide an essential complement to rental subsidies for some of the most vulnerable households, including seniors who need assistance to maintain their independence and age in place and families that may be stalled on the path to achieving economic self-sufficiency.

This report describes steps that may be taken by the US Department of Housing and Urban Development (HUD), independently or in partnership with other federal agencies, to improve access to mainstream supportive services by residents of subsidized housing. In general, the policies reviewed in the report are limited to regulatory and administrative reforms, rather than statutory changes that would necessitate Congressional action. While housing programs that target low-income seniors and families are our primary focus, a number of policy options for programs targeted on families and individuals experiencing homelessness emerged from our research and have also been included.

Research Methodology and Structure

The ideas set forth below were informed by a six-week outreach effort, during which we received input from dozens of practitioners and researchers across the country. Outreach was conducted through several channels, including:

- *Convenings*—The National Housing Conference (NHC) and Center for Housing Policy (Center) brought together stakeholders for three information-gathering meetings held in Los Angeles, New York City, and Washington, DC.
- *Targeted outreach*—NHC and the Center conducted one-on-one phone calls and meetings with recognized leaders involved in delivering housing and services.
- *Questionnaire*—NHC members, Center supporters, and other contacts who were unable to attend a meeting or participate in an interview were given the opportunity to complete an open-ended questionnaire addressing topics covered in this report.
- *HousingPolicy.org Forum discussion group*—A temporary discussion group added to the online HousingPolicy.org Forum provided a venue for all Forum members to add their thoughts. (Membership is free and open to anyone with an interest in housing policy.)

We also reviewed research reports, policy comments, and other materials prepared by researchers and practitioners. Many of the issues identified in this report have previously been raised by other organizations in memos and policy proposals; we build on those prior analyses as well as our own research to highlight specific, actionable steps that have the potential to address persistent barriers to connecting housing and services.

Our research suggests that despite working with different client groups, practitioners tend to face somewhat similar challenges to connecting families and seniors with mainstream services. The first section of this report describes some of these challenges. The second half of the report is organized by population and provides (a) an overview of existing programs that help to connect residents of subsidized housing with services, and (b) policy options for helping to overcome barriers to service access experienced by operators and residents of subsidized housing. Some policy options may work equally well for programs that serve families and programs intended to address the needs of seniors; where this is the case, the policy option is discussed in detail in one part of the report and cross-referenced in the other.

The next sections of the report outline the principal challenges our research identified to linking residents of subsidized housing with mainstream supportive services and options for addressing these challenges.

Challenges

While each HUD program (and indeed, each local project) operates within a unique policy environment and set of opportunities and constraints, we identified four common challenges that hamper housing sponsors' efforts to connect tenants with services.

Challenge 1. Some housing providers may lack the specialized capacity to deliver services from which residents will benefit as well as access to services offered by local providers with relevant expertise.

When housing is combined with appropriate services, practitioners report that residents experience better outcomes across a range of metrics—health and quality of life, educational achievement, and self-sufficiency and professional development, among others. These personal outcomes sometimes translate directly into public cost savings, particularly when associated with reduced reliance on costly emergency medical services and engagement with the criminal justice system, and especially among individuals with the greatest needs who may initially require intensive wraparound care. Services that enable tenants to remain stable and successfully housed can also lead to savings in turnover and vacancy costs, as well as a stronger sense of community, that strengthen and facilitate sound property operations and management.

Some housing organizations have developed the specialized expertise necessary to effectively deliver services to the residents of their developments. But despite the benefits, many other housing providers do not directly offer the services needed or wanted by tenants; nor do they proactively seek out partnerships with providers in the community. In many cases, these activities simply fall outside of the sponsor's mission or area of expertise. Some housing sponsors may also be reluctant to ask an already-overextended staff to address supportive services, or qualified providers may not be available within the community. Other related factors include a lack of funding and/or adequate space in which to deliver services (*see Challenges 2 & 3*) and—particularly for older adults—concerns about licensing requirements associated with on-site delivery of certain services.

Finally, some developments may not be able to deliver the scale needed to justify offering services on-site. Section 202 properties built during the 1980s, when "cost-containment" policies resulted in small developments, as well as properties built in subsequent years when limited appropriations funded fewer and fewer new units, often do not have the critical mass of potential clients needed to attract service providers. Similarly, residents of family properties may be best-served by specialized workforce development courses or other training programs available within the community. Housing providers can help to connect residents to these off-site services by providing referrals or offering shuttle bus service and other transportation options. Service coordinators often arrange these connections; in developments that lack service coordination, property management may not have the capacity or training to perform a similar role.

Challenge 2. Direct funding for services in assisted housing is extremely limited and sometimes poorly coordinated with housing subsidy programs.

The perennial question of who pays for the services that keep residents of subsidized housing healthy, safe, or on the path to economic self-sufficiency served as a backdrop for all of our conversations. Many of the practitioners with whom we spoke believe strongly in the importance of providing services on-site; moreover, on-site resident services are often either required or strongly encouraged by state housing finance agencies or other funders. Without a reliable funding stream to cover the cost of services, however, the call to provide supportive or service-enriched housing becomes an unfunded mandate, leaving housing providers scrambling to cobble together funding for programs or service coordinators. Citing the inconsistency of financial support from year to year, many providers also expressed reluctance to offer services for which they could not be certain of securing funding in the future.

HUD has several service coordinator programs that fund a limited number of service coordinators in HUD-assisted housing, but the programs do not provide sufficient funds to cover a service coordinator in every qualifying property and do not cover service coordination in privately-owned family properties. Moreover, even when a service coordinator is funded through a coordinator grant or out of the property's operating expenses, there are no dedicated HUD funds to provide the services themselves. Programs serving individuals and families experiencing homelessness also coordinate housing assistance with funding for related supportive services, although concerns surfaced with regard to the ways that services funds are allocated and administered. Finally, while the services needs of families are no less important than those of other groups discussed in this report, covering the cost of supportive services in assisted multifamily properties remains a challenge. Short of identifying new funding sources, our outreach uncovered a number of steps that HUD could take to better align various funding streams.

Challenge 3. There may be inadequate space within a development to provide ongoing or one-time services.

Without adequate facilities, housing providers are unable to deliver, or arrange for delivery of services on-site. The absence of community and commercial space and amenities such as kitchens and congregate dining rooms may be the result of explicit policy directives, such as cost-containment requirements that affected Section 202 developments in the 1980s. While HUD has adopted programs to support retrofits of some senior developments, these programs have often been underfunded and under-utilized. In addition, requirements and constraints associated with other funding sources may undermine the feasibility of incorporating community space for service delivery into new developments for families and seniors. For example, in certain circumstances Low-Income Housing Tax Credit rules appear to exclude community space intended for service delivery from a property's eligible basis (that is, the development costs used to determine the amount of tax credit for which the developer is eligible), significantly impacting the proposed developments' financial viability.

Challenge 4. Efforts to extend eligibility for supportive services to the surrounding community may be stymied by program regulations.

Many of the practitioners and advocates with whom we spoke emphasized the importance of being able to enroll members of the surrounding community in services provided at subsidized developments. The benefits of these connections flow in several directions: Neighborhood residents may have a need for the supportive services available to tenants, particularly if they are eligible for assisted housing and otherwise priced out of mainstream services. Tenants in assisted developments have the opportunity to develop relationships with members of the surrounding community, helping to overcome possible isolation or stigma. Service providers may be able to realize greater efficiencies by delivering their programs to a critical mass of clients within the assisted development and neighboring community, and some may be more willing to locate their services at the assisted development with the assurance of open access for the public. Efforts to open up services delivered in subsidized housing to community members may be complicated, however, by confusion about whether regulations permit housing providers to make available community space and services for nonresidents.

Policy Options

The following sections outline possible responses to the challenges outlined above, and are divided by target population into policy options for improving access to services among (a) older adults and (b) families (some options appear in both sections). While the policy options reference specific programs and, in most cases, put forth relatively modest regulatory or administrative changes, many of the stakeholders consulted in preparation of this report also emphasized the need for large-scale, systemic changes to create a comprehensive and integrated platform for the delivery of both housing and services.

Some of the policy options described below help to build stronger connections between housing and service providers. For example, the option for local housing authorities to set aside a share of housing vouchers or public housing units for households referred by a supportive service provider, who agrees to provide those households with necessary services—a policy option described in the *Families* section—represents an inter-agency solution to meeting a broader spectrum of resident needs. Successfully fostering and maintaining cooperation and coordination across local, state, and federal agencies and between policymakers, practitioners, and housing and services providers, however, will require a more comprehensive effort that involves collaboration among the federal agencies that fund local housing and services providers, the development of additional policy options for facilitating local collaboration, and a structure for cross-site learning and experimentation.

Several precedents for collaborative work exist, including the Collaborative Initiative to Help End Chronic Homelessness, an initiative of the U.S. Interagency Council on Homelessness that includes HUD as well as the Departments of Health and Human Services (HHS) and Veterans Affairs; and the partnership forged between HUD and HHS through the Community Living Initiative, which addresses the needs of very low-income individuals with disabilities and chronic conditions. The policy options presented below do not necessary depend on the creation of a similar initiative, but such efforts would help to raise the visibility of these and other collaborative policy options, underscore the importance of interagency collaboration, and improve opportunities and outcomes for all stakeholders.

Improving Access to Services for Older Adults

By 2025, the US will have undergone a transformation to an aging society, with a greater number of Americans over the age of 60 than under the age of 15.[2] Moreover, by 2050 a significant share of these older adults (one in four) will be age 85 or older and vulnerable to chronic diseases and functional declines. New research suggests that this aging trend will persist: As a result of accelerating advances in biomedical technology, by 2050 life expectancy at birth may be up to 7.9 years longer than currently predicted by the US Census Bureau and Social Security Administration.[3]

While these trends are undeniably positive for many reasons, they also raise urgent questions about our ability to care for increasingly frail low-income seniors, including those who have aged in place in public housing and other subsidized properties. Seniors currently head nearly one-third of the 1.1 million households in public housing, and two-thirds of public housing families include a member who is elderly or disabled.[4, 5] Unfortunately, these developments may not be well-positioned to accommodate the growing services needs of an aging population. HUD has created several programs to help address these needs:

- *Section 202 Supportive Housing for the Elderly* provides capital grants to developers and project-based rental assistance that supports some 270,000 units for seniors. Program requirements and financing have evolved several times since the program was established in 1959, including the introduction in 1990 of dedicated funding for service coordinators. The 2011 HUD budget would temporarily suspend new capital grants in advance of another redesign; as proposed, a re-tooled 202 program would encourage private and other public investment in Section 202 projects by converting the program's Project Rental Assistance Contract (PRAC) operating subsidy to a Section 8 project-based rental assistance model (which, unlike PRAC, may be used to leverage private capital); providing gap financing for new construction, rather than capital advances that cover the full cost of development; and reducing regulatory oversight and administrative requirements.[6]

- The *Multifamily Service Coordinator Program* enables owners of some Section 202 and other HUD-subsidized or HUD-insured properties serving seniors and people with disabilities to hire service coordinators who help to assess, monitor, and coordinate services to meet residents' needs, as well as promote community-building and interaction among residents. The program funds service coordinators through competitive grants, the use of residual receipts or excess income that the development may have accumulated, or approved rent adjustments.

- The *Congregate Housing Services Program*, enacted in 1978, provides partial match funding for Section 202 and public housing sponsors to provide meals and other supportive services, hire

[2] John D. and Catherine T. MacArthur Foundation. 2010. "The MacArthur Research Network on an Aging Society." Chicago, IL: Author.
[3] John D. and Catherine T. MacArthur Foundation. 2009. "New Research Predicts Longer Life Expectancy for Americans, Higher Outlays for Medicare and Social Security. Chicago, IL: Author.
[4] Council of Large Public Housing Authorities and the Milbank Memorial Fund. 2006. *Public Housing and Supportive Services for the Frail Elderly: A Guide for Housing Authorities and Their Collaborators.* New York, NY: Milbank Memorial Fund.
[5] Center on Budget and Policy Priorities. 2008. "Introduction to Public Housing." Washington, DC: Author.
[6] National Low Income Housing Coalition. "HUD Announces Proposals to Reform Section 202 and 811 Programs." *Memo to Members*, Oct 8, 2010.

service coordinators, and retrofit existing properties to improve accessibility. No new contracts have been awarded since 1995, but HUD continues to fund existing contracts through the Multifamily Service Coordinator program.

- The *Assisted Living Conversion Program* supports renovation of HUD-subsidized developments to accommodate accessibility and service delivery needs and convert some or all units to licensed assisted living. Limited take-up of this program has been attributed to under-funding and the reluctance of housing sponsors to convert their properties to licensed assisted living facilities. HUD has not asked for funding for this program in the 2011 budget, pending larger changes to the elderly housing program.

- While not under the purview of the Department of Housing and Urban Development, *Medicare* and *Medicaid* are used by many low-income seniors in tandem to cover the cost of nursing home facilities and other services needs as they grow increasingly frail. Most states also allocate a portion of Medicaid funds to home- and community-based services that offer an alternative to nursing home enrollment. Because of state budget shortfalls and federal regulations that tend to favor nursing home admission over in-home care, however, these cost-effective and, surveys indicate, widely-preferred alternative arrangements may be increasingly challenging to maintain. While beyond the scope of this paper, a number of organizations have taken thoughtful looks at ways to reform Medicare and Medicaid to better enable older adults to age in place, including the American Association of Homes and Services for the Aging, the Corporation for Supportive Housing, the Institute for the Future of Aging Services, and Stewards of Affordable Housing for the Future.

The remainder of this section describes policy options for improving access to services for older adults living in subsidized housing. The policy options are organized as "responses" to the challenges identified above.

Challenge 1. Some housing providers may lack the specialized capacity to deliver services from which residents will benefit as well as access to services offered by local providers with relevant expertise.

Policy Response: Support co-location of housing with services that enable residents to age in place safely and comfortably.

In general, stakeholders consulted in the preparation of this paper agreed that housing providers (including public housing agencies) should not necessarily be in the business of delivering services but as an alternative should build on the existing resources available in the community. Co-locating housing and services enables residents of subsidized housing developments, including those who may have mobility impairments, to easily access the supportive services that they need or want. Co-location involves asking an existing provider to deliver services at the housing development—either through leased space within a property or on an adjacent site in close proximity. The licensed health care provider continues to fund its own operations, for which building residents provide a built-in market, while the housing provider often plays an integral role in helping to coordinate residents' access and ensure delivery of appropriate services. In some cases, the health care provider may be an affiliate of the housing provider.

For older adults who do not require intensive levels of care, co-location creates a win-win situation, enabling providers to reach a critical mass of consumers and residents to maintain their independence and self-reliance for longer periods. Providing access to an affordable home and conveniently-located supportive services may also save costs to the public, helping to prevent unnecessary and expensive emergency response calls and premature admission to nursing homes and other institutional facilities that provide care at a higher cost and in a manner that limits resident choice.

As noted above, HUD's 2011 Budget suspends funding for Section 202 Capital Advance Grants and the Assisted Living Conversion Program as the Department re-designs its approach to housing for the elderly. A recently-released legislative proposal introduces reforms to the 202 program that would facilitate co-location by introducing selection criteria that prioritize housing developments that set aside units and, through partnerships with supportive services organizations, provide referrals and case management for frail or near-frail elderly residents. The proposal also allows waivers to development cost limits for projects that are accessible to public transportation or are in areas well-served by community-based service providers, including Program for All-Inclusive Care for the Elderly (PACE) clinics.[7] (Approximately one-third of PACE programs have sites that are already co-located with HUD-assisted housing.[8]) While not specifically mentioned in the proposal, satellite clinics could be created where space constraints limit the feasibility of a full PACE center. Similar efforts could be encouraged with other types of medical care facilities. (Notably, PACE requires that participants be "nursing-home eligible;" co-location would ideally also benefit older adults with a need for lower levels of care.)

Through the Section 202 program redesign, HUD could also continue to provide priority in funding to applicants that consider opportunities for co-location with a broad array of services in their site choice and building design. The current Standard Rating Criteria for Section 202 program application allocates 18 out of 100 possible points for "proximity or accessibility of the site to shopping, medical facilities, transportation, places of worship, recreational facilities, places of employment, and other necessary services to the intended occupants." The criteria provide three additional points to recognize the degree to which the proposed property accommodates "the provision of supportive services that are expected to be needed, initially and over the useful life of the housing." Carrying over special consideration of opportunities for co-location would help to ensure that Section 202 tenants enjoy access to a diverse range of services and amenities.

As discussed in the next section of this report, co-location of housing and services at family properties can also help to promote economic self-sufficiency and other positive outcomes for families and children.

Policy Response: Strengthen the capacity of housing providers to provide effective service coordination in all assisted senior housing.

Stakeholders with whom we spoke consistently identified service coordination as an invaluable way to connect residents of subsidized housing with services available in the community. While some Section 202 developments receive HUD funding for service coordinators, and other property owners

[7] U.S. Department of Housing and Urban Development. September 20, 2010. *Sectional Analysis: Section 202 Reform Act of 2010*. Washington, DC: Author.

[8] Larry McNickle. "Keeping PACE with Seniors' Needs: Health Care Meets Housing in Symbiotic Partnerships." *Journal of Housing & Community Development*, September/October 2004.

are able to squeeze funding out of their operating budgets, most affordable developments serving older adults—whether financed through the Section 202 program or with the Low-Income Housing Tax Credit—do not have sufficient funding to support a service coordinator on staff.

Our conversations revealed several opportunities to strengthen and expand the service coordinator program:

- *Clarify service coordinator roles and responsibilities*—As noted in a recent paper prepared by the American Association of Homes and Services for the Aging: "There appears to be little shared understanding across properties about how proactive service coordinators can be in targeting residents most in need, to what extent residents' health and functioning can be formally assessed and tracked, and how much hands-on help can or should be provided."[9] Adding to the confusion, providers pointed out that a number of terms are currently used to describe employees who may be involved in service coordination, including care manager, case manager, and service coordinator. Development of a common set of definitions for key terms and job descriptions could help to resolve this confusion. Stakeholders with whom we spoke indicated a demand for both greater specificity in describing the level and type of allowable activities associated with each job title, as well as greater flexibility for service coordinators and staff in similar roles to coordinate and monitor services. The American Association of Service Coordinators (AASC) has developed a *Code of Ethics* that lays out a set of standards and principles to guide service coordinators, which could serve as the basis for industry-wide guidance.

- *Provide training*—An aging population requires a higher level of supportive services. While service coordinators may not be administering the services, they will often need additional training to match residents' needs to specific interventions and identify appropriate care providers, particularly in relation to medical issues that may require a higher level of specialized expertise. All service coordinators in HUD-assisted housing for the elderly must complete at least 36 hours of training within a year of being hired as well as fulfill continuing education requirements in subsequent years, the cost of which may be covered by the federal Service Coordinator Program. AASC, in partnership with The Ohio State University Medical Center and the Office of Geriatrics and Gerontology, has developed an online training and certification program for service coordinators that includes broadly applicable core courses as well as modules that are relevant to specific populations (e.g., elder mistreatment, adult literacy, navigating Medicare). With support from HUD, this program could provide a platform for additional trainings to enable service coordinators to address growing resident needs, including those working in public housing and Low-Income Housing Tax Credit housing.

An additional policy change was suggested that would help to generate additional resources to support service coordination:

- *Extend eligibility for grant funding through the federal Service Coordinator Program to senior properties financed with the Low-Income Housing Tax Credit*—While not specifically designed as a senior housing program, an estimated 30 percent of Low-Income Housing Tax Credit

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[9] American Association of Homes & Services for the Aging. 2010. *Implications and Practice and Policy Issues of Affordable Senior Housing with Services Options*. Prepared for the National Summit on Affordable Senior Housing With Services; May 25, Washington, DC.

properties serve "primarily" older adults, with 14 percent explicitly limiting residency to tenants age 55 or older.[10] Nevertheless, only about one-quarter of tax credit properties that serve older adults employ a service coordinator, as compared with more than half of Section 202 properties. Despite challenges in the capital markets, the tax credit program continues to be a leading source of support for development of new affordable housing, and will continue to be particularly important with planned (temporary) cuts to capital funding through the 202 program.

Broadening eligibility for the federal Service Coordinator Program to include owners of tax credit properties serving older adults could help to address the needs of tenants. As an important caveat, of course, any expansion of the program's scope would need to be accompanied by an increase in available funding in order to prevent cuts in funding for existing properties. Given the relative cost-effectiveness of service coordination and the value of the services it leverages for residents, however, a compelling case can be made for such additional funding.

Policy Response: Address licensure issues that may pose a challenge to development and maintenance of co-located housing and services.

One key question affecting the cost and feasibility of linking housing and services for older adults is whether the development in question must be licensed as an "assisted living" facility. Practitioners report that the costs of meeting these licensure requirements are substantial, with limited benefits for residents. They further indicate that the typical supportive housing development falls outside of the assisted living paradigm because services are offered as optional enhancements for interested residents—a quality-of-life enhancement for a residential development—rather than as a core, built-in feature of an institutional environment.

Each state sets the circumstances under which developments that co-locate housing and services must obtain a license and become a state-regulated assisted living facility, as well the related requirements that must be fulfilled. For example, New York State requires licensure for any facility that houses and provides services for five or more individuals. Licensed assisted living facilities in New York must develop an individualized service plan for each resident, and provide daily meal service, round-the-clock on-site monitoring, and case management—a level of institutionalized care that exceeds what supportive housing is set up to provide.

While licensing requirements play an important role in providing oversight and protecting consumer rights, when applied too broadly they may unnecessarily constrain the flexibility with which services may be delivered, compromise the noninstitutional environment valued by many residents, and raise costs. To address this issue, HUD may wish to work in collaboration with HHS to examine the legal issues related to the regulation of federally-assisted housing developments that also offer resident services. While oversight of assisted living facilities occurs at the state level, HUD and HHS could issue joint federal guidance to clarify—and potentially limit—the circumstances under which such assisted senior housing developments are required to be licensed as assisted living facilities.[11]

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[10] Andrew Kochera. 2006. *Developing Appropriate Rental Housing for Low-Income Older Persons: A Survey of Section 202 and LIHTC Property Managers*. Washington, DC: AARP Public Policy Institute.

[11] If these problems cannot be addressed through better guidance and interagency coordination, it may be necessary to consider whether there is a need for federal preemption of state and local regulation. Such

Challenge 2. Direct funding for services in assisted housing is extremely limited and sometimes poorly coordinated with housing subsidy programs.

Policy Response: Resolve remaining obstacles to use of the Low-Income Housing Tax Credit in Section 202 properties.

The *American Homeownership and Economic Opportunity Act of 2000* and subsequent rulemaking opened up new opportunities for private investment in Section 202 properties, including through the Low-Income Housing Tax Credit program; however, additional steps could be taken to improve the compatibility of these programs. For example, when creating the Qualified Allocation Plans that determine how tax credit applicants will be scored, states often give a competitive advantage to service-enriched housing projects. In some cases, however, developers are unable to deliver the promised services due to underwriting issues and/or an inability to find funds to cover the costs. Where this may be the case, the risk of recapture of tax credits for noncompliant developments could deter private investment in Section 202 properties.

The following additional steps could help further facilitate the combined use of Section 202 and tax credit assistance:

- *Work with State Housing Finance Agencies to develop guidelines to ensure that tax credit properties are able to fund services*—In awarding tax credits, states may give preference to the lowest-cost projects that build in the smallest margin of profitability. While understandable in a world of limited resources, this approach may also result in projects that do not provide sufficient cash flow to support the services that states also require, and from which residents can benefit, in order for developers to score highly in tax credit competitions. To address this problem, HUD could work with state housing finance agencies to develop guidelines that recognize the importance of allowing adequate cash flow so that owners can maintain their properties and pay for needed services on an ongoing basis.

- *Consider providing reasonable protection for investors*—To help mitigate risk to investors, HUD could also work with the Internal Revenue Service and, potentially, HHS to provide some level of flexibility to hold investors harmless in the event that promised services connections fail to materialize. Any new legal rule would need to balance this flexibility against assurances that property owners continue to make a strong commitment to securing supportive services as proposed.

HUD could also work with the Office of the Comptroller of the Currency and other appropriate federal entities to take additional steps to induce private investment in Section 202 properties, including:

- *Provide extra Community Reinvestment Act (CRA) credit for investment in Section 202 properties*—Practitioners noted that tax credit investors may be reluctant to enter into

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preemption is not unheard of in the housing realm. For example, HUD-assisted properties are not subject to rent restrictions adopted by local communities; rather, rent levels are established by federal program requirements.

deals with developers of supportive housing due to concern that funding for the services may fail to materialize or may not be sustained over time, threatening the project's overall viability. Making extra CRA credit available to financial institutions that invest in service-enriched housing may make these deals more attractive and help to overcome investor resistance.

Policy Response: Develop and implement a research agenda to measure savings associated with providing home-based care for frail or at-risk seniors.

As of 2006, the median age of residents in Section 202 properties was 74 years, with nearly one-third of residents age 80 or older.[12] As these low-income adults continue to age, some will require a higher level of care than is currently available in most Section 202 properties. In many communities, Medicaid- and Medicare-subsidized nursing homes present the only affordable option for these residents, albeit at a high cost to the public. In other cases, seniors may rely on costly emergency medical services to treat urgent problems that could have been addressed and prevented or resolved at an early stage. In an effort to contain costs and offer greater options for seniors who wish to age in place, providers in some states and localities have developed cutting-edge housing and services programs intended to help meet the needs of very old and frail residents.

For example, Vermont's *Seniors Aging Safely at Home* (SASH) program specifically targets—but does not limit enrollment to—frail residents of subsidized senior housing who are at highest risk of hospitalization or use of emergency services. SASH enrollees stay in their current homes, but receive coordinated care from a multidisciplinary team of providers, including a full-time SASH Coordinator employed by the housing sponsor, that helps to prepare an individual Healthy Aging Plan and organize group activities and supports. While still in the design phase, SASH has been developed on the promise that when adopted in conjunction with Vermont's *Blueprint for Health* health care system, full enrollment of 6,000 eligible participants will yield annual savings of $40 million in avoided costs associated with inpatient hospital stays, emergency room use and outpatient services, and nursing home care.[13] A proposal is currently being considered to fund the cost of SASH services out of the Medicare budget due to the anticipated Medicare savings and the fact that avoiding or minimizing emergency and lengthy hospital stays will improve seniors' quality of life.

Research conducted by HUD's Office of Policy Development and Research has already shown that the elderly and/or disabled tenants in properties served by the Multifamily Service Coordinator program enjoy an average length of residency that is, on average, six months longer than residents of similar properties that lack service coordination, suggesting that service coordinators may help to delay or prevent the transition to costly institutional care.[14] To encourage states to consider using Medicare and Medicaid funds to cover the cost of service coordination and other more comprehensive models of in-home care, HUD and HHS could sponsor a rigorous multi-site research demonstration to evaluate whether these programs result in substantial Medicare and/or Medicaid savings. If these

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[12] Barbara A. Haley and Robert W. Gray. 2008. *Section 202 Supportive Housing for the Elderly: Program Status and Performance Measurement*. Washington, DC: US Department of Housing and Urban Development Office of Policy Development and Research.
[13] *Senior's Aging Safely at Home (SASH): Vermont's Housing With Services Model*. Presentation for the 2010 National Summit on Affordable Senior Housing With Services; May 25, Washington, DC.
[14] Cheryl A. Levine and Ashaki Robinson Johns. 2008. *Multifamily Property Managers' Satisfaction with Service Coordination*. Washington, DC: U.S. Department of Housing and Urban Development Office of Policy Development and Research.

claims were validated, the potential for cost-savings could strengthen the case for Medicare, Medicaid, and Area Office on Aging programs to fund similar initiatives. If not, housing and services providers would have additional information and resources to inform development of cost-effective programs to meet the needs of an aging population. A similar approach could be taken to measure the cost-effectiveness of housing and various services interventions for families.[15]

As an additional piece of a senior housing research agenda, HUD may wish to investigate the economic and quality of life benefits of relatively new technology that helps to support independent living and foster a sense of safety and comfort for older adults and their families. Such tools include:

- Alerts that monitor whether residents have taken their medication, send reminders by phone, blinking light, or other signal, and send notification to caregivers
- Motion sensors that monitor resident movement within an apartment to detect falls and identify other abnormal behavior that could indicate a health problem
- "Smart" systems that automatically illuminate hallways at nighttime, automatically shut off the oven or stovetop and other appliances when no longer in use, and provide other protections for residents

Many of these tools are relatively new, and housing providers are just starting to incorporate them into their developments. HUD could evaluate the costs and benefits of adopting new technologies to help subsidized housing providers operating on a limited budget make wise choices about which to incorporate into their communities. A better understanding of new technology may also facilitate development of financing products that help facilitate the purchase and installation of the tools mentioned above (and others) by lining up repayment periods with expected savings.

Policy Response: Facilitate the use of existing funding for supportive services in senior housing.

HUD could help to streamline processes for using existing funding streams for supportive services by:

- *Allowing pooling of project and enterprise resources—including residual receipts, reserves, and excess cash flows—among properties under common ownership* so that funds may be directed to the buildings in owners' portfolio where additional resources are most needed,
- *Providing guidance* that clarifies the conditions under which residual receipts and other excess income may be used for services, and
- *Supporting development of training resources* for housing providers who need assistance in putting together a funding package for services in assisted properties.

These options are discussed in greater detail in the following section of this report that addresses families.

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[15] As a critical caveat, savings to Medicare and/or Medicaid do not accrue directly to housing providers, suggesting that special outreach and collaboration with housing providers and funders and appropriators at the local state, and federal levels may be needed to emphasize and better measure cross-silo benefits.

Challenge 3. There may be inadequate space within a development to provide ongoing or one-time services.

Policy Response: Provide guidance to expand eligible uses of residual receipts to allow conversion of underutilized space in Section 202 properties to common areas for service delivery.

The conversion of existing space into common space suitable for locating or providing services often carries a cost and some owners would like to access their residual receipts accounts to cover this cost. The 2009 NOFA for the Assisted Living Conversion Program requires applicants to apply any otherwise un-committed residual receipts in excess of $500 per unit towards the cost of approved retrofits or rehab. Outside of the Conversion Program, which only applies to a very small number of developments, a lack of clarity and consistency persists with regard to eligible uses of residual receipts in senior developments, particularly as pertains to the conversion of underutilized space for community activities.

Previously-issued HUD memos have helped to clarify the process for converting efficiencies to one-bedroom apartments in Section 202 and other assisted properties, and for using Low-Income Housing Tax Credits in conjunction with the Section 202 program. Similar guidance from HUD could help to clarify the circumstances under which property owners may apply residual receipts towards development of common areas and promote greater consistency among HUD regional office rulings.

Policy Response: Coordinate with the IRS to broaden Low-Income Housing Tax Credit "eligible basis."

As discussed in greater detail in the next section of this report, HUD could work with the IRS and state housing finance agencies to issue guidance on the circumstances in which community space intended to be leased to third-party service providers may be counted towards a property's eligible basis when calculating costs covered through the Low-Income Housing Tax Credit.

Challenge 4. Efforts to extend eligibility for supportive services to the surrounding community may be stymied by program regulations.

Policy Response: Issue a directive standardizing use restrictions on common space in Section 202 properties and other multifamily properties that serve seniors.

Stakeholders emphasized the importance of looking at service delivery at the neighborhood level, rather than on a building-by-building basis. Ensuring that nearby residents have access to the services provided in senior housing serves a dual purpose, helping to alleviate demand for scarce affordable housing by providing supports to community members in their own homes, and enriching the lives of building residents through contact with a broader group of neighbors. Moreover, service providers may be more willing to consider partnerships with sponsors of senior housing when they can reach a larger group of potential clients.

Proposed reforms to the Section 202 program would ensure that services delivered to the residents also benefit the community, including through the development of PACE clinics. Until a redesigned senior housing program has been adopted, however, HUD could help clear up confusion by issuing a directive to standardize the conditions under which Section 202 properties may host community gatherings in buildings' common spaces. Currently permissions vary by local HUD office, creating inconsistency and unpredictability for building owners and their community partners.

This policy option could also apply to HUD-subsidized family properties.

Improving Access to Services for Families

Low-income families benefit from several programs that help to bring the cost of housing to an affordable level, although in most communities demand for these means-tested programs far outstrips their availability. HUD-sponsored programs that link families in assisted properties with mainstream services are even less readily available. Some of the key programs include:

- *Public housing* provides an affordable home for some 1.2 million low-income and very low-income households across the country, including a large proportion of older adults who have aged in place. Local public housing agencies (PHAs) own and manage public housing properties—a diverse portfolio that includes everything from scattered-site single-family homes to high-rise towers.

- Although the Internal Revenue Service has primary responsibility for the *Low-Income Housing Tax Credit* program, this indirect subsidy has become one of the most important sources of support for new affordable housing development. The tax credit program provides a dollar-for-dollar reduction in income tax liability over a 10-year period, which private developers of affordable housing "sell" to syndicators and investors in exchange for capital to cover the up-front costs of construction or acquisition and rehabilitation.

- *Housing Choice Vouchers* provide rental assistance for more than two million low-income households living in privately-owned housing. Voucher payments make up the difference between 30 percent of a participating family's income and the market rent, and are sent directly to the property owner by the local public housing agency.

- Like housing choice vouchers, *Project-Based Section 8 rental assistance* provides rent subsidies directly to participating property owners to make up the difference between 30 percent of tenants' income and the market rent. Unlike the voucher program, in which the subsidy stays with the family, project-based assistance stays with the unit, meaning that the same units remain affordable even as tenants change.

- The *Family Self Sufficiency* (FSS) program provides an opportunity for families that live in public housing or receive Housing Choice Vouchers to build assets and skills that enable them to achieve self-sufficiency. Local PHAs administer the FSS program, covering the cost of program coordinators either with competitive grant assistance from HUD or through other funding sources. Families that participate in the voluntary program benefit from job training and other case management services that promote successful employment, including child care, transportation assistance, and life skills training and provided through partnerships with local welfare offices, schools, and other service providers. As participating families' earned income grows over the five-year enrollment period, the PHA contributes an amount roughly equal to the resulting rent increase into an escrow account, which successful participants receive upon graduation from the program. Families in project-based Section 8 housing are not eligible to participate.

- The *Resident Opportunities and Self Sufficiency (ROSS)* program provides three-year competitive grants for service coordination in public housing. The program is open to applicants from properties serving senior and disabled tenants, as well as families. The ROSS program also provides one-year competitive grant funding for public housing authorities to hire a Family Self-Sufficiency program coordinator; these funds are restricted to FSS programs serving public housing tenants.

It is important to note that the services needed by residents and offered by housing providers (or their partners) vary significantly across developments and families. Services for families may address issues as diverse as economic self-sufficiency (adult education, financial literacy and budgeting training, assistance applying for benefits), child and youth development (after-school and summer education and enrichment programs), community building and civic engagement (voter registration, crime watch, volunteerism), and eviction prevention and other emergency referral services (for mental health and health services, assistance resolving substance abuse problems, transportation assistance, etc.).[16] All families do not need the same type and level of services, highlighting the importance of a needs assessment as a critical first and ongoing step to ensuring that the services provided effectively and efficiently match residents' need and demand.

Challenge 1. Some housing providers may lack the specialized capacity to deliver services from which residents will benefit as well as access to services offered by local providers with relevant expertise.

Policy Response: Support co-location of housing with services that help residents make progress toward self-sufficiency and achieve positive educational and health outcomes.

Public housing and project-based Section 8 developments provide ideal venues for place-based delivery of supportive services, given the concentration of possible enrollees and potential availability of space for service delivery. Many sponsors of family housing leverage these advantages to form partnerships with for-profit and nonprofit organizations in the community, including, among others, educational institutions that offer after-school programs, local Boys & Girls Club chapters and other civic organizations, medical care providers, adult education instructors that may offer GED test preparation, computer courses, and other trainings, and arts organizations.

HUD could help to foster additional connections, and ensure that the Department's focus on breaking down silos carries through to the practitioner level, by building partnerships at the federal level with other agencies—such as the Department of Health and Human Services, Department of Education, and Department of Labor—and encouraging the co-location of appropriate services in

[16] National Resident Services Collaborative. 2005. *Resident Services for Families in Affordable Housing: A Background Paper*. Prepared by Carl Sussman and Diana Meyer, the Enterprise Foundation, for The Resident Services Symposium, March 31, Washington, DC.

subsidized housing developments. State and local grantees from each of these agencies offer services that complement other programs available to residents of subsidized housing, including:

- *Head Start and Early Head Start programs*, administered by the Department of Health and Human Services, prepare low-income children for school through a variety of activities focused primarily on development of math and reading skills. Head Start program sites, run by local agencies and funded through grants from HHS, also provide nutritional, health, and other social services for enrollees and their families, including working with parents towards the achievement of their own education and employment goals.

- *21st Century Community Learning Centers*, sponsored by the Department of Education and administered by State Education Agencies, offer academic, cultural, and arts-focused enrichment programs outside of school hours for students at high-poverty and low-performing schools. Additional programming may include counseling, drug and violence prevention, and other recreational activities, although reauthorization through the 2001 *No Child Left Behind Act* renewed the program's focus on increasing the number of students who meet state and local academic standards.

- *One-Stop Career Centers*, an initiative of the Department of Labor, provide a comprehensive range of employment-related services for job seekers, including career counseling, on-the-job training and apprenticeship referrals, and assistance with resume writing and other job preparedness activities.

- *Community Health Centers* funded through HHS provide comprehensive healthcare services to populations that may otherwise have limited access to care, including low-income families and the uninsured. Through the Public Housing Primary Care Program, some Community Health Centers have been sited on the premises or close to public housing developments.

As noted, in some cases co-location of subsidized housing and supportive services already occurs; in cases where it does not, HUD could help to support a robust cross-agency partnership. Similar efforts described in the previous section of this report could help to address the needs of seniors.

Policy Response: Investigate the feasibility of extending eligibility for the Family Self-Sufficiency program to families in properties that receive Section 8 project-based assistance

HUD's Family Self-Sufficiency (FSS) program provides service coordination and opportunities for participating residents to build assets, skills and earnings. Families in properties that receive Section 8 project-based assistance are not currently eligible to participate in FSS, although many would benefit from the trainings, services and earnings incentives available through the program. HUD may wish to gauge private housing providers' interest in extending eligibility for the Family Self-Sufficiency program to families in project-based Section 8 properties and investigate the potential costs and benefits of modifying the law to authorize participation of these residents.

Policy Response: Standardize training requirements across service coordinator programs.

HUD supports service coordination through several programs, including the Multifamily Service Coordinator program in developments serving the elderly and people with disabilities and the Resident Opportunities and Self Sufficiency (ROSS) program, which operates in public housing properties with senior and disabled tenants as well as families. While relevant services vary depending on tenants' age, health status, and other characteristics, all service coordinators perform a parallel role of helping families and individuals access the support they need to thrive.

All service coordinators working in HUD-assisted housing that serves the elderly or people with disabilities must fulfill specified training requirements before or within the first year of being hired, as well as meet a continuing education requirement in subsequent years. A similar standard, however, has not been established for service coordinators in family properties, although funding for training is available through the ROSS program. Standardizing procedures across all service coordinator programs, including creating a set of minimum training requirements—similar to those specified for the Multifamily Service Coordinator program—would help to ensure that service coordinators have the knowledge base needed to meet residents' needs.

Policy Response: Emphasize service coordination strategies that link families to existing services in the community

HUD's Strategic Plan for fiscal years 2010–2015 calls for housing to serve as a platform for improving quality of life, in particular as a foundation to improve health and educational outcomes and promote economic self-sufficiency. By building relationships with service providers in the community and helping families in the development learn about and access these services, service coordinators provide a cost-effective solution for achieving these goals. While generally efficient, service coordination is not cost-free and many developments struggle with the question of how to pay for the service coordinator function. The funding issue is addressed in detail below in response to Challenge 2.

Challenge 2. Direct funding for services in assisted housing is extremely limited and sometimes poorly coordinated with housing subsidy programs.

Policy Response: Facilitate the use of existing funding for supportive services in family housing.

Short of designating new funding sources for the delivery of services in family developments, HUD could make it easier for property owners to access existing funding streams:

- *Consider specifying a specific set of services that may be funded within a property's operating budget*—Some sponsors of privately-owned family housing have received approval to fund resident services "above the line" through the property's operating budget. By identifying services as a budget line item, rather than relying on the availability of excess income (a process that also requires HUD approval), this arrangement creates a more stable funding stream to pay for the services. Moreover, allowing for a reliable (budget-based) source of funding for resident services enables housing providers to maintain adequate staffing and develop the capacity and expertise to leverage additional local and state funding and partnerships. However, HUD regional offices grant approval for above-the-line funding of services on a case-by-case basis, an unpredictable process that practitioners report often yields inconsistent results. (As one commenter noted, some services are eligible expenses in public housing, but are rarely included in project budgets because of other competing priorities.)

HUD may wish to consider allowing above-the-line funding in privately-owned multifamily housing for a specified set of resident services that have been demonstrated to result in lower operating costs and greater levels of resident stability. Research has shown that resident services can actually help to strengthen the financial position of assisted properties by reducing costs associated with property vacancy, legal fees, and bad debts.[17] In some cases, such savings may pay for the costs of the services. Action to authorize inclusion of basic resident services such as eviction prevention and information and referrals, on a per unit basis, within a property's operating budget would help to create greater predictability and would likely bring these proven services to a larger share of residents. Development and implementation of a rigorous research agenda could help to identify other cost-effective family services that could result in overall savings at the local, state, and federal levels.

HUD could also work with state housing finance agencies and industry associations to disseminate research findings on potential cost savings to property owners and local housing department directors, as well as to encourage flexibility in allowing a specific set of essential services to be included as above-the-line ordinary operating expenses in Low-Income Housing Tax Credit properties.

The following options could also apply to owners and operators of senior housing:

- *Allow pooling of project and enterprise resources*—including residual receipts, reserves, and excess cash flows among properties under common ownership—Some of the property owners we spoke with indicated that residual receipts account balances, reserve levels, and cash flow at properties across their portfolio vary significantly, with buildings most in need of additional resources having little or no extra income and well-operating buildings generating a surplus. The ability to merge these "project and enterprise resources" across properties, while ensuring an adequate amount of reserves for the entire portfolio of a property owner, would help to correct these imbalances and allow owners to steer funds to where they may be most needed. In addition, the potential to finance capital costs at the enterprise level could potentially create economies of scale and lower total debt service costs, allowing property owners to reinvest extra funds in services or other needs.

- *Provide guidance on the use of residual receipts*—Practitioners indicated a need for guidance that clarifies the length of time reserves must accumulate before they may be used to fund resident services and, indeed, whether residual receipts and other excess income may be used to cover the cost of service coordination (discussed in greater detail above). A directive or memorandum from HUD headquarters would help to remove ambiguities.

- *Support development of training resources*—Housing providers agreed that securing funding for services in assisted properties is often a complex and time-intensive endeavor. HUD could support development of a manual for cobbling together resources at the local, state, and federal levels to enable more housing sponsors to link residents with supportive services.

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[17] Terry Galpin-Platter. 2009. *Research Shows the Cost Benefits of Resident Services on the Performance of Property Operations*. Prepared by Organizational Options, LLC for Community Housing Partners and NeighborWorks America. For more on cost savings associated with resident services, see Tony Proscio. 2006. *More Than Roof and Walls: Why Resident Services Are an Indispensable Part of Affordable Housing*. Columbia, MD: Enterprise Community Partners.

Policy Response: Support expanded options for funding service coordinators in family properties.

In family properties, service coordinators help families access services to meet a broad range of goals, including economic self-sufficiency, educational achievement, improved health, civic engagement, and recreation. While some providers are able to squeeze service coordinators into their operating budgets, many sponsors of rent-restricted properties cannot find the funds.

There are a number of steps HUD could take to help providers of assisted family housing fund service coordinators:

- *Encourage states and localities to pitch in*—HUD could issue a notice that explains to administrators of HOME and CDBG programs the benefits of family service coordination and the circumstances under which it is an eligible expense under those programs. (HUD is apparently already considering a notice along these lines.)

- *Confirm eligibility for service coordination*—Private owners of HUD-assisted properties reported inconsistency across regional HUD offices when seeking approval to hire a service coordinator and include the costs as a normal "above-the-line" operating expense in the budget of project-based Section 8 or other multifamily properties. A statement confirming the eligibility of service coordination within the operating budget, as well as the circumstances under which residual receipts and other excess funds may be used to hire service coordinators would help to address this challenge. (See the next "Policy Response" for more on above-the-line funding.)

- *Work with state housing finance agencies* to encourage them to allow the inclusion of the cost of service coordinators as an above-the-line ordinary operating expense in underwriting Low-Income Housing Tax Credit properties.

Policy Response: Recalibrate funding allocation formulas to better address need.

A number of practitioners working with individuals and families experiencing homelessness indicated that grant funding allocation formulas do not always align with indications of need, specifically citing the Emergency Shelter Grant (ESG) program which helps to cover the costs of providing housing and basic supportive services for people experiencing homelessness or at imminent risk of losing their homes. Grant funds are distributed to states and localities (which pass them on to the local government agencies or nonprofit organizations that administer housing and services programs) using the Community Development Block Grant formula, which includes indicators that may not be predictive of homelessness, including the age of the housing stock. Practitioners recommend adjusting the ESG formula to ensure that the variables used to determine grant allocations are actually predictive of need.

Similar concerns were raised with the methodology for distributing Housing Opportunities for Persons with AIDS (HOPWA) formula grants. The HOPWA formula is based in part on the cumulative AIDS rate for an area, which includes deceased individuals, rather than the HIV diagnosis rate or a similar measure that more closely correlates with current need. (For an in-depth discussion of this issue, view the 2006 GAO publication, *Changes Needed to Improve the Distribution of Ryan White CARE Act and Housing Funds*.)

Policy Response: Leverage public housing and Section 8 assistance to secure services for residents.

Through current and proposed programs, HUD has set aside a modest number of Section 8 vouchers for families and individuals enrolled in supportive services programs sponsored by another federal agency. In exchange for priority access to rental assistance for these households, program sponsors commit to providing supportive services to these tenants. For example, through the Veterans Affairs Supportive Housing Program (VASH), public housing agencies (PHAs) and Veterans Affairs Medical Centers (VAMCs) work together to pair rental assistance with case management and clinical services for homeless veterans and their families. Similarly, through the Family Unification Program (FUP), PHAs partner with local public child welfare agencies to provide housing vouchers for eligible families at risk of separation, or prevented from reunification, by a lack of adequate housing. Replication of this model has also been proposed in a new demonstration program for individuals and families who are homeless or at risk of homelessness.

Similar local programs could be created and expanded at the PHA (or private owner) level by setting aside vouchers, public housing units or project-based Section 8 units that become available through turnover for a limited number of families referred by service providers. PHAs (or owners) would give these families first preference slots for housing assistance, in exchange for a commitment from the referring agency to provide appropriate services. Whether offered through the Family Self-Sufficiency program or through a new collaborative initiative outside of FSS, these partnerships would allow all parties involved to maximize scarce resources and provide a more comprehensive level of assistance to families to help achieve shared outcomes.

Partnerships of this kind are already underway in some communities; for example, the Housing Authority of Portland, Oregon offers a pilot program in collaboration with the Department of Human Services to help families receiving TANF assistance move more quickly towards self-sufficiency. The partnership builds on the Housing Authority's Family Self Sufficiency program, called GOALS (Greater Opportunities to Advance, Learn and Succeed), by setting aside 25 Section 8 vouchers and program slots for TANF recipients, helping to leverage both agencies' expertise, improve cross-agency coordination, and promote better outcomes. As families graduate from the program, the voucher may be re-used by another client.

HUD could help to support and enhance partnerships between public housing agencies and services providers in several ways:

- *Provide guidance and technical assistance to clarify the ability of PHAs and private owners of multifamily housing to use their admissions preferences to leverage services*—Although PHAs have the authority to adopt these types of admissions preferences for public housing or the Section 8 voucher program, many maintain a lottery system (or first-come-first-served system) that may be simpler to manage, allowing staff to focus on administering core Section 8 and public housing programs. Private owners of project-based Section 8 similarly have the authority to use their admissions preferences to leverage services but do not generally take advantage of it.

  With HUD guidance, housing agencies and owners might be more likely to explore partnerships with local service providers that offer programming that could help residents achieve financial independence (or other desired outcomes), as well as case management services. Guidance could take the form of a handbook, webcast featuring leading PHAs, or any number of resources that would help interested agency staff and local service providers determine where to start.

- *Organize a learning collaborative*—In addition to providing basic guidance to PHAs and private owners interested in using rental assistance preferences as leverage to bring services to residents, HUD could also facilitate the development of a learning network among housing agencies and owners of project-based Section 8 properties. Whether organized through an online discussion group or e-mail list, or through periodic conference calls and in-person meetings, members of a network would have the opportunity to share challenges and seek out solutions from colleagues engaged in similar work. And, by providing a venue for property owners to learn from one another, HUD would also have the opportunity to identify promising practices that could then be shared with other interested parties.

- *Develop interagency partnerships* between HUD and the Departments of Health and Human Services (HHS) and Labor (DOL) to discuss options for expanding awareness of these types of partnerships among grantees of those agencies at the local level. Through a 2009 Memorandum of Understanding between HUD and DOL, the agencies began piloting a cooperative approach to job training and employment for residents of HUD housing using *Recovery Act* funds to improve the energy efficiency of public housing. Similar partnerships apparently are planned for 2011. Having HHS or DOL grantees at the local level knocking on the door of housing providers, or at least aware that housing authorities or owners may knock on their door, could go a long way toward facilitating the successful establishment of such partnerships.

In addition to a general focus on using admissions preferences to leverage services at the local level, HUD may wish to consider a specific focus on building partnerships to support HUD's Family Self-Sufficiency program. Under current authorization, there is no limit to the number of families that could be enrolled in this program. However, the ability of housing authorities to enroll families is curtailed by limitations on the availability of funding for the FSS coordinators that run the program. In addition, some practitioners reported continued confusion about the ability of housing authorities to start voluntary programs or expand FSS programs for public housing residents.

Among other steps that HUD could take to foster greater use of FSS are the following:

- *Work with HHS and DOL at the federal level* to educate them about FSS and its benefits and develop joint guidance for housing authorities and local HHS and DOL grantees to encourage the development of partnerships to support expansion of FSS and strengthening of the services available to FSS. One model to consider is that used by the state of Alaska, in which the local TANF agency uses its existing work-promoting case management as the primary case management for FSS participants. The TANF agency appreciates the benefits of having available through FSS a financial incentive for families to increase their earnings, and the housing agency appreciates that most of the case management responsibilities are covered through the TANF agency.

- *Issue a PIH Notice reminding housing agencies of the benefits of FSS*, clarifying eligibility of agencies to start or expand programs, and documenting some of the more promising FSS models for providing case management and building partnerships with other agencies.

- *Provide technical assistance to housing authorities* to help them learn how to foster these partnerships at the local level and improve the quality and consistency of local FSS programs.

Providers also identified the following specific step that could be taken to improve the VASH program serving homeless veterans:

- *Provide technical assistance to help maximize housing assistance available with VASH vouchers*—Without appropriate counseling, homeless veterans may have difficulty finding qualified housing and a landlord that will accept a VASH voucher. VAMCs have not traditionally been involved in helping clients find or maintain housing, and without special training may not be well-positioned to take on this role through the VASH program. HUD could help to facilitate joint trainings for VAMC staff, to enable them to better assist program participants.

- *Investigate opportunities for project-basing additional VASH vouchers*—Stakeholders hold varying opinions regarding the desirability of housing a group of residents with services needs in a single development versus integrating them throughout the broader community, However, some of the most troubled veterans may have difficulty finding a housing unit and remaining stably housed, even with a portable voucher, and as noted above, VAMCs often do not have the capacity or training to provide adequate assistance. HUD may wish to investigate the constraints and obstacles to project-basing a critical mass of VASH vouchers to create permanent supportive housing for veterans.

Challenge 3. There may be inadequate space within a development to provide ongoing or one-time services.

Policy Response: Specify circumstances under which sponsors of multifamily properties have the authority to retrofit apartments to create community space.

Practitioners report that permission must be received from regional field offices on a case-by-case basis before conversion may take place. In many cases, offices provide inconsistent responses even when circumstances are similar. A HUD directive could help to eliminate inconsistencies and expand awareness of this opportunity.

Policy Response: Coordinate with the IRS to broaden the Low-Income Housing Tax Credit "eligible basis."

Under the Low-Income Housing Tax Credit program, a property's "eligible basis" includes certain construction or acquisition and rehabilitation costs; this figure is used to determine the tax credit amount for which the property qualifies. In cases where community space for providing services is leased out to a third-party provider, even when those services may be important for keeping residents successfully housed, the cost of that space may not be included in the eligible basis. HUD could help to address this challenge for family and senior housing providers by working with the IRS and representatives of state housing finance agencies to develop clearer guidance on the ability of that space to be counted toward the eligible basis used to determine the costs covered through the LIHTC.

Challenge 4. Efforts to extend eligibility for supportive services to the surrounding community may be stymied by program regulations.

Policy Response: Issue a directive standardizing use restrictions on common space in multifamily properties.

When on-site services may be accessed by community residents, tenants have the opportunity to interact with their neighbors and service providers can reach a larger pool of possible clients. This policy option is discussed in more detail in the section on serving older adults.

Recommendations for Future Research

Our research revealed many challenges to linking residents of subsidized housing with mainstream supportive services, and even more opportunities to make small changes that could have a large impact on residents' quality of life. As a re-designed Section 202 program and the Transforming Rental Assistance initiative take shape, and HUD's transition to an asset-management approach to funding public housing moves forward, additional openings to better connect housing and services will undoubtedly emerge.

In addition to the policy options outlined above, opportunities for future research also surfaced while preparing this paper, including the following:

- *Improving access to services by residents of subsidized housing with a physical disability or mental illness*—As noted earlier, this paper is limited to a review of programs that serve older adults and families in HUD-subsidized housing. However, many public housing residents and recipients of vouchers or other forms of housing assistance also have a physical disability or mental illness and would benefit from policy innovations specifically targeted to their unique needs. Further analysis could help to uncover areas of overlap with the policy options presented above, as well as additional reforms that would help to meet the needs of these populations.

- *In-depth analysis of the origin of existing restrictions and regulations*—As noted at the start of this paper, improved collaboration among the federal agencies that fund local housing and services providers would significantly strengthen efforts to improve service delivery for residents of subsidized housing. Analysis of the systems and processes that currently guide interaction between these agencies would help to identify the areas in which obstacles to greater cooperation exist, and make it easier to identify holistic solutions that can address these gaps.