

Facilitate the development of affordable rental housing, maximize the use of existing housing resources, and identify and eliminate barriers to the development, distribution, and preservation of affordable housing.

TARGET POPULATION

Anyone who has attempted to assist people released (or scheduled to be released from) prison or jail find housing appreciates the extent to which housing systems are unable to meet the overwhelming demand among poor people generally for safe, affordable places to live.

Despite unusually strong income growth in the 1990s, in 2001 95 million Americans were living in crowded, substandard conditions or suffering from severe housing cost burdens, according to the 2004 *State of the Nation's Housing* report from the Joint Center for Housing Studies at Harvard University.¹ On any given night, 850,000 Americans are homeless.² These problems are overwhelmingly associated with the lowest-income families. Nearly half pay more than 50 percent of their monthly income on housing.³ Full-time workers anywhere in the country earning minimum wage are unable to afford a basic one-bedroom apartment.⁴

In sum, gaining access to safe, appropriate and affordable housing is a serious challenge for all lower-income persons living in and returning to communities in urban, suburban and rural settings alike—a challenge that typically cannot be met without the help of the public affordable housing system.

KEY ISSUES

The deterioration and gentrification of affordable housing is diminishing the stock of affordable housing, which is not replaced as quickly as it is demolished or repurposed. Government programs, including Low-Income Housing Tax Credits (LIHTC), bonds, HOME investment partnerships and USDA Rural Housing Services, have not been funded to address these problems comprehensively. Additionally, public housing agencies face statutory obstacles to developing new units, which were created to curb federal spending on housing subsidies. As a result, the task of meeting the demand for new affordable housing units falls primarily to small, non-profit affordable housing developers that build many fewer than 100 units per year. Land supplies in metropolitan areas are limited; siting questions re-

¹ Harvard University Joint Center for Housing Studies, *The State of the Nation's Housing* (Cambridge, MA: 2004).

² Ibid.

³ Ibid.

⁴ Ibid.

main contentious; and environmental and other regulations on development, plus increasing development fees and community opposition to denser development, have made construction expensive.

Funds used to construct or rehabilitate housing are seldom provided by a single agency for a project. Instead, a developer, who also puts money into the deal, coordinates equity and debt from several funders. Federal, state, or local funds are said to be “leveraged” when the government’s initial investment attracts funds from multiple private and other public sources. Leveraged financing is a practical necessity now because of the high cost of construction and redevelopment, especially in older urban areas and places that are experiencing an influx of people.

Diverse housing-involved organizations, including state, local, and private agencies, increasingly turn to collaborative efforts to seek leveraged financing, as for the past several years Congress has chosen to provide no significant increases in housing and community development programs. The complexity of the coordination among funding, policy, planning and building systems essential to the development of affordable housing poses a serious challenge.

These factors—both decreasing supply of and lack of federal funding for affordable housing—have resulted in a national crisis in affordable housing, which some experts and advocates believe to be linked to rising rates of homelessness.

Still more acute than the shortage of affordable housing in general is the shortage of specialized supportive housing for people with special needs, such as people with mental illnesses or substance abuse disorders, people living with HIV/AIDS, survivors of domestic violence, youth and young adults, and people transitioning out of homelessness. Individuals in these groups may require various types of related services in order to access or maintain housing, even when affordable housing is available. People released from prison or jail are likely to fit into one or more of these categories, in addition to facing challenges specific to their criminal records or history of incarceration (see Policy Statement 19, Housing, for discussion of issues specific to released prisoners).

Understanding why people are unable to access housing, are severely cost-burdened by housing (or lack stable housing) and become homeless must be understood in terms of both the factors that lead to these problems and the effects of inadequate housing on these populations. Significant research exists on the causes of homelessness and the characteristics of the homeless population. (See sidebar, “Who is homeless?” for brief descriptions of some groups whose rates of homelessness are particularly high).

Inadequate housing impacts a range of other needs. People without housing have difficulty finding and maintaining jobs. Homeless people are at greater risk of becoming victims of violence, have higher rates of health problems, mental illnesses, and substance abuse disorders, and are less likely to access services. Several studies on the impact of accessing appropriate housing on prisoner re-entry outcomes show the role of housing in providing a starting point and foundation for engagement and participation in a range of services that increase former prisoners’ chances of success in re-entry. These studies indicate that housing is not simply a place to live, but also a service in itself—perhaps the most critical service leading to other services.

Supportive housing in particular is proven to help people who face the most complex challenges—individuals and families who are not only homeless, but

who also have very low incomes and serious, persistent issues that may include substance use, mental illness, and HIV/AIDS—to live more stable, productive lives. Supportive housing has positive impacts on health, employment, treating mental health, and reducing or ending substance abuse. Supportive housing has been associated with decreases of more than 50 percent in tenants' emergency room visits and hospital inpatient days; a small Minnesota study showed supportive housing tenants maintained a 90 percent rate of sobriety, compared with 57 percent of those living independently.⁵

SYSTEM ORGANIZATION AND FUNDING

A broad array of federal, state, and locally based organizations play a role in addressing key housing issues and connecting as many Americans as possible to appropriate housing.

The US Department of Housing and Urban Development (HUD) is the federal agency responsible for most of the execution of federal housing policy. HUD determines how agency resources are used to create, preserve, or subsidize housing, as well as determining eligibility for its own forms of housing assistance. Since the

WHO IS HOMELESS?

Victims of Domestic Violence

- In a study of 777 homeless parents (the majority of whom were mothers) in 10 U.S. cities, 22 percent said they had left their last place of residence because of domestic violence.
- 34 percent of cities surveyed by the U.S. Conference of Mayors identified domestic violence as a primary cause of homelessness.
- Nationally, approximately half of all women and children experiencing homelessness are fleeing domestic violence.

Veterans

- 40 percent of homeless men have served in the armed forces, as compared to 34 percent of the general adult male population.
- In 2001, the US Conference of Mayors' survey of 27 American cities found that veterans make up 11 percent of the urban homeless population.

People with Mental Illness

- Approximately 22 percent of the single adult homeless population suffers from some form of severe and persistent mental illness.
- According to the Federal Task Force on Homelessness and Severe Mental Illness, only 5-7 percent of homeless persons with mental illness require institutionalization; most can live in the community with the appropriate supportive housing options.

People with Addiction Disorders

According to research sponsored by the US Conference of Mayors, 34 percent of homeless adults suffer from addiction disorders. While surveys of homeless populations conducted during the 1980s found consistently high rates of addiction (65 to 80 percent), particularly among single men, recent research has called the results of those studies into question.⁶

Source: National Coalition for the Homeless (www.nationalhomeless.org/index.html)

⁵ Corporation for Supportive Housing, *Supportive Housing: A Community Solution (Fact Sheet)*, available online at documents.csh.org/documents/communications/CSHFactSheet.pdf.

⁶ In a 2002 literature review, the National Health Care for the Homeless Council noted "Prevalence estimates of substance use among homeless individuals are

approximately 20-35 percent." Suzanne Zerger, "Substance Abuse Treatment: What Works for Homeless People? A Review of the Literature" (Nashville, TN: National Health Care for the Homeless Council, June 2002), available online at www.nhchc.org/Publications/SubstanceAbuseTreatmentLitReview.pdf.

1980s, when the federal government began reducing its role in the construction of affordable housing, HUD has primarily provided tenant vouchers (for disbursement by state-authorized Public Housing Agencies) under the Section 8 program and grants to private developers and communities. See chart, “HUD Initiatives,” for brief descriptions of some of these programs.

Other federal agencies provide housing assistance to specific groups. The Veterans Administration provides home loan assistance as well as programs for homeless veterans (including permanent supported housing) through the Veterans Health Administration. In rural communities, the Department of Agriculture provides rental assistance programs, home improvement and repair loans and grants, and self-help housing loans to low-income individuals and families through its Rural Housing Service (RHS), which maintains state offices. With the help of the RHS Rental Assistance Program, qualified tenants pay no more than 30 percent of their income for housing.

HUD AFFORDABLE HOUSING INITIATIVES

Housing Choice Vouchers (Section 8)

Housing Choice Vouchers are administered locally by public housing agencies (PHAs), which receive federal funds from HUD to administer the voucher program. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. The voucher covers the difference between the Fair Market Rent (determined by HUD) for a particular type of unit and what the family pays in rent—usually between 30 to 40 percent of the family's adjusted income. About two million families use Housing Choice Vouchers, but waiting lists are closed in most localities, and those on the lists may wait several years for a voucher. PHAs may also distribute specialized housing choice vouchers through targeted initiatives such as the Family Unification or Welfare-to-Work Voucher programs.

McKinney-Vento Act (Continuum of Care) Funding – Shelter Plus Care and Supportive Housing Program

Shelter Plus Care (S+C) is a program designed to provide housing and supportive services on a long-term basis for homeless persons with disabilities (primarily those with serious mental illness, chronic problems with alcohol and/or drugs, and HIV/AIDS or related diseases), and their families. Program grants are used for the provision of rental assistance payments through tenant-, sponsor-, and project-based rental assistance as well as through the Section 8 Moderate Rehabilitation Program for Single Room Occupancy (SRO) Dwellings.

The Supportive Housing Program is designed to develop supportive housing and services that will allow homeless persons to live as independently as possible. Eligible applicants are states, units of local government, other governmental entities such as PHAs, and private nonprofits.

HOME Investment Partnerships program

HOME provides formula (block) grants to states and localities that communities use—often in partnership with local nonprofit groups—to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. Each year HOME allocates approximately \$2 billion among the states and hundreds of localities nationwide.

Community Development Block Grant programs

A portion of Community Development Block Grant (CDBG) funds are allocated to large cities and urban counties, called entitlement communities, to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Additional CDBG funds are allocated to states to distribute, according to criteria determined by the state, to units of local government that do not qualify as entitlement communities. No less than 70 percent of the funds must be used for activities that benefit low- and moderate-income persons.

Incentives to developers to create low-income housing are incorporated into the federal tax code, and these credits are monitored by the Internal Revenue Service (IRS) through the Low Income Housing Tax Credit Program (LIHTC). Created by the Tax Reform Act of 1986, the LIHTC program has been recently amended to give states the equivalent of nearly \$5 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

State governments contribute additional funds to developing housing and making it accessible, in addition to administering federal funding, in two different ways: by directly serving as grant recipients and implementing building or renovation projects or supportive housing initiatives; and by allocating federal and state funding (competitive grants) to local government, other public, or private entities to implement such projects. In allocating these funds, they judge applications according to preset criteria, make awards, and monitor the spending of the awards.

Tax credits and federal and state investments in housing development are typically channeled to developers through state Housing Finance Agencies (HFAs). State agencies also serve as the grant recipients for a portion (40 percent) of Community Development Block Grant funds to implement initiatives to revitalize neighborhoods and execute other activities associated with promoting access to appropriate housing.

Among the entities to which states distribute housing-related funds are Public Housing Authorities or Agencies (PHAs), Community Development Corporations (CDCs), and private developers. PHAs, authorized under state legislation to engage

RISK AND INEFFICIENCY IN AFFORDABLE HOUSING DEVELOPMENT

Entities that provide funding for housing development assume a certain level of risk that the project will be completed on time, on budget, and within quality requirements. The developer assumes this risk, too, and provides an assurance that the work will be completed as planned.

There is a certain inefficiency in developing affordable housing for extremely low-income families (those with incomes under 30 percent of the area median) driven by complex factors and constraints that have not yet been overcome through legislation, regulation or program design. In order to serve extremely low-income persons (those with incomes below 30 percent of the area's median income), it is often necessary to layer several funding sources in one housing unit. For example, it may cost \$100,000 to build a two-bedroom rental unit; using conventional financing to cover this expense, however, creates debt obligations, which translate into rent prices that are unaffordable to a low-income person.

In public housing, the average income is about \$10,000, well below any area's median income. Traditional public housing built prior to about 1995 is the only example of low-rent housing that can, through a single capital subsidy, exclusively house extremely-low income families.

In order to maximize the impact of direct investment, governments must implement policies to reduce inefficiency and risk. If some of the construction cost can be funded with the Low Income Housing Tax Credit (LIHTC), bond revenues, Housing Choice Vouchers, or other low-cost equity or capital or operating subsidy, or if a rent subsidy can be provided, then the rent needed to support the debt on the unit (a primary inefficiency) is greatly reduced, and the unit becomes affordable to a low- or very-low income person or family. When developers collaborate with local communities to reduce regulatory barriers (a practice that HUD favors in awarding grants), they diminish the risk that standards will not be met in an affordable and timely way.

in the development or administration of low-rent public housing, typically both manage public housing units and distribute direct rental assistance (vouchers). They may be administrated by a state, county, municipality, or other governmental entity or public body—for example, a PHA may be a public nonprofit corporation. CDCs and other developers engage in various types of construction, renovation, and revitalization initiatives but do not control direct rental assistance. They may bring a share of funding to the project themselves, or they may serve as the locus for funding from other sources, such as foundation grants.

The following recommendations suggest ways in which these diverse organizations can collaborate to improve access to appropriate and affordable housing for all Americans, including those with special needs. Policymakers who understand the stakeholders and challenges of the housing system will be well-positioned to address those challenges as they impact individuals released from prison and jail and the families and communities to which they return.

recommendations

A | Educate policymakers regarding the lack of affordable and supportive housing, and promote legislative options to improve access to affordable housing.

Policymakers in a position to impact federal, state, and community decisions relating to housing assistance and development should be informed of the rates of supply and demand for affordable housing in their jurisdictions. Any jurisdiction that receives the federal Community Development Block Grant and related funding is required to develop and submit to HUD a “Consolidated Plan” which examines and quantifies the need for housing, community services and economic development initiatives. Additionally, to comply with IRS regulations, states must have a Qualified Allocation Plan (QAP) to set forth the selection criteria, federal preferences, and state priorities for awarding the Low Income Housing Tax Credit to development projects (see discussion of these plans in recommendation c below). In most localities, construction does not come close to keeping pace with demand, and waiting lists for affordable housing units stretch for years. Policymakers should understand some of the root causes of this shortage, and the actual or potential roles of different organizations in creating and managing housing, in order to determine the best strategies to address community housing needs.

Furthermore, policymakers should be educated about current research on supportive housing models that have emerged to serve people with a spectrum of needs, in order to shape policies that encourage the

replication of these models. The housing needs of former prisoners, while unique in certain critical ways, share many of the same challenges and characteristics with the housing needs faced by other individuals and families, such as shelter-dwelling homeless persons, persons with mental illness, people living with HIV/AIDS, and youth aging out of the foster care system, all of whom may need some form of coordinated services in combination with housing assistance. A good resource for any policymaker learning about housing options in his or her jurisdiction is the Corporation for Supportive Housing's Resource Library, online at www.csh.org. The CSH Library provides expertise and information about models of supportive housing, its benefits to communities and neighborhoods, and ways to finance and develop it. The interactive online CSH Financing Supportive Housing Guide may be particularly helpful to those seeking to determine a possible funding basis for developing housing options.

Policymakers who appreciate the benefits to the community that supportive housing can provide, in terms of reducing crime and recidivism rates and the costs associated with providing emergency services, may use these factors to offset not-in-my-backyard ("NIMBY") attitudes. Promoting this understanding is a long-term endeavor that may take hold in some communities sooner than others.

Overall, policymakers should seek to join existing efforts to expand the pool of affordable housing resources, increase the government's investment into the creation of affordable and supportive housing, and examine new ways to create financing mechanisms to increase the stock of affordable and supportive housing, including the retooling of criminal justice funding resources.

B | Facilitate coordination and collaboration among the various areas of government and private entities to develop and manage affordable housing.

Like corrections administrators or personnel, public or assisted housing providers often find themselves at the nexus of many other systems (such as workforce development, substance abuse treatment, family services, mental and physical health care, and entitlement systems) that involve the same individuals. Each system is invested in the placement of their clients into housing, and the outcomes for those clients. In addition, the housing "system" itself is comprised in any given jurisdiction of very disparate entities with distinct processes and roles, even if their overall goals overlap substantially. Finally, because of the cost of developing affordable housing, a variety of different funding streams must generally be leveraged to support any particular project.

For these reasons, mutual understanding and cooperation among agency heads and program administrators is critical to the advancement

of housing solutions. Policymakers should seek to formalize relationships between organizations (for example, through memoranda of understanding) and to identify common goals to maximize the impact of resources available in their jurisdictions.

Recognizing the value of coordinating efforts to support housing, HUD requires that any jurisdiction applying for funds from Community Development Block Grant (CDBG), McKinney Act (homelessness) and HOME (affordable housing development) programs submit a Consolidated Plan as part of their application process.⁷ The Consolidated Plan is intended to sort out overlapping and inefficiently used funds, and must thoroughly describe what affordable housing and supportive services are planned for the community and how both local and federal housing resources will be mobilized. An Action Plan details the implementation of the Consolidated Plan from year to year.

Communities that receive funds for homelessness programs under the McKinney Act must also form consortia in order to coordinate sources and uses of scarce federal dollars. And the single state housing credit agency that coordinates each state's allocation of the Low Income Housing Tax Credit Program credits must, under IRS rules, adopt a Qualified Allocation Plan (QAP) which sets forth the criteria and preferences by which credit will be allocated to projects.⁸

The Consolidated Planning process is overseen by a state, county, or local unit of governance, usually a Department of City Planning or state or local housing agency. Both the Consolidated and Action Plans, as well as the Qualified Allocation Plan, include a period of several months to allow for public comment. This public comment period offers agencies that may be impacted by housing system decisions, such as corrections, an opportunity to influence the Plans to address the particular conditions of the local context. Intermediary organizations such as the Corporation for Supportive Housing, the Local Initiatives Support Corporation, or the Enterprise Foundation can be consulted by policymakers interested in participating in these local planning processes.

c | Leverage resources not traditionally used for the expansion of affordable and supportive housing opportunities.

In addition to setting common goals and increasing communication, policymakers with a stake in housing should think creatively about ways to combine funding streams from different sectors or systems to support housing development. The pool of resources available for housing

⁷ Additional information about the Consolidated Plan is available on the US Department of Housing and Urban Development website, available at www.hud.gov/offices/cpd/about/conplan/index.cfm.

⁸ Tax Reform Act of 1986, as set forth in Section 42 of the United States Internal Revenue Code.

development should draw upon a blend of funds from all systems with a stake in ensuring that individuals have appropriate housing. Health, mental health, and homeless assistance funds are already being used in some jurisdictions; in recent years, state and local governments have been experimenting with innovative ways to use criminal justice funding to create set-asides within existing supportive or affordable housing projects.

Non-housing agencies may be able to contribute resources other than funding to increase the supply of affordable and supportive housing. Such resources can include unused land or buildings to offset the cost of land acquisition in housing development, political support in legislative proposals, or a convening role, bringing together relevant experts and policy-makers to comprehensively identify resources.

▮ | Site housing facilities appropriate to the needs of communities, educate communities about the need for affordable housing, and build community support for increasing affordable housing.

Finding locations to site affordable and supportive housing facilities for special needs populations is always difficult. Policymakers should seek to address or even to pre-empt opposition from community members through a long-term program of public education; by facilitating public participation in determining the location and development of the facility; by developing solutions to address a community's concerns about their new neighbors; and by highlighting the ways in which such projects can benefit communities.

Because of market conditions, urban communities that are densely populated and have a demographic profile that is mostly minority and low-income are often disproportionately targeted in the siting of affordable housing projects. These communities also tend to have a high proportion of families receiving state or federal income supports, housing subsidies, medical coverage, or other forms of supports. Therefore, these communities may be strongly opposed to the introduction of special housing initiatives, even when the need for affordable housing among residents is acute.

Recent research provides consistent evidence on the underlying causes of NIMBY-ism and ways to overcome it.⁹ (See sidebar, "Siting Community Corrections Facilities: The Results of Four Focus Groups," for a description of one investigation into these causes as applied specifically to public

⁹ Housing Assistance Council, *Overcoming Exclusion in Rural Communities: NIMBY Case Studies* (Housing Assistance Council, 1994), available at www.ruralhome.org/pubs/development/nimby/contents.htm; see also National Multi-Housing Council, "New Research Refutes NIMBY Myth," Press Room, 8/25/03 press release, available at

www.nmhc.org/Content/ServeContent.cfm?ContentID=2996&IssueID=164; see also National Low Income Housing Coalition, "The NIMBY Report on the Continuing Struggle for Inclusive Communities," August 2001, available at www.nlihc.org/nimby/0801.htm.

resistance to community justice facilities.) The most successful approach appears to be an educative and collaborative process that begins prior to siting the facility, and includes contributions to the community by the facility’s sponsors. It is time-consuming, requires outlays of staff and resources, and does not work well if employed too close to the implementation date of the facility plans. Policymakers engaged in housing initiatives should be amenable to modifying project plans to address the concerns and incorporate the preferences of community members; communities in general do not support the efforts of those who seek to change the fabric of the community without appropriate input and discussion.

Importantly, individuals in need of housing assistance often have a range of other service needs that must be met in order to achieve positive community outcomes. Supportive and affordable housing should be placed near transportation so that tenants can gain access to job centers, support groups, education, and other services. Policymakers engaged in planning new housing initiatives should consider collaborating with administrators of these systems to co-locate supportive services with housing or with each other in accessible locations in the community.

SITING COMMUNITY CORRECTIONS FACILITIES: THE RESULTS OF FOUR FOCUS GROUPS

In 2002, the Center for Community Corrections commissioned a set of focus groups to examine public attitudes toward having various types of community corrections facilities in their neighborhoods. Study sites with proximity to a community facility were selected in New Haven, CT; Birmingham, AL; Washington, DC; and Fort Worth, TX. Several key findings in the report may suggest methodologies conducive to obtaining community support. Many of the participants had great empathy and concern for those returning from prison who sought to rebuild their lives—in fact, some of the participants were previously incarcerated. At the same time, the participants said that they did not trust the criminal justice system to make good decisions, especially about community safety and the relationship between a facility and its host neighborhood. Safety (especially of children and families) was a paramount concern.

While community members typically did not want control over the facility, they did want an ongoing, collaborative process for developing the facility. They wanted to maintain a relationship among community

residents and facility administrators, staff and residents. They called for regular, open communication with the community.

Respondents were deeply concerned about equity; that is, having all neighborhoods share in the burden of hosting community facilities. They found such facilities are disproportionately located in poor neighborhoods of which a majority of the residents were Black or Hispanic. Participants noted that one successful facility means less recidivism, and greater community acceptance. They felt it was important for the potential residents of the facility to be thoroughly screened, and said that the facilities should not be used to relieve prison overcrowding.

Existing abandoned or under-utilized buildings were frequently cited as the best choice for locating a facility. Renovation of a poorly kept building, they felt, had additional benefits for the community, including generating jobs.

Available online at www.communitycorrection-works.org (see New Releases).

E | Increase the range of affordable and supportive housing models offered by community-based providers.

Over the past decade, the affordable and supportive housing industries have become extremely sophisticated not only in financing and building new housing, but also in terms of the range of models that have been created. As these industries continue to grow and mature, they must continue to evolve to meet the challenges faced by new communities of people in need of housing. Accordingly, they must become adept at designing and retooling existing resources to create models of housing that effectively meet the unique housing needs of individuals with special needs and their families. While in a few cases (supportive housing models) housing providers will directly offer services, their role will generally be to coordinate and convene existing community services to assist those living in their properties. Some of the range of housing options that involve service coordination or integration, including supportive housing and re-entry housing, are discussed in Policy Statement 19, Housing.